

**“Customer Delight Model”—A Case of Indian Banking Sector**

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**Abstract**

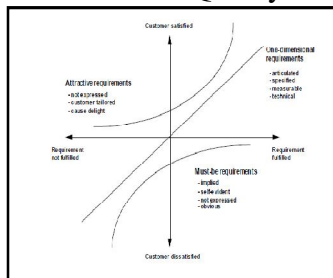
Customers tend to move in a continuum defined as the ‘zone of pain, ‘zone of satisfaction’ and ‘zone of delight’. Studies have shown that movement of customers along the ‘merely satisfied’ section of the satisfaction continuum rarely provides a positive impact. . Many research works have shown that about 60% of customers who move to competitors would classify themselves as “satisfied”. This is true due to the fact that firms dealing in similar products and services are natural substitutes as there is not much of product differentiation. Success comes only when customers move beyond the zone of mere satisfaction into the point where they will show behaviour consistent with the goals of the firm. This is called the ‘Zone of Delight’. To achieve remarkable success in a business, customers must be able to describe their experience as delightful. It is this point of exceeding satisfaction that pays rich dividends and creates a loyal customer base. The present research is an effort to decode ‘customer delight’ parameters for the banking sector in India.

**Key Words:** Customer Delight, Banking, Service Quality

**Introduction**

This research has been undertaken to categorize the set of qualities that delight the Indian Banking customers. The objective is to derive a ‘Customer Delight Model’ for the Indian Banking Sector. The data has been collected under convenience sampling method from a cross section of banks in the public and private sector. The sample size of respondents was 250 derived arbitrarily. The model is based on the Kano Noriaki’s Model of Product Quality. The Kano Model categorizes product attributes into three groups according to customer needs. By contrasting customer’s reactions to both the presence and absence of each product attribute Kano describes the following typology of product features (Kano N 1995, Matzler, Bailom et al., 1996). Figure 1 depicts the details of Kano’s Model of Product Quality.

The customer expects ‘basic’ qualities to be present in the product and as such high levels of customer satisfaction are hard to achieve by excelling in these areas. The teller in the bank hands over cash and this is a basic service any customer expects from a bank. But if for some reason the teller does not give out cash, the customer is bound to be dissatisfied. The presence of a teller does not satisfy a customer but his absence will definitely dissatisfy. ‘Linear’ qualities are those for which the level of customer satisfaction increases with the level of achievement of these qualities. The handing out of an investment tip by teller might be a linear quality. The customer is satisfied by improvement in these benefits but is only excited at extremely high levels of achievement e.g., a very valuable investment tip from the teller that enables the customer to earn exceptional profit which he would not have got had the teller not advised him. The ‘delighter’ feature excites the customer even at low levels of achievement. The absence of the feature does not dissatisfy the customer since it was not expected. ‘Delighter’ feature tends to be novel and as such can differentiate a product from its competitors.



**Theoretical Background**

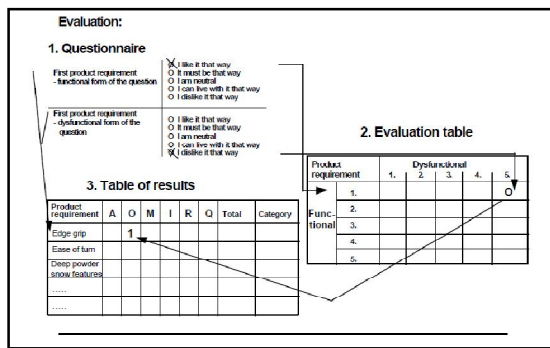
Table 1 presents the details of the evaluation process for interpreting the Kano's Questionnaire.

**Table 1**  
**Evaluation table for Kano's Questionnaire**

Customer requirements→ ↓		Dysfunctional (negative) questions				
		1. Like	2. Must be	3. Neutral	4. Live with	5. Dislike
Functional (positive) questions	1. Like	O	A	A	A	O
	2. Must be	R	I	I	I	M
	3. Neutral	R	I	I	I	M
	4. Live with	R	I	I	I	M
	5. Dislike	R	R	R	R	O

Customer requirement is –  
 A: Attractive,  
 O : One-dimensional,  
 M: Must-be,  
 Q: Questionable  
 R: Reverse,  
 E: Indifferent

The questionnaire is evaluated in three steps. After having combined the answers to the functional and dysfunctional question in the evaluation table, the results of the individual product criteria are listed in the table of results which shows the overall distribution of the requirement categories. The next step is to analyse and interpret the results.(See Table 2)



**Table 2: Interpretation of Kano's Questionnaire**

Understanding from the table 2 --if the customer answers for e.g. "I like it that way" for the question "If the services in the bank are very fast and you are very politely dealt with" – the functional form of the question and answers "I dislike it" for the dysfunctional form of the question "If the services in the bank are not fast and you are not politely dealt with, how do you feel?", the combination of the question as per the evaluation table is "O" category. This feature is "one dimensional" characteristic from the customer's viewpoint if the analysed product feature is not fulfilled. A value of about "O" signifies that this feature does not cause dissatisfaction if it is not met. Here category A is attractive feature, category "M" is Must Be features, category "R" is Reverse features, "Q" is Questionable features, "I" Indifferent feature.

The following procedures are used for processing the results of Kano survey:

**Evaluation according to frequencies:**

An overview of the requirement categories of the individual product requirements is gained from the table 3.

The easiest method is evaluation and interpretation according to the frequency of answers. Thus, modern looking equipment in a bank would be a must-be requirement (44%), physical facilities in a bank are also must be requirement (54%), banks reception desk employees being neat appearing is one dimensional requirement (39%).

Evaluation rule  $M > O > A > I$

If the individual product requirements cannot be unambiguously assigned to the various categories, the evaluation rule " $M > O > A > I$ " is very useful. When making decisions about product developments, primarily those features have to be taken into consideration which has the greatest influence on the perceived product quality. First those requirements have to be fulfilled which cause dissatisfaction if not met. When deciding which attractive requirements should be satisfied, the decisive factor is how important they are for the customer. This can be determined by using "self-stated-importance" in the questionnaire. If those two or three attractive

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 requirements are fulfilled which are regarded as the most important ones per customer segment, The result is a package of product features which cannot be beaten.

**Table 3**  
**Chart of Derived categories**

Variable	A	O	M	I	R	Q	Total %	Category
Your bank has modern looking equipment	5	3	4	1	0	0	100	M
Your banks physical facilities are visually appealing	1	1	5	1	8	0	100	M
Your banks reception desk employees are neat appearing	1	3	2	1	0	0	100	O
Materials associated with the services (pamphlets etc) are visually appealing at your bank	1	5	1	2	0	0	100	O
When your bank promises to do something by a certain time, it does so	2	4	2	1	0	0	100	O

**Customer satisfaction coefficient (CS-coefficient)**

The customer satisfaction coefficient states whether satisfaction can be increased by meeting

a product requirement, or whether fulfilling this product requirement merely prevents the customer from being dissatisfied (Berger et al., 1993). Different market segments usually have different needs and expectations so sometimes it is not clear whether a certain product feature can be assigned to the various categories, it is especially important to know the average impact of a product requirement on the satisfaction of all the customers. The Customer Satisfaction coefficient (CS-coefficient) is indicative of how strongly a product feature may influence satisfaction or, in case of its “non-fulfillment” customer dissatisfaction. To calculate the average impact on satisfaction it is necessary to add the attractive and one-dimensional columns and divide by the total number of attractive, one-dimensional, must-be and indifferent responses. For the calculation of the average impact on dissatisfaction you should add the must-be and one-dimensional columns and divide by the same normalizing factor (see Berger et. al., 1993).

$$\text{Extent of satisfaction: } \frac{A + O}{A + O + M + I}$$

$$\text{Extent of dissatisfaction: } \frac{O + M}{(A + O + M + I) \times (-1)}$$

A minus sign is put in front of the CS-coefficient of customer dissatisfaction in order to emphasize its negative influence on customer satisfaction if this product quality is not fulfilled. The positive CS coefficient ranges from 0 to 1; the closer the value is to 1, the higher the influence on customer satisfaction. A positive CS-coefficient which approaches 0 signifies that there is very little influence. At the same time, however, one must also take the negative CS-coefficient into consideration. If it approaches -1, the influence on customer dissatisfaction is especially strong if the analyzed product feature is not fulfilled. A value of about 0 signifies that this feature does not cause dissatisfaction if it is not met.

The study started with 34 variables, therefore on analyzing the role of all these variables in the service delivery and the interplay among these variables. There is a need to remove the highly correlated factors to derive the desired model. For the said purpose the variables under study must be reduced. The researcher has conducted KMO (Kaiser-Meyer-Olkin) and Bartlett's test, Principal Component Analysis (PCA) and Correlation analysis of the dimensions before proceeding with the deriving of the 'Customer Delight' Model.

### **Data Analysis** **The Customer Delight Model for Indian Banking Sector**

A review of the 'Customer Delight Model' derived out of the analysis of Kano's Questionnaire for all the banks shown in table 4 displays the following elements:-

#### **Delighter factors:**

- Sincerity in service delivery.
- Prompt delivery of services.
- Faster services with short waiting time.
- Personal attention to every customer—customizing the services.
- Listening to customers attentively.

#### **Linear factors:**

- Insisting on error free records.
- Telling exactly when services will be performed.
- Employees always willing to help.
- Employees never too busy to respond to request.
- Behavior of employees instilling confidence.
- Employees understanding the specific needs of the customers.
- Appointment with the financial consultant fixed at convenience of the customer.
- Teller being pleasant and personable.

#### **Basic factors:**

- Bank having modern looking equipments.

- Physical facilities being visually appealing.
- Materials like pamphlets being visually appealing.
- Feeling safe in transacting with the bank.
- Employees having knowledge to answer questions. Bank having operating hours convenient to customers.

Therefore banks in Indian must concentrate on the delighter factors to make the customers content with the service delivery. The basic factors are a must for all the banks while the linear factors are those which if delivered in better way can turn into delighter factors. Below is the diagrammatic representation of the 'basic', 'linear' and the 'delighter factors' figure 8.3. Further we have also divided these factors into the seven dimensions under study figure 8.4. On division of the variables under study into dimensions in the 'Delight Model' it is observed that – reliability, responsiveness, timeliness, friendliness and empathy are 'Delighter' as well as 'Linear Factors'. Empathy is present in basic linear and delighter factors. Assurance is linear as well as basic factors. Tangibility is found to be only a basic factor. The customers expect 'basic' qualities in the banking services and as such high levels of customer satisfaction are hard to achieve by excelling in these areas. Therefore existence of modern looking equipments, appealing visual facilities and materials like pamphlets etc., feeling of safety in transacting with the bank, employees having knowledge to answer questions and banking operations in convenient hours are factors that must be present in a banking service. Non existence of these features will cause dissatisfaction but existence will not cause very high satisfaction.

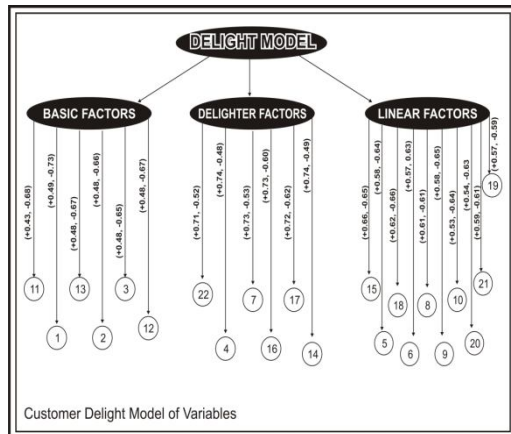
'Linear Qualities' are those for which the level of satisfaction increases with the level of achievement of these qualities. These are those areas on which companies can achieve 'delight' by increased focus. The customer's level of satisfaction increases with the level of achievement of this service. For the banking sector – insisting on error free records, telling exactly when the services will be performed,

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 employees willing to help, employees never too busy to respond, behavior of employee instilling confidence and employees customizing their services. The ‘Delighter Factors however, if undelivered will not lead to much dissatisfaction. The delighter factors under this study are sincerity in service delivery, prompt delivery of services, faster services with short waiting time, personal attention to every customer—customizing the services, listening to customers attentively.

**Label of Variables**

Var. 1	Your bank has modern looking equipment
Var. 2	Your banks physical facilities are visually appealing
Var. 3	Materials associated with the services(pamphlets etc) are visually appealing at your bank
Var. 4	When you have a problem your bank shows a sincere interest in solving it
Var. 5	Your bank insists on error free records
Var. 6	Employees in your bank tell you exactly when the services will be performed
Var. 7	Employees in your bank give you prompt services
Var. 8	Employees in your bank are always willing to help you
Var. 9	Employees in your bank are never too busy to respond to your request
Var. 10	The behaviour of employees in your bank instills confidence in you
Var. 11	You feel safe in your transactions with your bank
Var. 12	Employees in your bank have the knowledge to answer your questions
Var. 13	Your bank has operating hours convenient to all customers
Var. 14	Your bank has employees who give you personal attention
Var. 15	The employees of your bank understand your specific needs
Var. 16	You waited a short period of time before you were helped
Var. 17	The service Started immediately when you arrived
Var. 18	The teller handled transactions in a short period of time
Var. 19	Your appointment with the financial consultant was at convenient time
Var. 20	The teller talked to you in a pleasant way
Var. 21	The teller was very personable
Var. 22	The teller carefully listened to you when you were requesting a transaction

**Figure 1**  
**Delight Model based on variable**



**Reference**

**Articles**

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