CHAPTER-2

CONCEPTUAL FRAME WORK

2.1 Introduction:

Chapter 1, presented an introduction to the study. This chapter delineates various concepts related to customer experience. It also analyzes and presents the various studies undertaken with respect to the topic under study. At the end of this chapter the researcher presents the various research gaps identified as a result of this review.

2.2 Bank Marketing:

Section 5(b) of the banking regulations act 1949 defines "banking" as accepting, for the purpose of lending or investment, of deposits of money from the public, repayable on demand or otherwise, and withdrawable by cheque, draft, order or otherwise. Section 5(c) defines a banking company as a company that transacts the business of banking in India.

From the Chapter 1, on the objectives and importance of marketing in banking industry the following three aspects can be extracted as they are repeated, Customer, Competition and Profits.

S M Jha (2011), points out that bank and marketing denotes a balance between commercial and social considerations. He lists out the following on bank marketing:

a) It is a managerial approach to market the services to customers
b) It is a social process to serve social interest
c) It is a fair way of making profits
d) It is an art to make possible performance orientation

e) It is a professionally-tested skill to excel competition

Dr. K A Goyal and Vijay Joshi (2012) have cited customer retention, competition and profit maximization while discussing the challenges faced by the Indian banking industry. Hence, the three most critical areas of bank marketing are Customer retention& loyalty, Competition and profit maximization. Literature review revealed that customer experience management addresses the above three identified critical areas of a bank marketing. The following section briefs how customer experience management addresses these critical areas.

2.2.1 Customer Retention and Loyalty:

Bob Thompson(2006) advocates that Customer Experience Management is a method of increasing customer loyalty, which is a daunting task as more products and services become commodities in today’s global economy.

Aramark Education US (2005) propose that if CEM is successfully implemented it results in creating customer loyalty and building institutional pride. Every touch point is an opportunity to leave a lasting impression. Anyone who comes in contact with a customer creates an experience, either positive or negative. Understanding all the touch points is the first step to managing the customer’s experience. Collectively, these touch points, and how they occur, constitute the customer’s experience. Once the touch points for each customer are understood, improving the experience can begin.

Jesse James Garret (2006)notes that initiatives like implementing CRM software, strengthening the quality control process etc. don’t build customer loyalty.
Customers become loyal because of the experiences they have as a result of these types of initiatives. Positive experience with the service or a product will result in customer loyalty and not the efficient customer service processes and the savviest marketing strategies.

Linda Shea & Warren Frankel (2008) conclude that Customer experience goes beyond mere service. The customer experience is one of the few remaining landscapes where differentiation can be demonstrated. Customer experience is the next frontier for creating long-term loyalty and ongoing sales.

Jiyoung Hwang, Jay Kandampully (2012) confirm from their study that emotional aspects positively influence brand loyalty among younger consumers. Emotional attachment has the strongest effect, while self-concept connection showed an indirect impact through emotional attachment and brand love.

Pennie Frow and Adrian Payne (2007) opines that the aim of customer experience management is to enhance relationships with customers and build customer loyalty.

Adri Drotskie (2009) from her study in South African retail bank found that Customer Experience differs from customer service, mainly due to the inclusion of the human factor in the form of emotions and behavior. The behavior would be seen in the form of customer loyalty and long term customer relationship. Customer Experience underpins loyalty and advocacy that leads to profitability through customer acquisition and retention.

Marina Hop and Jacqui Bullock (2005) agree that the evidences are mounting that customer retention and loyalty are driven by customer experience.
2.2.2 Competition:

Leonard L. Berry, Lewis P. Carbone and Stephan H. Haeckel (2002) opines that connecting emotionally with customers requires an organization to create a cohesive, authentic and sensory-stimulating total customer experience that resonates, pleases, communicates effectively and differentiates the organization from the competition.

Linda Shea & Warren Frankel (2008) concludes that when the difficulty in delivering differentiated products and services is coupled with brand positioning efforts and advertising campaigns spewing similar-sounding messages through an expanding range of media, the result is a weary, confused customer. The outcome of such cacophonous messages and “me too” products has made the customer experience one of the few remaining landscapes where differentiation can be demonstrated.

Adri Drotskie (2009) in her study on customer experience in the South African retail bank found and proved that customer experience is the next strategic differentiator in retail banking.

Stephan H. Haeckel, Lewis P. Carbone, and Leonard L. Berry (2003), advocates that companies compete best when they combine functional and emotional benefits in their market offer. Firms that make customers feel good are formidable competitors because customers like to feel good and few companies make them feel that way. Emotional bonds between firms and customers are difficult for competitors to penetrate.
Marina Hop and Jacqui Bullock (2005) emphasize that the traditional competitive battle grounds are shifting from products and price towards customers and, more specifically, to the customer experience.

Pine and Gilmore (1999) comments that the sustainable competitive advantage can only be gained by giving the customer a unique and memorable experience.

Hans Werner Winterhoff (2013) predicts that in such a competitive market place and to win long term profitable customers, Customer can make the difference.

2.2.3 Profit Maximization:

Tom Springer, Domenico Azzarello and Jeff Melton (2011), reveal that the secret to profitable organic growth is to deliver a customer experience that the competitors cannot match.

Collin Shaw (2007) in his research found and established the relationship that customer experience has a direct impact on the net promoter score and profitability of a company.


If customer experience can address the three critical challenges on the bank marketing, then the researcher extended the review to understand the concept of customer experience, its components and the ways to manage customer experience.
2.3 Customer Experience:

Caru & Cova (2003) cited by Sadia Akter (2011), noted that the definitions of experience carry distinct meanings depending on various scientific disciplines such as, philosophy, sociology, psychology and etc. Even, consumer behaviour and marketing disciplines hold separate meanings of experience.

Christopher Meyer and Andre Schwager (2007) explained Customer experience of each customer is subjective and experience is an internal happening that will result in either a positive or negative behavior towards the organization. Based on some external cause, customer experience is an internal effect.

Sheryl Kingstone (2012) also conveys that the user’s observation, perceptions, thoughts and feelings while interacting with a product, service or company results in customer experience.

Abbott Research (2007), reported that Customer Experience is the internal response of an individual to their interactions with an organization's products, people, processes and environments. Internal response includes two things. First, the thoughts, feelings and emotions experienced and second the rational, psychological and sensory benefits derived from those experiences. It is clear that Customer experience as it is internal and subjective, and results due to the various interactions that a customer has with an organization.

Bob Thompson (2006), cited customer experience includes every point of interaction a customer has with the business. The experience a customer have with a company defines the brand. This customer experience that results is an outcome of the interactions the customers have at the touch points of the business.
Tom Bradbury and Doug Coons (2007), defines a touch point as all of the communication, human and physical interactions of a customer experienced during their relationship lifecycle with the organization. During interactions at these touch points, customers actually form perception of the organization and based on the cumulative experiences the customer had during the interactions determines overall experience. He also provides steps to design the right customer experience as below:

**Step: 1** Identify all customer touch points

**Step: 2** Determine the most influential touch points and how they affect your brand promise

**Step: 3** Define Optimal Experience at each of these touch points

**Step: 4** Ensure the organization is set up to fulfill those optimal experiences

Colin Shaw (2007) through his research opines, customer experience is a blend of an organization’s physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all the touch points of customer interaction. So to understand the customer experience, the customer touch points across the organization, its products and services need to be identified first. From the identified touch points, the key touch points that will have a major impact on the customer experience need to be prioritized.

Pine and Gilmore (1999) proposed that Experiences are a fourth economic offering, as distinct from services as services are from goods, but one that has until now gone largely unrecognized. Experiences are everywhere and they had been since long time, but customers, business and economists lumped them into the service sector along with such uneventful activities as dry cleaning, auto repair, wholesale
distribution, and telephone access. When customers buy a service, they purchase a set of intangible activities carried out on their behalf. But when the customers buy an experience, they pay to spend time enjoying a series of memorable events that a company stages to engage individuals in a personal way similar to a theatrical play.

2.4 Components of Customer Experience:

Lewis P. Carbone and Stephan H. Haeckel (1994) initially delineated the experience clues as two major categories, performance based and context based. The performance based clues are those clues that based on the functionality of the product or service and the context based clues had two types, as humanics and mechanics. Humanics dealt with the role played by the employees and mechanics dealt with the role played by the physical setting.

Leonard L. Berry, Lewis P. Carbone and Stephan H. Haeckel (2002), explains considering a restaurant as an example. They conclude that the facility design; servers’ skills, attitudes, body language, choice of words, tone, inflection, and dress; pace of service; presentation and taste of the food; noise level; smell; texture of tableware; spacing, height, and shape of tables; and a multitude of other stimuli all coalesce into a positive, neutral, or negative experience.

Gerald Zaltman (2003) propose that sub-conscious sensory and emotional elements derived from the total experience has a strong influence on the customer preference than the tangibles of a service. Almost ninety five percent of the processing of the experience at touch points during interactions takes place at the unconscious level. He claims that the perception of experience happens at the subconscious level. Customers consciously & unconsciously filter a barrage of clues
and organize them into a set of impressions. Some are rational and some are emotional.

Leonard L. Berry and Lewis P. Carbone (2007) link their stand with Zaltman (2003) as below:

- Functional clues about goods and services are rational

- Stimuli associated with things i.e mechanic clues like sights, smells, sounds, textures are emotional

- Stimuli associated with people i.e humanic clues like choice of words, tone of voice, level of enthusiasm, appearance, body language are Emotional

After identifying the customer touch points, the three categories of clues, Functional, Mechanic and Humanic needs to be identified across each and every customer touch points. The clues that yield negative customer experiences need to be identified, avoided and removed from each and every touch point. Not only that, all the clues that yield a positive customer experience needs to be identified and these clues have to be fostered organization wide so that the total experience of a customer is positive.

Martina Donnelly (2009) puts forward that breaking down the customer experience into these three aspects as three clues, functional, mechanic and humanic is critical in terms of orchestrating the total customer experience.

2.4.1 Performance based clues:

The performance based clues are based on the functionality of the service and called as the Functional Clues.
2.4.1 Functional Clues:

Leonard L. Berry & Lewis P Carbone (2007) defines the functional clues as the technical quality of the service offering. It represents what service is being offered.

2.4.2 Context based clues:

There are two types of context based clues namely, Mechanic clues and Humanic clues.

2.4.2.1 Mechanic Clues:

Mechanic Clues are generated from the inanimate objects and offer a physical representation of the intangible service (Leonard L. Berry & Lewis P Carbone 2007).

2.4.2.2 Humanic Clues:

Human interaction in the service experience provides the primary opportunity to extend respect and esteem to customers and, in so doing, exceed their expectations and cultivate emotional connectivity (Leonard L. Berry & Lewis P Carbone 2007).

Jacob Ramathe (2010) studied the customer experience in the context of South African retail banks. He found that the past experience of a customer with a retail bank has a maximum impact on his present experience. But, the variables that were used under this factor were in present tense. But, the study was a comprehensive one in the context of South African retail banks. Many of the variables pertaining to functional, humanic and mechanic clues were borrowed from this study.
Martina Donnelly (2009) studied customer experience in the context of Irish Tourism Industry. She also used the functional, mechanic and humanic clues in her study. She also studied the relationship between these clues and loyalty. Though the behaviour and attitudinal response for customer experience is out of the scope of the present study, a few variables under functional clues and mechanic clues were borrowed from her study.

Cathy Hart, Andrew M. Farrell, Grazyna Stachow, Gary Reed and John W. Cadogan (2007), studied the shopping experience, enjoyment and its influences on repatronage intentions. This study was conducted in the context of retail industry in UK. Though this study is one the behavioural aspects, few variables were adapted from this study as they were found relevant for the banking industry also.

Philipp Klaus & Stan Maklan (2012), developed a scale to measure service experience in the context of mortgage customers of banks in UK. Confirmatory factor analysis of their research confirmed four factors namely Product Experience, Outcome Focus, Moments of Truth, Peace of mind. Few variables of functional clues were adapted from this study.

Ruchi Garg, Zillur Rahman, M.N. Qureshi, (2014) attempted to study the customer experience in context of Indian banking industry and developed a scale with 41 items and 14 factors. They found that convenience as the most significant factors impacting customer experience. They also studied the impact of customer experience on customer satisfaction. The variable convenience is adapted from this study.

Saba Fatma (2014), studied the antecedents and consequences of customer experience. This is a complete and extensive secondary data research and based on the
literature a conceptual model is developed for customer experience in the context of United Arab Emirates. The study also outlined the pre, during and post experience factors. It identified six factors as the antecedents of customer experience namely, Brand performance, multi-channel interaction, service interface, physical environment, social environment, price & promotions. Few functional mechanic clue variables are adapted from this study.

Ruchi Garg, Zillur Rahman, M.N. Qureshi, Ishwar Kumar, (2012), made an attempt to identify the critical factors of customer experience in the context of Indian retail banks. They found that convenience, employees, servicescape and online functional elements are the critical factors to measure customer experience. Few functional, mechanic and humanic clue variables are adapted from this study.

Harrison B. Ceribeli, Edgard M. Merlo, Sebastián Senesi, Hernán Palau (2012) endeavored to study the consumer experience in the context of supermarkets in Brazil and Argentina and made a comparison. Few functional and mechanic clue variables were borrowed from this study.

The details of the functional, humanic and mechanic clues are provided in the chapter 3 along with their sources.

2.4.3 Customer Emotions:

The fourth component identified in the present study is customer emotions at key touch points.

Colin Shaw (2007) concluded that their 18 months of research in UK and USA found that 50 percent of customer experience is about Emotions and the balance is
There are three clusters of emotions that drive value as,

a. Attention Cluster,
b. Recommendation Cluster
c. Advocacy Cluster

There is one more cluster of emotions that destroys value called as the Destroying cluster of emotions.

2.4.3.1 Destroying Cluster of Emotions:

Destroying cluster of emotions destroys value. Though it is very difficult to eradicate this cluster of emotions, at least it has to be controlled. Colin Shaw (2007), in their work on Emotional signature in the book ‘The DNA of Customer Experience’, has identified the following eight emotions that had a significant impact in destroying value:

1. Disappointed
2. Unhappy
3. Frustrated
4. Unsatisfied
5. Neglected
6. Stressed
7. Irritated
8. Hurried

Customers who have the above emotions are the customers in the destroying cluster of emotions. These customers are of no value to the firm. For a company that
provides good customer experience, the percentage of customers in the destroying cluster will be less.

### 2.4.3.2 Attention Cluster of Emotions:

They also identified the following five emotions under attention cluster that had a significant impact in driving value:

1. Stimulated
2. Interested
3. Exploratory
4. Energetic
5. Indulgent

Colin Shaw (2007) explains that the attention cluster contains the emotions that have a proven link to increased customer spend. If the company evokes these emotions in their customers during interactions, then the customer could spend more money with that company in short term. These emotions will attract new customers and will give a temporary increment in sales and income.

Though attention cluster of emotions results in a positive growth in sales and revenue, it is only for a shorter period of time. Evoking emotions of the attention cluster in customers will not result in long term relationships and profits from customer base. Compared to destroying cluster of emotions, attention cluster of emotions will have a positive impact in the customer in the short run. Companies should try to hold such customers in the attention cluster for long term by evoking emotions in the recommendation and advocacy clusters.
2.4.3.3 Recommendation Cluster of Emotions:

They also identified the following five emotions under recommendation cluster that had a significant impact in driving value:

1. Valued
2. Cared for
3. Trusted
4. Safe
5. Focused

Their research found that long term relationship and customer loyalty results by this cluster of emotions. A company by evoking this cluster of emotions will enjoy good word of mouth and customer loyalty. Companies by moving their customers from attention cluster of emotions to the recommendation cluster of emotions will enjoy long term sales and revenue as a result of long term relationship with their customers. The customer life cycle will be long, repeat purchase will be high, cross selling will be high and word of mouth promotions will also be high.

2.4.3.4 Advocacy Cluster of Emotions:

Colin Shaw (2007), in their work on Emotional signature in the book ‘The DNA of Customer Experience’, has identified the following two emotions under advocacy cluster that had a significant impact in driving value:

1. Happy
2. Pleased

Colin Shaw (2007) concludes that if a company evokes the above two emotions, their customers not only recommend the company, its products and services
but will spontaneously advocate them. The companies that evoke the recommendation and advocacy cluster of emotions will have a good net promoter score (NPS), customer loyalty and positive customer experiences. Studying the cluster of emotions is not part of this research.

The above identified 4 clusters of emotions (20) are the results of two years of research by Colin Shaw and his team. These clusters of emotions are applicable to any industry in general. The first step is to identify the ideal and desired emotions of the customers of a particular company before studying their actual experience. So before starting to study the customer experience, it is imperative to understand the ideal emotions of the customers of that company.

Andrew Ortony, L Clore & Allan Collins (1990), opines that Emotions are one of the most central and pervasive aspects of human experience. They also suggest that the writers need not always have to specify what emotions a character is experiencing because if the described situation contains the eliciting conditions for a particular emotion, the experience of that emotion can be inferred.

Abbott Research (2007) unveils that feelings are predominantly temporary in nature and would subside until the stimulus exist. But emotions would stay with the customers for years as they are seated in their mind. This means that the emotions would result in a greater impact on the customer internally deciding their response. Klaus R Scherer (2000) conceptualize that emotion is presumed to have several component as physiological arousal, motor expression, action tendencies and subjective feelings.

Michael Lewis, Jeannette M and Lisa Feldman (2008), explains the time variations in emotions. According to them, it may be 5 seconds at most, for an
individual facial response. It may be an hour for a hostile or fearful interchange. It is up to days or longer for emotion episodes that continue over restless dream-ridden sleep. It is up to a lifetime when the notion of emotions is extended to sentiments and their latent readiness for emotions in the acute, occur rent sense.

Stanley Schachter and Jerome E. Singer (1962) proposed a theory called as Schachter-Singer Theory. According to the theory, emotional Events produce emotional arousal. Arousal often is diffused so customers look to the external world to interpret and then they label the emotion based on environmental clues. Hence the environmental clues are categorized us functional, mechanic and humanic clues that has an impact on customer experience.

Gerald Zaltman (2003) quotes that in addition to confusing lots of data with lots of understanding, marketers also attend to the wrong level of consumer experience. Specifically, they focus 90 percent of their market research on the attributes and functional features of a product or service and their immediate psychological benefits, at the expense of their emotional benefits.

He concludes that if an idea do not have emotional significance for the customers, they are not likely to store it and they would not be able to exercise recall. Human memory is very weak. Unless and until the interactions have a significant emotional benefit, it would be difficult for the customer to remember the experience and then to recall it.

Pine and Gilmore (1999) propose that experiences can be positive or negative. But, it needs to be memorable. Only the memorable experiences are recalled and then these memorable experiences play major role in recommending and advocating a company or its products or services for a customer.
Bob Thompson (2006) concludes that customer emotions act like a glue making the positive experiences to get glued in the memory of customers.

Amir Nasermoadeli, Kwek Choon Ling & Farshad Maghnati (2013), in their study evaluating the impact of customer experience on purchase intentions, found the impact of emotional and sensory factors significant.

The consumption emotions set presented by Richins (1997) provides a list of emotions that are most commonly related to the customer experience and behavior.

<table>
<thead>
<tr>
<th>The Consumption Emotions Set (CES)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Anger</strong></td>
</tr>
<tr>
<td>Frustrated, angry, irritated</td>
</tr>
<tr>
<td><strong>Discontent</strong></td>
</tr>
<tr>
<td>Unfulfilled, discontented</td>
</tr>
<tr>
<td><strong>Worry</strong></td>
</tr>
<tr>
<td>Nervous, worried, tense</td>
</tr>
<tr>
<td><strong>Sadness</strong></td>
</tr>
<tr>
<td>Depressed, sad, miserable</td>
</tr>
<tr>
<td><strong>Fear</strong></td>
</tr>
<tr>
<td>Scared, afraid, panicky</td>
</tr>
<tr>
<td><strong>Shame</strong></td>
</tr>
<tr>
<td>Embarrassed, ashamed, humiliated</td>
</tr>
<tr>
<td><strong>Envy</strong></td>
</tr>
<tr>
<td>Envious, jealous</td>
</tr>
<tr>
<td><strong>Loneliness</strong></td>
</tr>
<tr>
<td>Lonely, homesick</td>
</tr>
<tr>
<td><strong>Romantic love</strong></td>
</tr>
<tr>
<td>Sexy, romantic, passionate</td>
</tr>
<tr>
<td><strong>Love</strong></td>
</tr>
<tr>
<td>Loving, sentimental, warm hearted</td>
</tr>
<tr>
<td><strong>Peacefulness</strong></td>
</tr>
<tr>
<td>Calm, peaceful</td>
</tr>
<tr>
<td><strong>Contentment</strong></td>
</tr>
<tr>
<td>Contented, fulfilled</td>
</tr>
<tr>
<td><strong>Optimism</strong></td>
</tr>
<tr>
<td>Optimistic, encouraged, hopeful</td>
</tr>
<tr>
<td><strong>Joy</strong></td>
</tr>
<tr>
<td>Happy, pleased, joyful</td>
</tr>
<tr>
<td><strong>Excitement</strong></td>
</tr>
<tr>
<td>Excited, thrilled, enthusiastic</td>
</tr>
<tr>
<td><strong>Surprise</strong></td>
</tr>
<tr>
<td>Surprised, amazed, astonished</td>
</tr>
<tr>
<td><strong>Other items</strong></td>
</tr>
<tr>
<td>Guilty, proud, eager, relieved</td>
</tr>
</tbody>
</table>

**Table 2.1 The Consumption Emotions Set**

With the discussions with the managers of both the banks and their key customers, the following emotions were identified as relevant: Frustrated, Miserable, Fulfilled, Happy, Excited. The emotions are listed from highly negative emotion to a highly positive emotion. These emotions are taken for study at the touch points.
Customer memory is short lived. But, companies’ objective should be to evoke emotions that would result in a positive and memorable customer experience at each and every touch points. The benefits of providing good customer experience is large for both the customers and also for the banks. But, it cannot be done overnight. It is an organization wide approach. It should start with the top management and then end with the customer. Thus, it is concluded that there are four major determinants of customer experience namely, Functional Clues, Mechanic Clues, Humanic Clues and Customer emotions at touch points.

2.5 Customer experience management:

Bob Thompson (2006) describes Customer Experience Management is managing customer interactions to build brand equity and improve long-term profitability. CEM is concerned with managing all customer interactions. It deals with the customer's perception of value, which has both functional and emotional components.

Leonard L. Berry, Lewis P. Carbone and Stephan H. Haeckel (2002) outlined the clues that make up a customer experience fit into three categories. The first concerns the actual functioning of the good or service. The second category concerns the emotions that include the smells, sounds, sights, tastes and textures of the good or service, as well as the environment in which it is offered. This category of clues includes three types: “Function” (Clues emitted by the functionality and reliability of the company or products or service), “mechanics” (clues emitted by things) and “humanics” (clues emitted by people). Both the emotional component of experiences and the functional component of the services or product need to be equally considered and managed well.
Bernd H Schmitt (2003) elucidate the process of customer experience management as the process of strategically managing a customer’s experience with a product or a company. CEM connects with the customer at every touch points and calls for the integration of different elements of the customer’s experience.

LRA Worldwide Inc (2007), agree with Lewis P Carbon and Stephan H. Haeckel (1994), that customer interactions lead to a learning experiences for the customer. Customers tend to learn something about the company, its employees, systems, processes etc during their every interactions. This learning results in either strengthening or weakening their relationship and their future intentions. Customer Experience Management identifies each of these moments of truth and ensure that the company and its people, products, processes, and culture are aligned both strategically and tactically across all touch points to best serve the customer.

Lior Arussy, President of Strativity Group and Lloyd Wilky (2008), Vice President of Merck & Co, argue that the customer experience is an organization-wide effort to deliver superior value and command customer loyalty. Building such a level of commitment and loyalty should start with the employees and their understanding to deliver superior customer experience. CEM must be an integral part of the organization’s culture.

Allen R. DeCotiis, Ph.D., (2001), clarifies that the underlying tenet is that in the long term, customer behavior is very much influenced by the proportion of exceedingly good experiences relative to the problematic ones. He conclude that a high, favorable ratio builds customer loyalty rewarding high retention rates and growth that would be an outcome from their existing customer base. The problematic
experiences would result in negative outcomes resulting in loss of business and customer attrition.

Sadhana Smiles (2005) conveys that Customer Experience Management (CEM) is fast becoming the new buzzword in all service industries. CEM is about the experiences a customer has while selecting a product or service.

Aramark Education (2005) elucidates Customer Experience Management (CEM) as the process of managing the events and personal interactions that make up a customer’s experience. CEM results in valuable insight into customer perspectives. It is a process that determines customer experience by managing the interactions between a customer and the company across all touch points. This process of influencing and managing overall experience of a customer is to transform an organization's culture and environment that deliver a positive customer experience. Customer Experience Management is the process that successfully builds brand loyalty and repeat business.

Stephan H. Haeckel, Lewis P. Carbone, and Leonard L. Berry (2003) determined that Customer experience management focuses different parts of an organization on the common goal of creating an integrated and aligned customer feeling. It provides a means for breaking down organizational barriers. They had identified three principles that would result in a distinctive customer value through customer experience. The three principle are as below:

**Principle 1:** Fuse experiential breadth and depth

**Principle 2:** Use Mechanics and Humanics to improve function

**Principle 3:** Connect Emotionally
Connecting emotionally with customer or managing customer emotions are not easily understood.

Leonard L Berry and Lewis P Carbone (2007) clarifies that an organization cannot manage customers’ emotions, but it can manage the clues embedded in customers’ experiences with the organization that trigger those emotions. Those emotions consciously and unconsciously influence attitudes that drive behaviour. In order to manage the customer experience, first it should be measured.

Adrain Payne & Pennie Frow (2007) suggested that organisations seeking to deliver an outstanding or perfect customer experience should introduce appropriate metrics for measurement of customer experience at each step of interaction with customers. Hence, proper metric system needs to be developed to measure customer experience and this metric system should cover the key customer touch points.

Tom Bradbury and Doug Coons (2007) defined a touch point as all of the communication, human and physical interactions a customer experiences during their relationship lifecycle with an organization. The touch points in the context of an Indian retail bank was carried out through primary data collection.

2.6 Customer Experience management in Retail Banks:

Customer Experience has become the hot topic in the retail banking arena too. Adri Drotskie (2009) in her research in context to the South African bank concluded that customer Experience is the current relevant strategic differentiator in retail banking in South Africa. In retail banks touch points across all banking channels should be considered. Banking customers interact with the bank through various banking channels. The following are some of the banking channels, branch, ATM,
phone banking, Internet banking and mobile banking. These are the channels that are normally used in India.

Dikesh Kumar (2009) propose that Customer Experience is a way to meet and exceed the expectation of end customer through all channels of interaction. This leads to increased advocacy and referrals for the bank and ultimately profitable revenue growth. The customer continues to expect outstanding service, customized product, anytime-anywhere access to their money and real-time update and alerts of transaction across all channels. The benefits of a holistic, end-to-end approach to customer service results by managing customer relationships with real-time information and by providing excellent customer experiences leading to lifetime loyalty from the customer. But, managing customer experience across channels is not an easy job. It requires an organization wide activity to bridge the various channels. Only then the customer interaction across channels can be managed to result in an overall customer experience.

The Genesys research (2007), reveals a finding that it’s virtually impossible for many banks today to adequately manage the end-to-end, multi-channel customer experience. But this specific capability is key to build long lasting relationships and loyalty with existing and future customers.

It also insists delivering a customer experience has various benefits to the organization. For instance, it bridges channel gaps, enables service differentiation, and provides the foundation for analysis of customer interactions and behaviours. This enables the banks to ‘wow’ their customers. It also results in repeat purchase and customer loyalty in a long run.
But, Susan Abbott (2005) argues that it is even important to deliver consistent experience within the channels first. It’s not necessarily about a seamless experience across all channels; it could be a consistent experience within the channels. Even with in a banking channel it is imperative to deliver consistent customer experience at each and every touch point.

The Prophet Customer Experience Report (2009) accedes that further-more, real brand value lies not only in the promises the organisation makes to its customers but also in its ability to deliver on them. These promises are fulfilled through multiple experiences and delivered across all touch points at a consistent level of quality and value over time. Managed properly, they will ultimately result in deep, trust-based relationships, which generate loyalty, profits, and hence financial returns.

The Prophet Customer experience report (2009), also divulges an important point that not all customer touch points in a banking channel are very relevant towards a positive customer experience. They claim, ‘Understanding which touch points are the most important to customers is the key’. Also, not all the touch points are relevant for the bank to result a positive Overall customer experience. So, identifying the key touch points is the most important step to deliver consistent positive customer experience.

Forrester Research Inc. (2007) predicts that the correlation between customer experience and willingness to buy another purchase from the service provider is very high for banking customers.

In India, bank customer experience is not very widely studied upon. Only a very few studies on customer experience in the Indian banking industry have been
undertaken. It is high time to conduct a study assessing the emotions at key touch points and customer experience that drive value in the long-term in the Indian context.

The following conceptual model is developed:

![Conceptual Model](image)

**Fig 2.1 Conceptual Model**

### 2.7 Research Gaps:

Based on the literature review, the following research gaps were identified.

1. The determinants of Customer Experience in context of Indian retail bank is not widely studied

2. The key customer touch points that impacts customer experience in a retail banking context is not widely analyzed

3. The relevant functional, mechanic and humanic clues in the context of retail banks in India is not completely explored
4. The effect of demographic factors that have significant impact on the Overall Customer experience and customer emotions is to be studied

The present study tries to address these research gaps. The research questions are framed with these research gaps in consideration.

2.8. Summary:

This chapter discussed on the various concepts related to customer experience and on various literatures. Customer experience being a sensitive area, it has attracted many researchers. Studies reviewed reveal that there are many studies conducted in this area globally. Nevertheless, only a very few attempts have been made to explore the customer experience in the context of Indian retail banks. The conceptual review resulted in four gaps. An earnest attempt therefore has been taken up in this present study to fill these gaps. From the research questions, the objectives of the present study and subsequently the hypothesis were derived. The next chapter will brief the objectives, hypothesis and research methodology of the present study.