

# What are the customer expectations?

[Experience](#)



## Introduction:

This essay mainly focuses on the relationship between the change of customers' attitudes towards and expectations and financial services sector's respond. A review of the theoretical background of business external environment and contextual environment is represented as well to give a theoretical framework. This essay consists of three major parts. The first part refers to the competitiveness of the financial services sector and the importance of organisations recognizing the influences of the external environment and how the developments in these influences can have a substantial impact on organisational success. The second part gives the theoretical framework of business external environment and contextual environment, and especially concentrates on the influence of the social environment on customer attitudes and expectations. In addition, it reveals customers and financial services sector are not isolate parts to each other, whereas they are in a two-way interaction process. The third part provides an example in particular to illustrate the ways in which organisations have recognised changes and how to respond in terms of products and services in order to achieve customer satisfaction and maintain their competitive position.

With the development of economic globalization, the number and cooperation of countries' financial organizations are getting larger and closer, so the competition is increasingly fierce. Competition here includes not only the firms that produce same product but also those firms which compete for the income of the consumers the competition here among these products may be said as desire competition as the primary task here is to fulfill the desire

of the customers. Competitiveness increasingly has a significant impact on the overall financial structure of the financial sector, and it is vital for financial institutions to investigate methods to improve their competitiveness, if they want to keep competitive advantage places and win more customers in the financial services sector (Falconer, 2009). Thus financial sector is becoming a truly knowledge-based service sector in which innovation and comparative advantage determine the well being and growth of a financial institution (Yokoi-Arai and Yoshino, 2006 ).

In the present age, not only the intense competition, but also many other pressures from the external environment lead the financial organizations to make a change to cater to their customers. Understanding the influence of the environment on business, a common comprehension is a business exists within an external environment consisting of the actions of other players who are beyond the business, converts inputs into outputs in order to make a profit (Falconer, 2009). Generally the business external environment contains contextual environment and operational environment. Contextual environment covers the areas of the nature of government, economy, technology, social variables and competitive forces, which are more uncontrollable factors than operational environment factors; therefore the success of company to a large extent depends on its adaptability to the environment. So if a firm within the financial sector could not manage the factors well, the firm will not develop healthily. Concerning about the operational environment, a stakeholder approach is usually used to illustrate the interaction between business management and stakeholders, who are identified as shareholders, suppliers, customers, employees and community,

which has a direct bearing on the operations of the firm (Falconer, 2009).

The interaction means the business has impact on these groups, and in turn, the stakeholders influence business directly by their activities as well. Thus either businesses or stakeholders are in bad conditions, the firm could not operate well.

In particular, contextual environment, which concentrates on the factors of political environment, economic environment, technological environment and social environment, has an important impact on business operation.

Political environment refers to the legal environment whose rules are generally created by the government, and legal influences can affect business management. To some extent, the legal environment can affect the industry, individual companies or their products, for instance, it can promote competition and encourage people pay more attention to the pensions and healthcare. Economic environment is related to changes in the wider economy. Businesses prosper when the economy is booming and living standards are rising. A growing economy provides greater opportunities for businesses to make profits, so businesses welcome rising living standards.

But in the meantime, economic environment can not only promote globalization, but also can aggravate the credit crisis. Technological environment has an enormous effect on the business environment by providing opportunities for businesses to adopt new breakthroughs, innovations, and inventions to cut costs and develop new products to help companies to become more competitive (Falconer, 2009). As a matter of fact, to a large extent the development of technology can determine what products will be produced, what equipment will be used and how operations

will be managed. Therefore the three factors political environment, economic environment and technological environment have a significant impact on the organization management. However, social environment mainly influences the customer, including the attitudes, expectations, demands and tastes of customers.

Social environment is with respect to changes of society and social structures, which contain changes in the structure of the population, in consumer lifestyles and behaviour affect buying patterns (Andreassen and Lindestad, 2006). It is widely known that the ways in which changes in the social environment can have an impact on their workforce and the way in which they undertake their activities, managers also realize that the ways in which changes in the social environment have the impact on customers (Cohen, 1990). Thus it is an interaction process. If customers change but financial services sector does not notice that and responds to it effectively, then customers will go elsewhere. The ways in which the social environment has influence customer attitudes and expectation can be demonstrated as follows: (1) Customers may have high expectations of customer service, such as well educated and knowledgeable products and substitutes as the technology advances and economy booming. (2) Customers want products to be available where and when and how the company wants to provide them as their thoughts. (3) Lots of consumer information and advice to be demanded to help customers making buying decisions. (4) Fashions and trends are important and constantly changing, while values, opinions and beliefs change and are very influential on buying behaviour. (5) Customers constantly want more and more of a variety of different things. (6)

Customers will not rely on one provider, but to intend to seek out the best provider (Falconer, 2009).

Nowadays many organizations within the financial sector have noticed customer changes and have responded effectively. Diversity of products and services are provided to cater to customers. The social environment is a dynamic environment since the financial services sector changes as customers' attitudes and expectations change constantly (Alsmadi and Alnawas, 2011).

To make the question more clearly, here is a very successful example about mobile banking to present the relationship between customers change and financial services sector's respond. With the development of communication technology, mobile telephony is getting cheaper and having diversity functions to complete complicated things to give people convenience. These developments point out an increasingly positive perception of mobile financial services in the society. The factors that using mobile services is no longer a luxury thing for many people, younger generations are likely to be fascinated by modern telecommunication services and mobile device has become a more powerful and faster tool to transfer data with new standards have led to an increased demand of Mobile Banking service (Tiwari, Buse and Herstatt, 2006). Fortunately banks recognized these changes and realized the business of Mobile Banking involves three main services: mobile accounting, mobile brokerage and mobile financial information services. Mobile Banking is characterized by some unique features that equip it with certain advantages against conventional forms of banking such as ubiquity, immediacy, localization, <https://assignbuster.com/what-are-the-customer-expectations/>

instant connectivity, pro-active functionality and simple authentication procedure, which are spoken highly of customers (Tiwari, Buse and Herstatt, 2006). These features of Mobile Banking not only meet the need of time-critical customers, but also increase efficiency of banks, which potentially promote the image of banks that have the Mobile Banking services to help banks occupy the mobile banking market first.

A study came from Bank of Korea (2006) shows that the number of financial transactions carried using mobile devices in South Korea rose to 287, 000 on a daily average, up 104% from a year earlier. Whereas the number of customers registered for mobile services grew to 1. 9 million registering an increase of over 108% in the same period (Korea times, 2006). Another study conducted by the Tiwari and Buse and Herstatt (2006) presented that up to 92% of survey participants in Germany showed their willingness to avail certain mobile financial services. From the figures, we can obtain the conclusion that the Mobile Banking has gained a big success. Figure 1 gives the information that ratings received by the services “ Mobile Remittance” and demonstrates the large-scale positive perception of Mobile Banking

Conclusion:

Business external environment can be classified into two main types of environment: contextual environment and operational environment, both of which are quite important to business operation. Operational environment may well have a direct bearing on the operations of the firm. However, contextual environment covers political environment, economic environment, technological environment and social environment and contains many uncontrollable factors, to a large extent the success of <https://assignbuster.com/what-are-the-customer-expectations/>

company depends more on its adaptability to the environment. In particular, social environment has a vital effect on customers' attitudes, expectations, demands and tastes. And the social environment is a dynamic environment since the financial services sector changes as customers' attitudes and expectations change constantly. At last, the typical instance demonstrates us that it is crucial for financial organizations to be aware of the customers' change and respond in terms of products and services effectively can they achieve customer satisfaction and maintain their competitive position.

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