

Exploring Customer Experience in Service Sector to Convert Customers Into Advocates: An Exploratory Research With Special Reference To Indian Retail Banks.

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Abstracts

Retail banking sector is a backbone for India's economic growth and development. Retail banking helps the Indian banking industry by providing wide range of innovative services which saves the customer time and efforts which the customer may have to give if he physically approaches the bank for the same service. With the introduction of "PradhanMantriJandhanYojana" a wide bracket of Indian population is now catered by the retail banking services provided. But this on one hand gives the opportunity to the retail bankers; it results in threat too, in the form of increased competition and changing needs of customers. It becomes very difficult for the bankers to retain the customers for a long period of time. The present research explores the new insight on customer experience. The research explores how the first interaction of the customers with the banks services can be converted into positive memorable experience.

Key words: Customer experience, Customer experience index, Customer satisfaction index, Experience Management, Retail banking,

Concept of customer experience management has captured a great attention of all the service providers, more specifically the banking services providers. With the increasing cost of providing branch base banking services, most of the retail banks provide a wide range of innovative and automated services which minimize the time and cost for both banks and customers. (Rao 2014). Knowledge and practice of customer experience helps in developing strategies to transform satisfied customer into loyal and loyal customers into advocates.

Theoretical Framework of Customer Experience.

According to consumer behaviour study, "*an experience is above all a personal incident, often with vital emotional significance, founded on the interaction with stimuli which are the products or services consumed*" (Holbrook and Hirschman, 1982; cited by Caru&Cova, 2003.p.270).this definition acknowledges that experience is subjective and personal in nature.

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The notion of Customer experience was first brought into focus by Holbrook and Hirschman in mid-1980s. Since then consumer researchers have try to understand the concept more comprehensively.

Review of Literature

Oliva et al (1992)satisfaction is whereby the service providers meet the expectation and norms of customers. This view is shared by Anderson et al (1994). Westbrook and Oliver, (1991) postulate that satisfaction is when a consumer cognitively compares actual performance with expectation.

Carbone and Haeckel (1994), defines customer experience management, “managing customer experiences is an integrated approach to create distinctive customer value through systematic design and implementation of various context clues. These clues emanate from the product or service itself behaviors of people i.e. service providers and other customers and the physical environment in which the service is being offered”. The above definition focuses on the three key elements of customer experience management they are, discipline, increasing loyalty, customer needs and expectation. Understanding customer needs and expectation and increasing customer loyalty is quite difficult

Schmitt (2003) defined “Customer Experience Management is the process of strategically managing a customer’s entire experience with a product or a company”

Lynch (2010), Conducted a research on building customer loyalty through customer experience. In that research they found the gap between the existing theories of building loyal customer and the actual practice. They found that there is a general consensus that for building a loyal customer there are three components which is more important and they are service quality, customer value and customer satisfaction, but they do not fully explain how loyalty is build. In their research they argue that one critical variable has been excluded from consideration that impacts on customer loyalty, and that is customer experience.

Holbrook and Hirschman, 1982; Caru & Cova, (2003).Elaborating on the marketing aspects of experience, several researchers have focused on extraordinary experiences.

Johnston, Kong (2011), in their article entitled as, “The customer experience: a road map for improvement.” Give a ten stage ‘road map’ to improve the customer experience. They identifies the critical importance of mindset change in the design of customer experience improvement programmes and the ways in which customers can be directly engaged in the design and improvement process. Importantly provides a road map which organization can use as a base for improving their customer experience.

Richard (2014), a noted analyst at Rochdale Securities in the US, publicly detailed the frustrating customer experiences in his analyst note stating that he had received excellent customer service till Wells Fargo acquired Wachovia in 2008 with which he had a long standing relationship. The world banking report by Capgemini (2011)

Research Methodology

The exploratory research design is used for the present research. Fifty articles and papers published in various reputed journals are referred for exploring the importance of customer experience management in retail banking sectors and understanding how the banks can convert satisfied customer into advocates.

Definition of Customer experience:

“The perception that customers have of their interactions with an organization”. Customer experiences comprises of three elements: functional, accessible and emotional. Marketers need to understand all the elements to fully understand how their customer perceives experience.

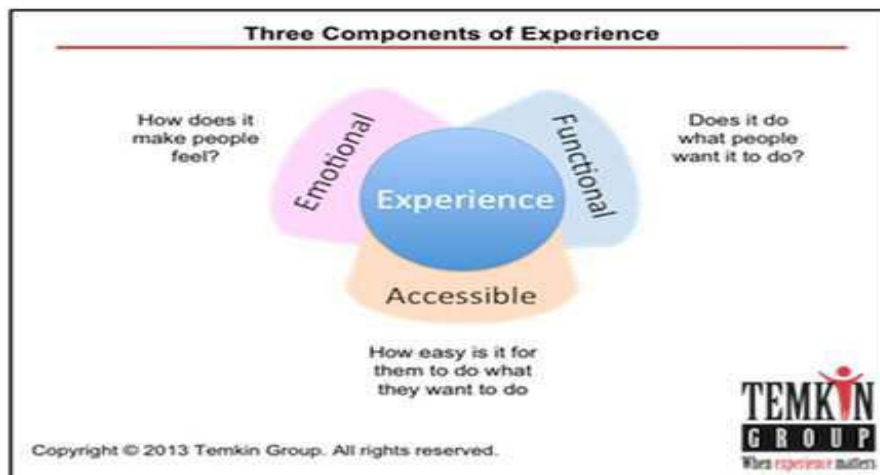


Figure-1 components of customer experience.

Customer Experience in Retail Banking

Richard Bove, (July, 2014) publically shared frustrating experience in this analyst note stating that he had received excellent customer service till Wells Fargo acquired Wachovia in 2008 with which he had a long standing relationship. The subject of customer experience in retail banking has never been more important as it is in today's era. In the present situation of cut throat competition, most of the banks are now focusing on delivering positive customer experience. Institutions with well developed customer experience approach are likely to gain a competitive edge over other firms (World Banking report by Capgemini 2011).

Measuring Customer Experience.

In most organizations, CRM strategy now focuses on customer experience. Assessing customer experience has thus become one of the biggest challenge that service providers faces. For measuring customer experience the tool called customer experience map was used. If banks wants to deliver unforgettable experience, than the banks must organize must advance model that go beyond satisfaction. All interactions of the customer with the bank are not equally important, but banks have to focus on delivering unforgettable experience.

Customer experience is subjective concept. Measuring it requires breaking it down into concrete, tangible elements. One such element is MOT or Moment of Truth.

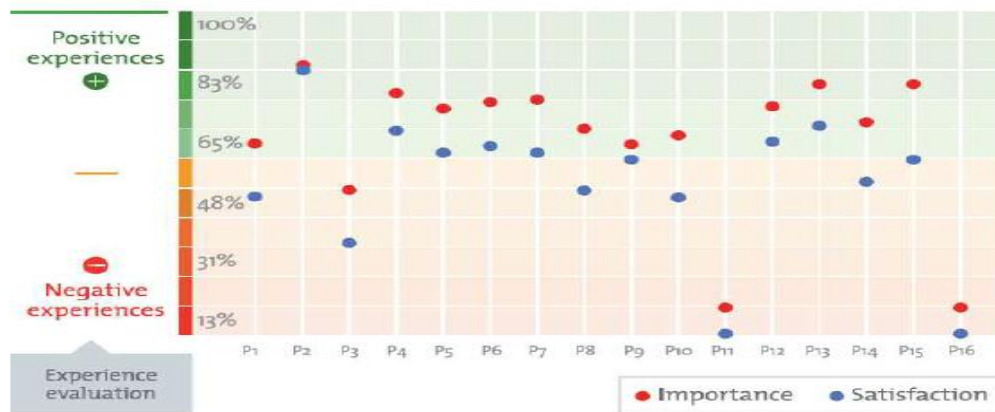


Figure-2 Customer experience Map

To build Customer experience map we must, analyze the lifestyle of the relationship and map the main touch points, design a survey capable obtaining data on customer experience at each point of interaction, generate indicator for each point of contact. (The world banking report by Capgemini 2011). To measure customer experience and for the identification of major touch points the tool called customer experience Index was developed (Capgemini 2011). The conceptual model of factors affecting customer experience is as follows.

Conceptual Model of Factors affecting Customer Experience:

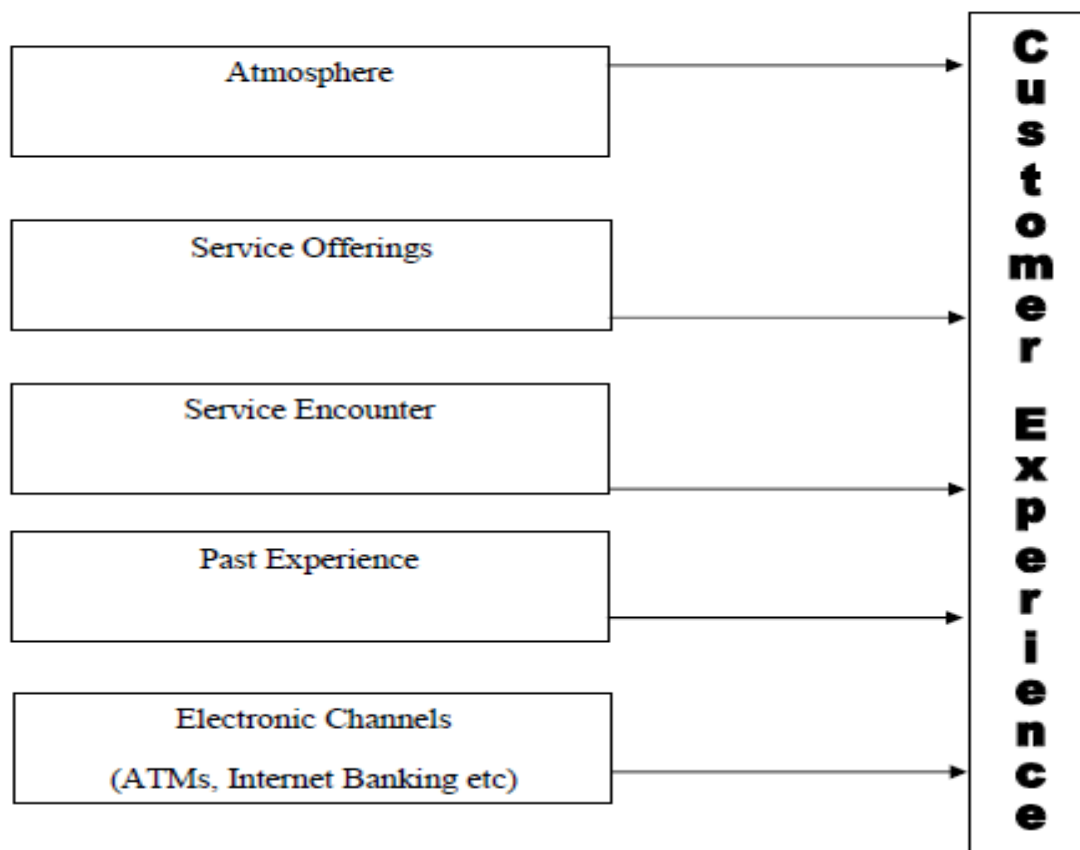
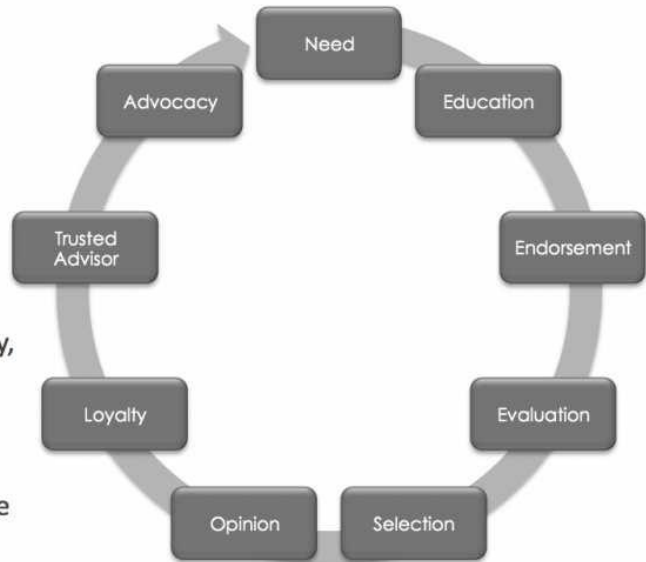


Figure-3 Factors affecting customer experience.

The factors mentioned above are very significant for ensuring customer positive customer experience. When the customer encounter with these factors, their interaction may either result in positive customer experience or negative customer experience. when the customer uses customer service they have some expectation about the services in their mind, when actual performance of the various services meet customer expectation, that result in customer satisfaction. Providing consistent positive customer experience is the need of modern days marketing. Retail banks have therefore adopted a concept of customer experience management for ensuring consistent positive experience.

Customer Experience Management

- CEM is a strategy that focuses the operations and processes of a business around the needs of the individual customer.
- Focus on the importance of the "experience"
- Discipline methodology and/or process used to comprehensively manage a customer's cross-channel exposure, interaction and transaction with a company, product, brand or service.
- Weaves together strategies, departments, process models, and information technology to design, manage and optimize the end-to-end customer experience process



It's not a tactic, it's a way of life.

Figure-4 Customer experience management

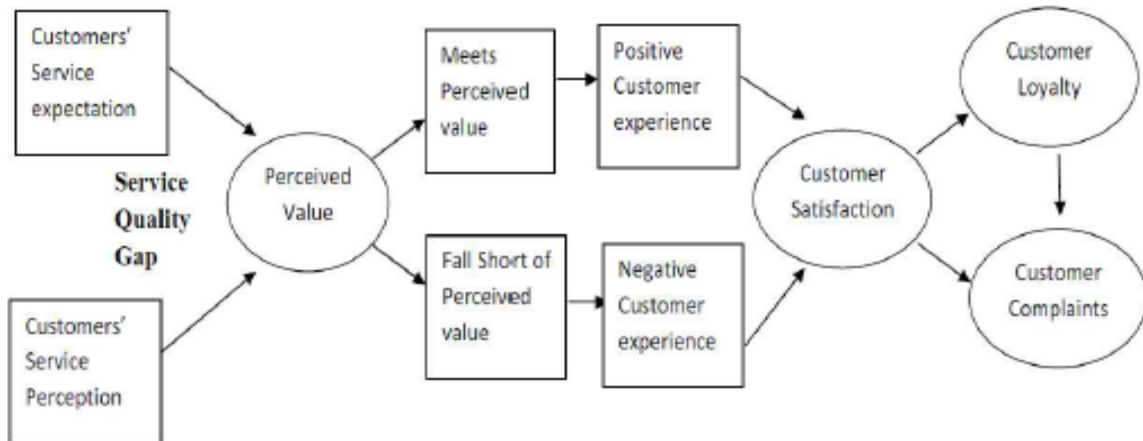


Figure-5Hypothetical model of converting satisfied customer into advocates with the use of customer experience.

Conclusion

Customers always have a set of expectation from their service providers and customer may have a service perception based on the knowledge and information of various services. When

the actual services delivery meet the perceived value that results in positive customer experience. And when actual services delivery fall short of perceived value that results in negative customer experience. positive customer experience results in customer satisfaction, whereas negative customer experience results in customer complaints. Satisfied customer becomes a loyal customer loyal customer gets converted in advocates of the company. So banks need to think from this point of also as it was mentioned in this papers.

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