

Customer delight in banking sector marketing essay

[Finance](#), [Banks](#)



One important question which arises in every single manager's mind is how he/she can leave an ever lasting mark in the mind of a customer, to make sure he/she comes back and remains loyal to one's organization. Now as services uniqueness life has shortened, every single Bank is providing the same services like its competitor. The only solution for the said question is to delight the customers, which competitors and said banks have failed to do so. Achieving the customer delight and experience requires the organization to realize that it is dynamic and merely represents moving targets or ambitions. However, there is no flat target to accomplish customer delight.

This is the age of customer delight where customers receive more than they deserved or have ever imagined. Customer delight in banking sector was never researched till now, as we have found out how the account holder of banks can be delighted not just by their services but by reaching beyond the expectations of the customers.

Our research started with exploratory investigation to indentify the elements, which create delight in the mind of customers, which enable us to create a customer delight model with eight variables. They become the fundamentals of a customer delight model. Delight model was tested on Bank account holders, which provided us the successful validation of our research.

Customer delight model in Banking provides fundamental elements for creating customer delight for the Bank account holders as Management can focus on eight variables for making sure the customers remain Loyal and remain profitable for the organization.

Keywords: Customer Delight, Beyond Customer satisfaction, Delight is banking

Table of Contents

Table of Contents 3

INTRODUCTION 4

Literature Review 6

Research Methods 16

Qualitative Development of Delight measure 16

Exploratory Investigation 16

Focused Interviews 16

Insights from Exploratory Investigation 17

Insight from Focus Interviews 17

Establishing of Customer Delight Model 18

Customer Delight Model 19

Quantitative Testing of Delight measures 21

Empirical Study 21

Data Collection: 21

Respondent's profile 21

24

Data Analysis 24

CONCLUSION AND FUTURE RESEARCH 28

References 29

INTRODUCTION

The authors investigated the concept and factors which influence delighting the customers in banking. Exploratory research investigated the factors and elements, which will create customer delight, researched based on focused group interviews, which lead to establishing a customer delight model and later on tested on 300 respondents. This recognized a concrete successful validation of the customer delight model.

For establishing a delight model, Customer delight researched based on eight variables, which were investigated by asking open ended questions from various customers, which brought them to the state where they have felt over excited from service or in other words felt delighted from Bank services. Once all the data was gathered then every answer was categorized into Specific categories, which brought us the eight variables. These brought the customer delight in the mind of customer from bank services.

Can bank delight its customers with its services? Seems like a simple question but in fact is a hard one to answer as every single bank is providing the same service and life cycle of creating competitive edge which has shortened a mile!

Currently banks are concentrating on satisfying the customer from their services but in today's fast moving world, customers can't only be satisfied in just 1 single way in order to remain loyal to the bank as all the banks are providing the homogenous services. Even if a single bank comes with unique service then its competitive advantage life time shortens as all follow suit.

If the customers cannot remain loyal by being permanently satisfied then how can they become (removed word) permanently loyal to their bank? The solution to that is to delight the customers from their services, now how banks can delight the customer? This, the banks are still unable to discover, this is what actually our research is all about.

Eight variables filtered by our initial exploratory research, create the customer delight in the mind of bank account holders from their banks. We emphasize that if these 8 variables are implemented in banking system for their customer; it will create delight and will create an ever lasting effect on the customer, instead of all of the banks providing same services which can not create a room for halting the change loyalty from one bank to another.

Customer satisfaction “ the individual's perception of the performance of the product or service in relation to his or her expectations” (Schiffman and Kanuk, 2004) era has end and now customer delight “ profoundly positive emotional situation generally resulting from having one's expectations go beyond to a surprising degree.” (Oliver, Rust, and Varki 1997) has started implementing on customers retention.

Customer delight is the ever long-lasting answer to success. Customer cannot be delighted if until or unless he/she is not satisfied from the presented services, the factors or eliminates of delightness comes after the fulfilling of satisfying consumer needs. The delighted customer is more valuable for the company as it will help the organization to compete with its competitors.

The age of customer delight has started where a customer's satisfaction is no longer considered as Bank success or the service provided by it.

Competitive edge is no longer applicable because almost every bank is providing the same services in term of quality as well as in quantity. The difference which makes between the banks success is how they fulfill their customer required services at the time when they required the most.

Customer delight creates the ever lasting edge for the bank in Red Ocean of banking sector.

Now the question arises on how to delight the customer when every bank is providing the same services which cannot be distinguished from each other.

This question has a unique set of characteristics because it contains the customer delight process which has never been researched until now.

Delighting a customer is not just a simple question to answer because customer delight is not just for overall customers; it's for every individual customer of the bank.

Literature Review

Delighting the customer is very debatable topic as critics has suggested that if once raised the customer expectation bar, later it becomes impossible to give same level of experience to that customer, which in long run will also hurt the company's reputation as explained by Oliver and Rust 2000.

Customer delight is a rising concept in marketing and little work has yet been done on it. As such, no consensus is reached about delight but it is generally posited as customer response to unexpectedly good performance from a service firm (Keiningham and Vavra 2001; Kumar 1996).

“ Customer satisfaction is extensively recognized as a key authority in the formation of customers' future purchase intent (Taylor & Baker, 1994).”

According to Patterson (1997) “ customer delight involves going beyond satisfaction to delivering what can be best described as a pleasurable experience for the client”.

Michael Arthur Johnson explained on his customer delight website that When some one create “ WOW” then you have place a very special peg in the recollection of the customer that is easy to recollect. It creates the opportunity of the customer telling the story regarding their “ WOW” incident to many friends, acquaintances and strangers. It creates the free publicity that you can't place a temporary value to.

Customer delight creates a cycle of coming back again and again for the customer. It creates the word of mouth publicity to draw new customers

without spending any extra money on advertisement. It brings the firm at the top of the list among the competitors with a unique place in the mind of customers and differentiates one firm from the rest. It permits you to sell your products or services for additional money than the competition. It allows you to make extra return on your investment.

Delighted customers are those where you foresee their needs; present solutions to them before they request and where you monitor to see if new or supplementary expectations are mandatory to be deployed. What's wrong with just providing the customer service to customers when they require as explained by Michael Arthur Johnson.

Michael Arthur Johnson says the difference between success and failure is only customer delight.

Traditionally delight has been thought of a blend of joy and surprise (Kumar, A., Olshavsky, R. W. and King, M. F. (2001). However a recent study suggests that customer can be delighted without being surprised (Kumar et al., 2001). Although joy remains an important element of delight, the study suggests that a greater number of people are exhilarated, thrilled and to a lesser extent exuberant (Kumar et al., 2001).

Satisfied customers are not necessarily leave with a firm; they are purely at ease. Delighted customers on the other hand have greater admiration for the firm and its services. Paul (2000) states: Unfortunately, people don't talk about adequate service. Instead, they tell anyone who will listen about really bad or really delightful services.

Paul says that delight generate more positive word -of- Mouth for the company. Being only satisfied with a firm's product or services does not necessarily mean that customer will prefer the company or rejects it but its just simple expression of acceptance. Delighting customers is about providing a product and services that are outstanding and stimulates customer's preference towards a firm or its services.

Companies are also realizing that loosing a customer means loosing more than a single sale: it means loosing the entire flow of purchases by the customer made over a lifetime of purchase. It has also been anticipated that as the level of satisfaction increases, so does customer become loyal to the firms product and services (Kotler and Amstrong 2001).

Kumar et al., 2001 explain that these studies found that customers who where extremely satisfied were more loyal than customers who says they where satisfied.

From many years customer satisfaction is used for the indicator of organization health and success. In recent times it has been argued that in order to succeed in red Blue Ocean of competitive environment it become a necessity to do more than just satisfy the customer but now organizations have to delight the customer for staying alive in the competition.. Delighting customers is a splendid ideal, but what kind of impact does it have on the company? Does customer delight lead to increased success and good monetary health of the firm?

According to Rust and Oliver (2000) Research reviewed here strongly suggests that delight cannot be accomplished without surprisingly positive levels of performance, which as noted previously, require additional effort on the part of the firm or its agents. As Rust and Oliver (2000) explain that delighting the customer for organization can be harmful as the expectation of the customer extends and the customer does not get the level of services he is expecting from the organization. In the end the customer becomes dissatisfied from the organization.

“ Satisfied customers will also tell others about their favorable experiences and therefore connect in positive word of mouth advertising (Richens, 1983; File & Prince, 1992). “

Customers, who are dissatisfied, are most likely to switch brands and become active in the negative word of mouth advertisement of the brand. Furthermore, behaviors such as replicate purchase and word-of-mouth straight influence the feasibility and profitability of a firm (Dabholkar, P. A., Thorpe, D. I. and Rentz, J. O, 1996), A study was conducted by the Levesque and McDougall (1996) confirms and resistant the idea that unsatisfactory customer service results in a drop of customer satisfaction and hesitation to recommend the services to others. This would lead to large number of customer switching rate of customer to another brand as well as the negative word of mouth.

A well known academic article on customer delight is by Oliver, Rust and Varki (1997). The authors give delight both hypothetical and an applied

perspective, “ Delight appears as resulting from a Blend of pleasure and arousal. In their article they have presented a model and a test which has both “ delight sequence” and a “ satisfaction sequence” which leads to intentions of the customers. Model was tested using two consumption experiences – a recreational wildlife theme park and a symphony concert. In the test the direct and indirect effects on both consumption experiences and on intentions of delight were not constant to its experiences. “ His indicates the probable effect of the moderating variables on the impact of delight on behavioral intentions.

The model tested in Oliver, Rust and Varki is essentially a conceptual psychological model of the process of delight that can occur within consumption experiences of the customers. From the model of Oliver, Rust and Varki (1997) provide the evidence that delight has three direct antecedents such as Surprising consumption, Arousal or Heightened activation and Positive affect, all these three leads to customer delight. Model develops new insight concerning that produce delight when situation triggers surprise in a content of positive effect and arousal.

The conservative wisdom is that if you have satisfied customers then you will have loyal customers. It sounds right, but actually its wrong said by Dr. John T. Self. Not only satisfaction of customer can create loyalty but it's more than just satisfying the customers. As further he explains that in his opinion loyalty frequently develops when customers get concerned with the company over the ordinary transaction. Means that all the companies are providing the homogenous services and now customers require other than

normal services provided by the company. Hence, customers looking beyond expects more from the services so that they can feel delight and be overwhelmed.

Berman, B. (2005), suggested that organization have to do more than what the customer expects from them and delighting the customer rather than just satisfying them. Berman differentiate customer delight and satisfaction. As satisfaction relate to the meeting the expectation of the customers or exceeding their expectations as customer delight on the other hand customers receive a positive surprise or delight that is afar their expectations. While comparing the satisfaction, customer delight is more toward the customer positive and emotional response against the service. In customer delight the emotional response as compare to the satisfaction has less memory for customer as compare to the delight.

Delight a phenomenon that represents the highest level of satisfaction, leading to a stronger intent to repurchase (Jones and Sasser 1995).

Customer delight has never happened without high performance and such performance brings not only benefits to customers but also makes them excited (Kwong and Yau 2002).

To delight customers, it necessitates a superior and endless effort from firms to deliver extraordinarily high-quality services. This effort has to be recognized and cherished by customers.

“ The major reason to chase delighted customers is the belief that they are more profitable to serve because they are more loyal, that is to say, they

tend to have a stronger intent to repurchase. In general, they are apostles who give unfailing support to the firm” (Oliver H. M. Yau and Kenneth K. Kwong 2007).

Behaviourally, delighted customers tend to view the firm positively and prefer to buy from it (Keiningham et al. 1999; Schneider and Bowen 1999). Rust et al has stated financially, this preference translates to a profit and represents a stream of future income to the focal firm (Rust et al. 1994).

In sum, these positive propositions imply that customer delight is a valuable business goal to pursuit (Rust and Oliver 2000). Customer service is what organization do for the customers but customer delight is what the customer has experience when he has been indulgence with way he wanted to. Customer delight does not come from giving additional services but comes from the quality of services make available to customer at the time he or she required most.

Opportunities to delight customers also lay in service provider capability to go “ above and beyond” in service delivery. Long-term relationships with customers offer the opportunity, through personalized service, to go beyond the customers expectations and delight them (Zeithaml and Bitner, 2003),

Delight is more likely to occur in state where customers are vastly involved, where service quality is uneven, and where overwhelmingly exceptional performance is unexpected (Oliver et al., 1997). According to Peter, P. J. and Olson, J. C. (1996) Pre-purchase prospect are beliefs about predictable

performance of the product; disconfirmation transfer to the variation between pre-purchase prospect and post purchase perception.

Customer satisfaction is usually illustrate as the full meeting of one's expectations (Oliver, 1980). but Delight is a positive consequence of exceeding the customer's expectations (Keiningham and Vavra, 2001), Customer delight create the difference between the only satisfied customer and overwhelmed customer who are more loyal to organization

Jack Mitchell's latest book Hug Your Customers (2003) provides many instances that illustrate the long-term financial benefits that derive from construction those emotional bonds with customers. He suggests that competitive advantage is built in the course of providing both physical and psychological " hugs" to customers, eventually delighting them with consistent, zealous and committed customer service.

Delighted customers are more likely to inform others that they are delighted, which in turn may draw other consumers to do business with that organization. The delighted customers might also be more likely to increase their own spending with the delighting organization, and exhibit increased customer faithfulness (Keiningham and Vavra, 2001).

The possibility of delighted customers to repeat a purchase is known to be about six times more than satisfied customers (Reichheld and Sasser 1990). It represents the highest level of satisfaction, leading to a stronger intent to repurchase (Jones and Sasser 1995).

Customer delight is never happened without high performance and such performance brings not only benefits to customers but also makes them excited (Kwong and Yau 2002). This effort has to be acknowledged and appreciated by customers. Customer delight is, therefore, defined as an emotional response creating a much pleased state concerning a firm's soaring performance in service delivery, which is then highly praised (Kwong 2006). Behaviorally, delighted customers tend to view the firm positively and prefer to buy from it (Keiningham et al. 1999; Schneider and Bowen 1999).

Financially, this preference translates to a profit and represents a stream of future income to the focal firm (Rust et al. 1994).

Long-term relationships with customers present the opportunity, through personalized service, to go beyond the customers expectations and delight them (Zeithaml and Bitner, 2003). Therefore, despite the fact that delighting the customer “ can be a profitable business practice” (Rust and Oliver, 2000),

Delight is going beyond simply satisfying the customer to delivering a “ higher level” of satisfaction through exceeded expectations (Oliver et al., 1997). This concept of a “ higher-level” of satisfaction is seen by many practitioners as the way to “ provide a distinct advantage to the company that does it first and does it well consistently” (Chandler, C. H. 1989, p. 30, quoted in Oliver et al., 1997).

Delighted customers are more likely to tell others that they are delighted, which in turn may attract other consumers to do business with that

organization. The delighted customers may also be more likely to boost their own spending with the delighting organization, and exhibit increased customer loyalty (Keiningham and Vavra, 2001).

Prof. Kano, the Kano Model categorizes customer needs into three types of feature. Customers are asked a series of questions that identify the importance of their needs and the following typology of features can be arrived at durability of a car might be considered Basic qualities. They do not satisfy when present, but do dissatisfy when absent. (Elmar Sauerwein, Franz Bailom, Kurt Matzler, Hans H. Hinterhuber 1996)

Oliver, Rust and Varki (1997) squabble that delight is a combination of pleasure and arousal (whereas satisfaction is a mixture of pleasure and disconfirmation), and show that both satisfaction and delight can manipulate repatronage intentions.

According to Berry, L. L., Parasuraman, A. & Zeithaml, V. A. (1988) service quality has become a great competitor and the most powerful competitive weapon which many leading service organizations possess. Service business success has been associated with the ability to deliver superior service (Gale, 1990; Rudie & Wansley, 1984).

Leading service organizations strive to maintain a superior quality of service in an effort to gain customer loyalty (Zeithaml & Bitner, 1996). Evaluating the impact of service quality through customer retention will help companies to gauge the financial impact of service quality (Zeithaml et al., 1996).

Customer satisfaction no longer constitutes the convincing focus for success; it has been replaced by customer delight (Brown, W. S., Bowen, D. E. & Swartz, T. A. 1992).

In today's competitive environment, customers' expectations and technological innovation demand that service leaders distinguish themselves from the competition by truly delighting the customer (Kandampully, 1997).

Customers' perception of exceptional service is often associated with the personal interaction of the employees (Kandampully, 1993). Services management literature has repeatedly emphasized the significance of the human element in the delivery of higher service (Crosby & Stephens, 1987; Gronroos, 1990b; Parasuraman et al., 1985; Solomon, m. r., Surprenant, c., Czepiel, j. a. & Gutman,(1985)).

We now live in a service economy where relationships are becoming more important than physical products (Albrecht & Zemke, 1985a), in terms of both our business and our personal lives. Business is nothing but relationship (McCormick, M. 1988) and, within service industries, this relationship is an interactive process (Booms & Bitner, 1981).

The challenge for today's organizations is not merely to reach the top, but to stay there. If that is an organization's aim, its primary focus should be not just to attract customers, but to gain their loyalty and, thus, their patronage, not merely for the current, but also for the long term. This loyalty, however, is the end result of an on-going, long-term relationship. Such relationships

are founded on an organization's ability to maintain and extend its relationships with customers (Gummesson, 1994). According to Levitt (1983), buyer± seller interaction is similar to a marriage; the quality and duration, however, depends predominantly which the organization manages the relationship. Customer supplier relationships are central to exceeding customer expectations (Parasuraman et al., 1991c).

Thus, it is apparent that customers cannot 'try out' services; they purchase a service prior to experiencing it and must trust it to deliver the perceived service promise (Berry & Parasuraman, 1992).

According to Kano's theory of attractive quality (2001), success cannot be gained only by listening to what customers say. What needs to be gained is a deeper under-standing of the customers' latent needs. He has described the factors that influence customer purchase decisions as a model with three main factors: basic (must-be), performance (more is better or one-dimensional) and delight (excitement or attractive). Additional factors are 'indifferent' and 'reverse', but these add relatively little to this context. The basic factor must be met; otherwise the customer will react with disappointment or disgust. If all basic factors are met, the customer reaction is neutral.

Research generally supports the claim that word of mouth is more influential on behavior than other marketer-controlled sources. Indeed, it has been observed that WOM can be more influential than neutral print sources such as which and Consumer Reports (Herr, P. M., Kardes, F. R. and Kim, J. (1991).

Arndt, J. (1967) was one of the earliest researchers into the influence of WOM on consumer behavior. He characterized WOM as verbal, person-to-person communication between a receiver and a communicator whom the receiver perceives as non-commercial, concerning a brand, product or service.

Customer delight can be defined as “ an emotion, characterized by high levels of joy and surprise, felt by a customer towards a company or its offering (product/ service)” (Kumar 1996). Thus, customer delight is defined as a rather positive emotional state towards the purchase/consumption experience, generally derived from the surprisingly positive disconfirmation level of perceived performance (Oliver et al. 1997; Rust and Oliver 2000).

Delight would be characterized as an emotion made up of cognitive and affective aspects, including here surprise (Kumar 1996). In this sense, Izard, Carroll E. (1977), clarifies that even the cognitive concepts inherent in satisfaction and, consequently, in customer delight – such as need and desire -, and its comparative standards are considered affective by nature or, at least, as having an affective component.

The differentiation basically occurs at an arousal level of the positive emotional response: at a low level there lies satisfaction; at a high level, delight (Oliver and Westbrook 1993).

As Plutchik's, Robert (1980) research and the circumflex model of emotions appears to be one of the earliest and most common source for labeling delight as a mixture of joy and surprise, we review the work of which led Plutchik to conclude that delight was comprised of joy and surprise. Plutchik

carried out two studies to determine what emotions resulted from the different combination of pairs of basic emotions. Basic emotions were supposed to be emotions that were instinctual and universal among all the human beings (or even among all mammals) and Plutchik had eight emotions which were considered basic and made up one layer of his circumflex model of emotion.

Research Methods

Qualitative Development of Delight measure

Exploratory Investigation

Till now the literature for customer satisfaction has only been studied and proved but the customer delight has never been researched upon. For sound conceptual background and for investigation of customer delight in the banking sector, qualitative study was undertaken to investigate the delight concept especially in the minds of their customers.

Almost all the banks are providing homogenous services; our main emphasis is on the customer reaction towards the services provided and the experience they faced when they felt excited and delighted from their banks. Focus interviews with the customers was the main part of our research. This provided us with the exact moment or situation, which created customer delight in the mind of a customer.

Creating the base for our focused interviews, we distributed an open ended questionnaire, in which the customers were asked to write down the situation where they felt excited or delighted by the service which their

respective bank has provided to them when they really required it. We received many situations described by the customer, where they received the service which made them delighted or when they felt excited. Every single response was carefully studied and put under a category, where situations were the same.

Focused Interviews

Focused interviews consisted of respondents from all walks of life including Housewives, Businessman, Employees, and students. Every focused interview was based on the category which responded a particular response in the questionnaires.

Discussions regarding their response to the questionnaire provided the opportunity for the respondent to explain in detail regarding their moment (removed letter) of getting excited or delighted from their bank's service. Discussions were based to bring the respondent to the exact reason or moment on why the customer felt delighted. Every respondent was provided the opportunity to elaborate their experience to reach the moment or reason of delight that they felt from the service.

Insights from Exploratory Investigation

From the exploratory investigation a remarkably completely different pattern of customer delight came out, which was totally different from the nominal services provided by the banks to the customers. Account holders were satisfied from the service provided by the bank as almost all the banks are providing the same type and quality of services but what made the

customers delighted, were the occasion when they were offered or received an out the way service from their bank , which they never expected or ever received before.

All the delights of the customers were situations and occasions based on what they had experienced in their daily routine. Outcomes were categorized into the related fields as to what made a customer feel delight from the service.

Insight from Focus Interviews

Interviews were summarized in categories of the situation or the time when a customer felt delighted from the banks' service.

Outcomes were surprising as the customers felt delighted not from the homogeneous services provided by the banks but from the acts which customer had received from the banks other than their normal routine practice.

Account holders explained in detail regarding the situations that they have felt from their bank, which caused delight. Customer's replies were investigated to reach the exact moment in the time in which they received a delightful service from their bank.

As the respondents were from different walks of life so their perception toward delight were also different. If the respondent was already getting same service from his bank then there was no reason to be delighted from the instrument we have purposed. Reactions were very important of

customer toward the situation they were asked about, as delight is all about the over whelming experience for the customer.

Every focused interview session were categories under eight variables, which become the fundamental elements of the customer delight model.

Respondent reached the concession that eight variables, which were the outcome from the exploratory studies were eliminates, made them delight from the service.

Establishing of Customer Delight Model

After completing the focused interviews and gathering the data of the interviews, we came to an understanding on how to establish the customer delight model as per the outcome of the respective customer's interview.

Model, which consists of eight variables, was sub defined as per the perception of the respondents. Among these eight variables, six of them had clear understanding in the minds of the customers that it is the factor or eleme