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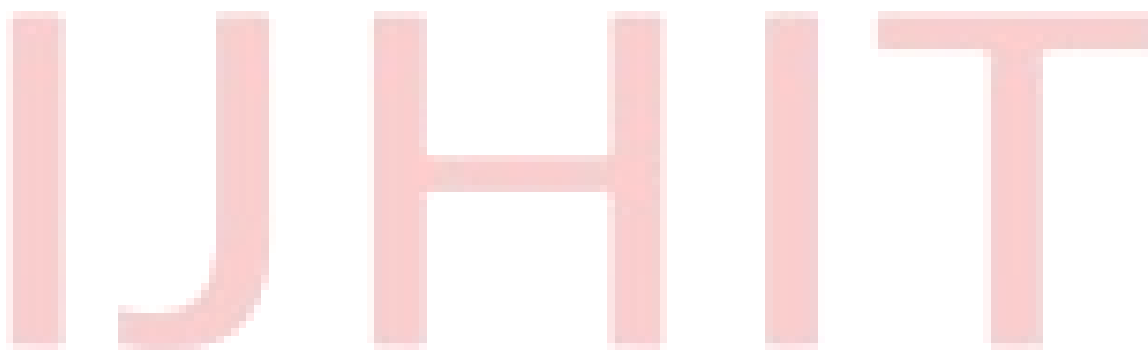


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Measuring Customer Delight: A Model for Banking Industry

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Abstract

Customer Satisfaction has been generally researched and is being used to attain competitive advantage. Since everyone in the market is trying to satisfy its customers it become imperative for the organization to delight its customers. Customer Delight in the banking sector study has found that how the account holder of banks can be delighted not just by their services but by reaching beyond the expectations of the customers. Research was initiated with exploratory investigation through 300 personal interviews to identify the elements that create delight in the mind of customers . This enabled the generation of a customer delight model with eight variables. These eight variables are the fundamentals of customer delight model. Delight model was tested on 3000 bank account holders confirming the successful validation of the research using t-test technique. The findings revealed that all eight variables are very necessary in delighting the customers.

Keywords: - Customer Delight Customer Satisfaction, Customer Retention

1. Introduction

Currently banks are concentrating on satisfying the customers from their services but in today's fast moving world customers can't be satisfied in just single way in order to remain loyal to the bank. The reason is that banks are providing the homogenous services. When a single bank comes with any unique service its competitive advantage life time shortens as all others follow the suit.

Questions therefore arise that if a customer can't stay satisfied for a prolonged period, how can the bank expect the persistent loyalty from its customer base in the long run? Answer to that is Customer Delight- to delight the customers form their services. For this matter one exactly should know the next step towards the procedures resulting in achievement of this goal. The subject still needs to be discovered by the banks with clarity about the Customer Delight concept.

Customer satisfaction "the individual's perception of the performance of the product and service in relation to his or her expectations" (Schiffman & Kanuk.2004 p.250) era has ended and now customer delight (profoundly positive emotional situation generally resulting from having one's expectations go beyond to a surprising degree)(Oliver, Rust & Varki ,1997) has started for customer's retention.

Customer Delight is the long- lasting answer to success. Customer cannot be delighted until satisfaction is achieved with the presented services. Pinpointing promoters or eliminators of delight is the next step after consumer satisfaction. Delighted Customer is more valuable for the company as it will help the organization to compete with its competitors in best fashion.

The age of customer delight has now started where a customer's satisfaction is no longer considered to guarantee bank success for the services provided. Competitive edge is no longer applicable as almost every bank is providing the same services in terms of both quality and quantity. The difference which makes the bank distinctive is successful fulfillment of its customer requirements at the time when they are desired most. Customer delight creates the everlasting edge for the bank in Red Ocean of banking sector.

Another problem comes in to existence, that how to delight the customer when every bank is providing the same services in saturated market. This Subject has a unique set of characteristics as it contains the customer delight process something never has been researched until today. Delighting a customer is not simple to attain as it is not uniform to whole lot of customer base, rather it varies from customer to customer. Hence the objective of this study was:-

- 1) To identify the measures of creating customer delight in the banking industry.
- 2) To validate the measures of creating customer delight in the banking industry.

2. Literature Review

Delighting the customer is pretty debatable topic as critics have suggested that if the customer expectation bar is raised once then, later it becomes impossible to give same level of experience to that customer, which in long run hurt the company's reputation (Rust & Oliver, 2000).

Customer delight is the rising concept in marketing and very little work has been done on it. To be specific, one has not reached on any consensus about delight but it is generally posited as customer response to unexpectedly good performance from a service firm (Keiningham & Vavra, 2001; Kumar, 1996).

Customer satisfaction is extensively recognized as a key authority in the formation of Customer's future purchase intent (Taylor & Baker, 1994). According to Patterson (1997, p.226) "Customer delight involves going beyond satisfaction to delivering what can be best described as a pleasurable experience for the client". When you create "WOW" then you have made a very special mark in the recollection of the customer that is very easy to recollect. It surely creates the opportunity of the customer telling this story regarding their "WOW" incident to many of their friends, acquaintances and strangers. It creates a free publicity that you can't place temporary value to.

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

Satisfied customers are purely at ease. Delighted customers on the other hand have greater admiration for the firm and its services. Paul (2000 p.34) stated 'Unfortunately people don't talk about adequate service. Instead they will tell anyone who will listen about really bad or really delightful services'.

Paul (2000) articulated that delight generates 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 reject it but its just simple expression of acceptance. Delighting customer is about providing a product and services that are outstanding and stimulates customer's preference towards 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 purchase 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 firm's product and services (Kotler & Armstrong , 2001).

Kumar , Olshavsky & King (2001) studies found that customers who were extremely satisfied were more loyal than customers who were just 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 has become a necessity to do more than just satisfy the customer. Now organizations have to delight the customer for staying alive in the competition. Delighting customers is a superlative mode, 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 suggested 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 customers for the organization can not be harmful as the expectation of the customer extends and customer does not get the level of services he is expecting from the organization. In the end customer become dissatisfied from the organization.

Customers, who are dissatisfied , are most likely to switch brand and become active in the negative word of mouth advertisement of the brand. Furthermore , behaviours such as replicate purchase and word-of-mouth straight influence the feasibility and profitability of a firm(Dabholkar , Thorpe and Rentz, 1996).

A renowned research on customer delight by Oliver, Rust and Varki ,(1997, p.311) gave delight both hypothetical and an applied perspective, " Delight appears as resulting from a Blend of pleasure and arousal". Also the model was developed to test "delight sequence" and "satisfaction sequence" which leads to intentions of the customers.

The model tested by Oliver, Rust and Varki(1997) is essentially a conceptual psychological model of the process of delight that can occur within consumption experiences of the customers. It's also an 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.

New insights were concerning how delight factor can be created i.e when a situation triggers surprise in a content of positive effect and arousal.

Berman (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 (2005) differentiated customer delight and satisfaction. As satisfaction relates to meet the expectations of the customers or exceeding their expectations while customer delight and on the other hand depicts customer receive a positive surprise or delight that is far from their expectations. While comparing the satisfaction, customer delight is more towards the customer positive and emotional response against the service. In customer delight the emotional response as compared to the satisfaction has less memory.

Delight a phenomenon that represents the highest level of satisfaction, leading to a stronger intent to repurchase (Jones & 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 & Yau, 2002).

An opportunity to delight customers also depends upon the capability of the service provider to go “above and beyond” in service delivery. Long term relationships with customers offer the opportunity , through personalized service, to go beyond the customer’s expectations and to delight the customers(Zeithaml & Bitner 2003).

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

Mitchell’s latest book “Hug Your Consumers” (2003) provides many instances that illustrate the long –term financial benefits that derive from construction those emotional bonds with customers. He suggest 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 & Vavra 2001). The possibility of delighted customers to repeat a purchase is known to be about six times more than satisfied customers (Reichheld & Sasser, 1990). Customer delight is never happened without high performance and such performance brings not only benefits to customers but also makes them excited (Kwong & Yau 2002).

Long-term relationships with customers present the opportunity through personalized service , to go beyond the customers expectations and delight them (Zeithaml & Bitner, 2003).

According to Parasuraman Zeithaml & Berry (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).

Customer satisfaction no longer constitutes the convincing focus for success; it has been replaced by customer delight (Brown, Bowen &Swartz, 1992). In today's competitive environment, customer's expectations are technological innovation demand that service leaders distinguish them from the competition by truly delighting the customer (Kandampully, 1997).

3. Research Methods

This study was divided into two phases to establish and validate the model for measuring customer delight in the banking industry.

3.1. Phase 1: Qualitative Development of Delight Measures

3.1.1. 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 the banking customers.

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

Creating the base for the focused interviews, an open ended questionnaire was distributed to customers of different banks , in which 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. Information provided pointed out many situations described by the customer where the reception of service made them delighted or they felt excited. Every single response was carefully studied and put under a category, where the situations were the same.

3.1.2. Focused Interviews: Focused interviews were conducted consisting of respondents from all walks of life including Housewives, Businessmen, Employees of Organizations and Students. This includes the two genders , varied income ranges and age brackets. Discussions regarding their response to the questionnaire provided the opportunity for the respondent to explain in detail regarding their moment of getting excited or delighted from their bank's service. Discussions were based on bringing 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.

3.1.3. Insights from Exploratory Investigation: From the exploratory investigation, a remarkably different patterns of customer delight came out at entire level, totally different from the nominal services provided by the banks to the customers. Account holders were satisfied from the services but what made the customer delighted were the occasions when they were offered or received an exceptional service from their bank something they never expected or ever received before.

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

3.1.4. Establishing of Customer Delight Model: After completion of focused interviews and gathering the data retrieved by them, understanding was concluded on how to establish the customer delight model as per the essence of respective customer's interview. The model consisting of eight variables was sub defined as per the perception of the respondents. Among these eight variables , six created clear sense of awareness in customers mind regarding delight. Rest of two needed some arguments as they were being varied depending upon respondent's perception. Nonetheless, the research included all eight variables to promote distinct validation and any further evaluation if required.

3.1.5. Customer Delight Model: The foundation of this model is set by focused interviews of the customers, at the time they felt delighted by the services of their bank.

- **Unusual Ambiance** means unique outlook of the bank.
 - Stylish interior
 - Proper waiting area
 - Organized work stations
 - Well-dressed Employees
- **Problem solving gestures** means willingness to solve any problem.
 - Employee's willingness of problems solving
 - Problem solving Guidance.
- **Caring** means care for every customer.
 - Caring behaviour towards customer
 - Looking after every customer
 - Special treatment for deserving customers
- **Giving Undue Favour** means providing service more than customer deserves.
 - Extra benefit for old customers
 - Critical decisions for solving customers problems on individual reputation
 - Going step ahead of authority for customer problem solving

- **Bypassing the system to help** means by passing lengthy procedure for customer relief.
 - Leaving unnecessary procedures.
 - Shortening the cycle of customer documentations process.
- **Helpful & willing to help** means recognizing the problem and giving proper guidance.
 - Positive attitude toward customer problem
 - Proper guidance towards policies and procedures.
- **Prompt Feedback** means on spot feedback from the management for complains.
 - Accountability of the employees
 - Positive response for complains
 - Prompt action regarding customer complains.
- **Giving a VIP feel** means every customer is a king.
 - Service with a smile.
 - No discrimination among customers.
 - Treating every customer with a value
 - Giving celebrity treatment to the customer

3.1.6. Customer Delight Hypothesis: Based on the findings of the exploratory investigations the following hypothesis were established for the quantitative study:

- **H1:** There is a positive relationship between unusually attractive ambience of banks and customer delight.
- **H2:** There is a positive relationship between problem solving gestures of the bank employees and customer delight.
- **H3:** There is a positive relationship between caring behaviour toward bank account holder and customer delight.
- **H4:** There is a positive relationship between giving undue favour and customer delight.
- **H5:** There is a positive relationship between bypassing the lengthy documentation procedure of banks and customer delight.
- **H6:** There is a positive relationship between Bank employees being helpful and willing for help and customer delight.
- **H7:** There is a positive relationship between giving prompt feedback and customer delight.
- **H8:** There is a positive relationship between giving VIP treatment to bank account holders and customer delight.

3.2. Phase 2: Quantitative Testing of Delight Measures (Empirical Study)

3.2.1. Data Collection:- A questionnaire was designed in English, which incorporated the measures mentioned in the customer delight model. A total of 3000 questionnaires were randomly circulated to those using different banking services. To make sure the

questionnaire were fully understood, every question was explained one by one to respondents so that he/ she can easily differentiate between customer satisfaction and customer delight. To make things more comfortable for the respondent definition of customer delight, customer satisfaction and customer dissatisfaction were also pasted on the top of the questionnaire.

3.2.2. Respondent's Profile:- The questionnaire includes a section on customer profile, as one of the various demographic factors to support this research. Information on demographic features is also useful in formulating the banks marketing strategy. The study of demographics of the respondents provided the guidance to analyze the individual perception towards customer delight. Demographic factors include gender, bank account, age, income level and area of living. This also helps to generalize the perception of individual responding to questionnaire.

In terms of banks used by the respondents, they are dispersed equally , which gives the research outcome for the banks operating in Lucknow. The overall income ranges of respondents is dispersed in wide ranges which provide the opportunity to study the perception of customers whose earning can change the way of their thinking toward the service quality and how would they feel towards the customer delight in banking.

The overall profile of respondents gives the perfect data to study customer delight in banking as it includes all possibilities of profiles to record their perception and reaction towards the delight. It includes respondents who are already getting the level of service quality which was purposed. There is a customer base who really wants to be served with such quality of service. The purpose of the research was to study the individuals ranging in all classes (from lower to upper). Surprisingly there were respondent who belong from top income level but still they were not served as they deserved.

In order to investigate the customer delight in banks, it was important to explore where the respondents held their accounts. For instance, holding accounts in more than one bank enables the customers to make useful comparisons while evaluating bank's service quality.

4. Findings

Table1: One – Sample Statistics

	S	Mean	Std. Deviation	Std. Error Mean
Unusual attractive ambiance	3000	2.88	0.336	.019
Undue favour	3000	2.95	0.241	.014
Positive gestures	3000	2.75	0.432	.025
Bypasses the lengthy documentation procedure	3000	2.95	0.266	.015
Prompt Feedback	3000	2.88	0.336	.019
VIP treatment	3000	2.91	0.282	.016
Helpful and willing to guide	3000	2.71	0.467	.027
Caring Behaviour	3000	2.74	0.445	.026

One Sample test is applied on Customer delight data analysis; The Descriptive table displays the 3000 respondents, mean, standard deviation and standard error against each Delight factors. Delight factors can be categorized as per their mean disperse. As it can be seen from One-Sample statistics that all the delight factors mean is between 2.71 to 2.95, which clearly suggest that each factor is showing clear indication of customer delight. As per data analysis that has ranked the delight factor's mean as to which factor is giving highest level of customer delight from delight Model. Undue Favor and Bypasses of lengthy documentations procedure has the highest level of customer delight. Among the eight variables, Helpful & willing to guide has given the least mean in delight factors.

Table 2: One-Sample Test

	Test value =1 (1=dissatisfied, 2=satisfied, 3= delighted)					
					95% Interval of the difference	Confidence of the the
	t	Df	Sig. (2 tailed)	Mean difference	Lower	Upper
Unusual attractive ambiance	97.022	2999	.000	1.880	1.84	1.92
Undue favour	140.464	2999	.000	1.953	1.93	1.98
Positive gestures	70.332	2999	.000	1.753	1.70	1.80
Bypasses the lengthy documentation procedure	126.785	2999	.000	1.947	1.92	1.98
Prompt Feedback	97.022	2999	.000	1.880	1.84	1.92
VIP treatment	117.594	2999	.000	1.913	1.88	1.95
Helpful and willing to guide	63.478	2999	.000	1.713	1.66	1.77
Caring Behaviour	67.839	2999	.000	1.743	1.69	1.79

The test statistic table shows the results of the one-sample "t-test" applied on customer delight data. The "df" column displays degrees of freedom. In this case, this equals the number of cases in each group minus 1. The column labeled Sig. (2-tailed) displays a probability from the t distribution with 2999 degrees of freedom. As all delight factors are showing significant value then we can conclude that our delight model is effecting the customer perception towards delight from bank services.

Table 3: Hypotheses Assessment Summary

S.No.	Hypothesis	Mean	SIG.	Result
H1	Unusual attractive ambiance	2.88	.000	Accepted
H2	Undue favour	2.95	.000	Accepted
H3	Positive gestures	2.75	.000	Accepted
H4	Bypasses the lengthy documentation procedure	2.95	.000	Accepted
H5	Prompt Feedback	2.88	.000	Accepted
H6	VIP treatment	2.91	.000	Accepted
H7	Helpful and willing to guide	2.71	.000	Accepted
H8	Caring Behaviour	2.74	.000	Accepted

We can conclude from the above analysis that customer delight model has been successfully tested as all the Delight factors are showing significant change in customer mind with regard to bank services toward customer delight.

5. Conclusion and Future Research

The Customer delight model, which has been successfully proven, can really affect the way of business in daily routine of banking sector. This model will not only create delight in customer's mind but will also increase the sense of responsibility among the service providers as their customers/consumers will be provided with the right service at right time.

If these eight variables can create a real change in the banking service without any huge investment or swift change in organizational policies, it will induce a huge change in the perception of customers towards their bank.

To conclude, it can be stated that Implementation of Customer Delight model in banking will create a delight in the mind of customers and their perceptions towards banking services will be improved.

It must be noted that this research includes only the investigation for the delight factors of banking sector however, it is not restricted to a single industry, rather it can be implemented at any sector where the interaction of customers/consumers and services is on the highest level and where a smile or one positive incident can create delight in the mind of customers/consumers.

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