Customer experience management — A case study of an Indian bank

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Abstract Loyal customers are considered to be the key to survival and success in many service businesses, in particular in the hospitality, insurance and financial sectors. The assumption is that with customer satisfaction; loyalty, retention and profitability will automatically follow. The current thinking is that the relationship between satisfaction and loyalty is more complex then was originally proposed, however. As commoditisation of many service offerings continues, new sources of competitive differentiation/advantage will come from focusing on the management of customer experiences. Because loyalty is so very important to the survival and profitable growth of a company, measuring it becomes all the more important. Existing approaches to the measurement of loyalty have not proved to be very effective in this task. This study explores and tests the relationship between experience and loyalty. For this purpose, a modified 'loyalty acid test' is used. The study concludes that, on average, a majority of customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its interface with the customers to become more cognitive (intelligent), emotional, physically pleasing and well connected.

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INTRODUCTION

Increased price competition, reduced regulation and reducing consumer loyalty has brought customer retention and customer relationship management into the marketing limelight.[1,2] Customer satisfaction is now supposed to be a primary tool for retaining customers.[3–6] Measurement of customer satisfaction as a means of monitoring progress has became standard with firms around the world.[7,8] The assumption is that, with customer satisfaction in place, loyalty, retention and profitability will automatically follow. But the current thinking is that the relationship between satisfaction and loyalty is more complex then was originally thought.[9–14]

A lot of evidence exists regarding how satisfaction influences repeat purchase (both volume and frequency) behaviour, and price-sensitivity.[15] The biggest advantages that a loyal customer gives are repeat business and promotion of the company through word of mouth.[16–19] But customer loyalty is much more than repeat purchases or increased volume of purchases. While it has been argued that loyalty does not mean anyone who buys repeatedly from the same company,[20] in many instances, a customer may not be purchasing as frequently because changed circumstances have reduced his or her requirements for the company's products and services. Going by this logic, repeat purchases or increased numbers of purchases may not be true indications of customer loyalty.[21] After eliminating these two advantages, there remains the advantage of positive word of mouth publicity generated by loyal customers by way of advocating a company's offerings to friends, colleagues and family. A customer puts his own reputation at stake when he recommends a company; this act of recommendation should be considered the best indicator of customer loyalty.[22]

Loyal customers are considered as the key to survival and success in many service businesses, especially in the hospitality, insurance and financial sectors.[23] A slight change in the percentage of loyal customers can bring about a huge change in profits and the overall value of the firm.[24] So a company's only path to profit and growth may lie in its ability to make its loyal customers market it.

Many researchers feel that competitive differentiation can no longer be achieved along the traditional dimensions of corporate performance. As commoditisation of many service offerings continues, a new source of competitive differentiation/advantage will come from focusing on the management of customer experiences.[25–33]

Because loyalty is so very important to the survival and profitable growth of a company, measuring it becomes all the more important. Existing approaches to the measurement of loyalty have not proved to be very effective.[34]

The objective of this study is to explore and test the relationship between experience and loyalty. For this purpose, a modified 'loyalty acid test'[35] is used. This test is a set of surveys aimed specifically to measuring loyalty of customers, employees, suppliers and other stakeholders. But for the purpose of this study, this test has been administered only to the customers and employees of a bank.

Banking has been chosen because in the retailing of financial services, customer behaviour is characterised by inertia. In spite of getting poor service, customers show no tendency to switch to other providers. Customer loyalty in the case of retail banking is influenced by perceptions of service quality and levels of customer satisfaction because there is little perceived difference between the products and services offered. The way in which the interface/interaction between the service provider and the consumer is managed is one way in which judgments regarding service quality and satisfactions are formed and are supposed to be the only frontier of competitive advantage.[36–38]

This study was conducted at Indian Institute of Technology (IIT) Roorkee. The two major players in the IIT Campus are Punjab National Bank (PNB, for which the study was conducted) and State Bank of India. These two banks cater largely to the students of IIT Roorkee. These customers should not be neglected because they have low profitability now. If they become loyal to a particular service provider now, then in future when they achieve high positions and become individuals of high net worth, then the banks can cash in on them, as they will then be a major source of revenue. Also, generally, at this age, if the students have a good experience with the bank they are more likely to use it in the future. The other major customers of these banks are the professors at IIT Roorkee.

OBJECTIVES

The most important objective of this study was to find the current position of the bank (PNB IIT Roorkee branch) in the eyes of the customers and then developing strategies towards improving the shortcomings.

This objective has been tested by:-

1 Understanding what constitutes a great banking experience — asking customers to suggest features which they would like to be incorporated in their banking service, that which would help in fostering their loyalty.
2 Evaluating the bank's current customer loyalty and experience — asking customers to grade the current services of the bank at its four interfaces and then determining their current level of satisfaction with the bank. Scores for the customer loyalty can also be ascertained and a loyalty index calculated on a scale of ten. This is done for each customer.
3 Evaluating current employee loyalty — satisfied employees provide a good customer experience.
4 Collecting information from the employees of the bank to determine their loyalty indices on a scale of ten. This is done for each employee. Employees were also asked to indicate their preference for features which could be implemented in the bank so as to increase their loyalty to the bank.
5 Developing a customer profitability index and developing a customised strategy for each segment — this is done by calculating a similar score for customer profitability with the bank and, depending upon the particular combination of profitability and loyalty, developing a customised strategy for each combination.
6 Developing an action plan to enable the organisation to keep its promises by reengineering its operations and identifying an accurate blend of technology and human touch at the interfaces.

METHODOLOGY

For customers

A descriptive research design was used to gain an insight into the current level of customer satisfaction with the bank by rating the bank's interfaces — namely automated telling machines (ATMs) and employees — in four dimensions: cognition, physical appearance, emotion and connectedness. The primary data were collected using an undisguised structured questionnaire. The questionnaire was formulated and finalised after a series of brainstorming sessions with the experts in this area. A copy of the questionnaire can be found in the Appendix. The sampling units were individuals; students; professors; and other customers, which comprise the bank's retail segment. The sample size used was 100 and sampling design used was convenience sampling. The customers were personally interviewed in order to complete the questionnaire.

For employees

Again a descriptive research design was used to gain an insight into the bank employees' current level of satisfaction by calculating a loyalty score on a ten-point scale for each employee. This was done because a satisfied employee is a prerequisite to a satisfied customer.

Primary data were collected using an undisguised structured questionnaire. Employees completed the questionnaire anonymously for better results. All the bank employees were asked to fill up the questionnaire; there were only 25 employees in the branch and 21 agreed to participate in the survey.

DATA ANALYSIS AND INTREPRETATIONS

Customers (retail segment)

Usability of ATM (users 88; non-users 12)

The major reasons for not owning an ATM card were apprehension about keeping it safe and safety of the funds. This shows that there is still lack of awareness among the people. To increase awareness more advertising regarding the use, convenience and safety of an ATM card is required.

Cleanliness (excellent 69; poor 31)

Although the majority of customers were satisfied with the cleanliness of the ATM, there were still a substantial number of people that were not happy with cleanliness, so this aspect requires the bank's attention.

Temperature control (excellent 95; poor 5)

So far as air-conditioning of the ATM is concerned, only five per cent of the respondents were not happy, which can be looked into by the bank.

User friendliness

One quarter of the respondents rate the ATMs as excellent in this dimension, which is a good sign. Moreover, the majority of the other chunk seems to be happy. Nine per cent of the respondents are not comfortable with the ATM, however. This can be dealt by giving more facilities on the ATM and making it more interactive. Jargon should be kept to a minimum, keeping the language simple for less technologically-minded people.

Facility to deposit drafts and cheques at ATM

Slightly more than half of the people who have used it are satisfied with this facility. Only two per cent are not satisfied, which is not alarming. Of concern, though, is the fact that 39 per cent of people have not used it and still go for the traditional method of deposits. This means that the bank has to increase awareness among the people and promote the usage of ATMs for this facility. This will help the bank by reducing traffic inside the bank. Also, five per cent of the people say that this facility is not available, which is alarming because this means that there a substantial number of customers who do not even know such a facility is available. This requires substantial involvement by the bank to educate the customers regarding the availability and safety of such a facility in ATMs.

Updates reflection

People rate the ATM as pretty fast in reflecting their account updates after major account transactions. Still, nine per cent of the people have faced problems regarding this dimension. There are various reasons for these problems, like delays in outstation cheques clearing, server being out of order, etc. The bank should look upon these as potential areas of improvement, as the number of dissatisfied customers may go up in the future.

Availability of ATM

Mostly, customers are satisfied, on average, with the availability of the ATM. Most of them rated this as excellent, although some respondents rated it 'poor' on availability. This seemed to be more annoying for those customers who had travelled a long distance to the ATM and where it was very inconvenient for them to come again. This was because there are only two ATMs in the city; hence even one hour's non-availability creates problems for many customers. This issue can be held in check by increasing the availability of the ATM (minimising the service breaks) and conducting a feasibility study for opening new ATMs in the city.

Captured card retrieval

35 per cent of respondents indicated that they had never used this service. This means that people had been following the instructions while dealing with the card. The remaining 65 per cent people have to be educated about using the ATM card, as card capturing can add to the bank's overheads and may result in breakdown of the ATM. Still, those who had used this facility seemed to be more or less satisfied although 11 per cent of the people were not satisfied with this aspect. The bank must, therefore, provide speedy recovery of the captured cards.

Location

Location-wise most customers seemed to be satisfied. This included a majority of the students and professors who were comfortable with the current location. Also, the cantonment is not too far off. The two ATMs seemed to cover the requirements of most of the current customers of the bank.

Processing speed

Collectively, 75 per cent of the people rated the speed above satisfactory, which is commendable. The rest found it average or not worth complaining, which is also good. Only two per cent of the people found it poor, which may not be an immediate cause of concern for the bank.

Reliability of transactions

On this aspect also, around 80 per cent of the people were satisfied, the rest rated to as average. But even though the number which found it poor is relatively less, they can not be taken for granted because the most important parameter for a bank is its reliability of transactions. Even a small percentage of two can cause irrepressible damage to the bank's reputation, by spreading a bad word. This might not only diminish their loyalty but can also prove to be a threat towards weakening the loyalties of other customers with the bank.

Service in regional language

As far as regional language support is concerned, those who had used the service seemed to be satisfied with it. There were around a quarter of the people who never felt the need to use the service because they were comfortable interacting with the ATM in English.

Personalised attention

On the aspect of personalised attention, more customers rated this facility as 'average' and 'good' than 'excellent' by comparison with other attributes. Also, the percentage of people saying 'poor' is comparatively large at seven per cent, which means that the bank can still focus on designing the ATM so that there is scope for more customized options for each user. This will not only add to increased ease of use but also increased brand loyalty.

FEATURES TO BE INCLUDED IN THE ATM

The features that most people suggested for inclusion in the ATM included a cheque and draft deposit facility, despite the fact that this facility is already available. But the respondents were not sure about regular availability of this facility, so the foremost concern for the bank is to improve its awareness.

People also wanted bank officials regularly to tell them about the latest products at the bank, because they sometimes miss advertising campaigns. This will help the bank officials in two ways. First, it will make the customers feel special and cared for and secondly it will help the bank to increase its revenues, because customers may try out these new products once they know about them. Also, the bank will incur fewer expenses on their advertising budgets, as they could spend less on advertising and it would have more impact.

Some respondents voted for talking ATMs — the latest technological innovation and, with changing trends, customers are becoming more technologically knowledgeable. Further, many respondents had voted for movies/news updates etc also to be available at the ATM, which would place the bank at the cutting edge of technology. Other innovations included the ATM service being available in regional languages other than Hindi (like Malayalam, Telugu etc), and weather forecasts to be available at the ATM.

People also voted for a human element to provide help for those who were new to using the product. This will help reduce any apprehensions and hesitation they have.

DATA ANALYSIS AND INTREPRETATIONS

Employees

Courtesy and politeness

More than half of the respondents rate courtesy and politeness as good, which is creditable given that there is a lot of rush in the bank most of the times. Also, around 40 per cent of the people rate it as excellent and average. Eight per cent rate this aspect as poor, however. This could be alarming because these people, even though they themselves could have been problem customers, if not treated properly could spread bad publicity amongst others and affect the overall banking experience of other customers also.

Promptness in attending request

90 per cent of the respondents rated promptness as more than satisfactory. But ten per cent of respondents rate the service as poor, and the 24 per cent from the average category could move to ‘poor’ at any time, which takes the number to 34 per cent. In service industry, products are almost the same and the only way to differentiate is through service quality.

Punctuality

This aspect is also well rated; most people are concentrated in the range of ‘average’ and ‘good’. Also, some of the most loyal customers of the bank rate punctuality as ‘excellent’. Six per cent of respondents rate this aspect as ‘poor’, though. At present in Roorkee, given the players in the market, PNB stands a better chance of gaining the market share if it utilises its resources in a proper way and pays attention on small aspects like punctuality etc to maintain customer loyalty. Also, if the customers are happy with one aspect of the bank then this will be carried over to other aspects also.

Presence of supervisor when required

Four per cent of respondents have never required the presence of a supervisor. Also, the percentage of people rating this aspect as 'poor' has also significantly fallen, which is a good signal — but there is the potential to reduce this further. Also, the number of people rating as good is more than half, which is commendable.

Promptness in complaint recovery

Here, the aggregate percentage of respondents rating this as 'excellent', 'good' and 'average' has fallen significantly compared with other aspects. This aspect should not be neglected, because although humans are bound to make errors, the catch lies in how empathetically the complaint is heard and dealt with in a satisfactory fashion. Also, 18 per cent of respondents, representing a large chunk, are not at all happy with complaint handling. This is that category of people who at least raise their voice, and are known as 'voicers'.[39] Again, they are good only if they express their discontent but do not leave the company. In that case, they are the bank's best friends. But those who voice their discontent but do not give the bank the opportunity to respond are the most dangerous and have to be looked after well by the bank. Also, 18 per cent of respondents who have not used the service should not be excluded from the statistics because these are the people who have a complaint but do not express it — so-called 'passives'. These are the most difficult of all because they may keep on accumulating their anger and then may leave the bank one fine day without even giving the bank an opportunity to correct it. So, they must also be taken care of.

Following instructions given by the customer

There is an important observation to be made as the number of respondents who had rated the above services as excellent is a small minority which is not a good sign. Moreover, there are a large number of respondents who have rated the service as average. The bank should stress on this aspect or else the customers in average category can shift to poor, very soon.

Making customers aware of the latest products

The data (26 per cent) show that the bank is rated poor on this aspect. Moreover, few people find it really 'excellent' or 'good'. In this case, the bank should really stress increasing customers' awareness of the ATM and other bank products. This should not only help the bank to increase its revenues because when people are made aware of the products, they would like to purchase them also. Further, by doing this the customers feel special and cared for. This little customised attention on the part of bank officials should really help to give a good customer experience. Also, the bank should be able to spend less on their marketing efforts, as most of the advertising is done on the bank premises itself.

Extending services after banking hours

This aspect, despite being sensitive for the employees, is still of concern. Generally the bank is not expected to provide service after banking hours but, if given with courtesy, can significantly please customers. This is the place where the bank can differentiate itself and gain a competitive edge over its competitors. Around 75 per cent of the respondents have used this service at least once. For some this aspect was not satisfactory and the bank should take this very seriously. The number of people rating it as 'excellent', though, is significantly large and is due to the exceptional service they got. The bank should try to extend its services beyond the normal banking hours to all customers, especially during emergencies. Extending the service to a select few only, might lead to very high degree of dissatisfaction in the very loyal customers.

Cleanliness

People rated cleanliness as more than satisfactory. Around 85 per cent of the people had voted the cleanliness to be 'excellent' or 'good'. Also, only two per cent of people said cleanliness was 'poor'. The bank can look after this aspect and try to focus on having a unanimous 'excellent' vote for cleanliness, as this is one aspect which affects the mood of the customer interacting at a particular time. If the ambience is pleasant, the customer might not even mind waiting for some more time to receive attention.

Telephonic enquiry to the bank

There are a large number of respondents, around 36 per cent, who had not used this facility. This means that the bank should try to encourage more customers to make telephone enquiries to the bank, as this would not only reduce the load for the customer, saving a journey to the bank and making him feel cared for, but would also help in reducing the rush at the bank and help the employees to serve the customers better in a more organised and customised manner.

CUSTOMERS' LOYALTY SCORE

Each of the respondents was asked to rate how they felt about the following on a scale of one to ten, where one stands for minimum and ten for maximum:

1 Continue using the service
2 Choosing a different bank
3 Providing referrals/recommendations
4 Overall satisfaction

By calculating the average of these four scores, a loyalty score/index out of ten is obtained for each customer, where a score of ten represents the most loyal customers and a score of one the least loyal customers (see Figure 1).

Figure 1 shows that 64 per cent of respondents fall in the highest loyalty zone. This is definitely a good signal for the bank as most of its customers are quite satisfied. It also shows that around 30 per cent of customers fall in the middle loyalty zone. These are dicey in the sense that if at any point they become dissatisfied with the bank, they will shift into the lowest loyalty zone. Thus the bank has to put focus on improving the loyalty of those 30 per cent and try them to move them to a higher bracket. This is important, as the major customer base of the bank comprises of students. These students might not be very profitable for the bank right now but later on, when they may occupy good positions in the corporate world, the bank can leverage upon the loyalty bonds established with them at this stage.

It is as important to focus on fostering relationships with the existing customers as on attracting new customers. At any

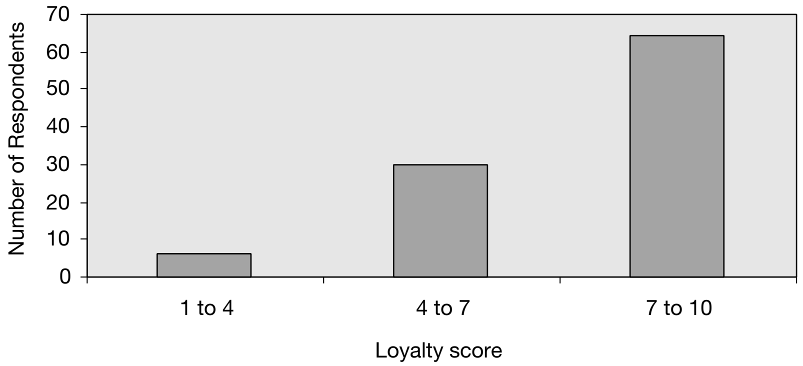

Figure 1: Customer loyalty distribution

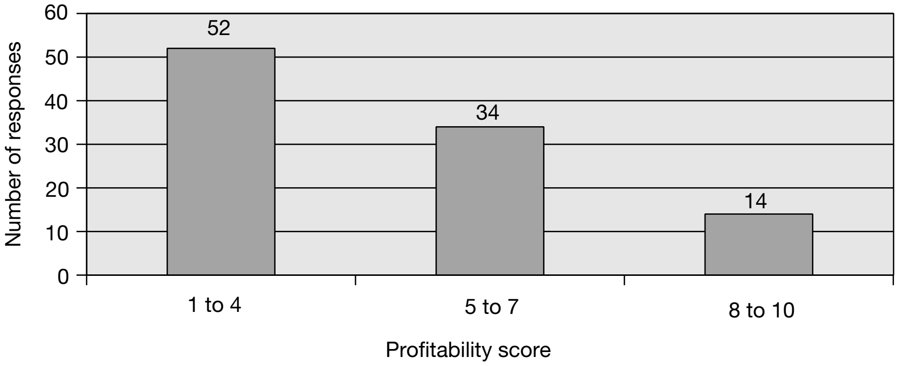

Figure 2: Profitability score

one time the bank's target should be to try and group the majority of the customers in the highest bracket, with as few as possible in the middle bracket and no customers in the lowest bracket.

The six per cent figure in the lowest bracket seems to show these people are not at all happy with the bank and hence have no loyalty towards it. They might not give referrals to others as it seems that they themselves are only interacting with the bank because of certain constraints, given the right opportunity they would not hesitate to shift to another provider. The bank should not treat this segment as 'gone' customers because there is a lot of competition in this field. Any market share that PNB loses will be to the gain of some other bank. Hence, the bank should try to concentrate upon improving the experiences of the customers in order to improve loyalty.

CUSTOMERS' PROFITABILTY SCORE

The profitability score for each customer is calculated as follows:

1. Awarding 1, 2, 3 or 4 points according to the number of financial services used by the customer.
2. Awarding 1, 2 or 3 points for the length of time the customer has been with the bank. Maximum points are given to the oldest customer.
3. Awarding 1, 2 or 3 points according to the customer's maximum balance held at any time. Maximum points given to customers falling in the highest bracket.

4 Adding the above scores to arrive at a profitability score out of a maximum of 10, where ten represents the most profitable customers and one represents the least profitable customers.

A profitability score was calculated for each of the 100 customers (see Figure 2).

Figure 2 shows that the majority (52 per cent) of customers fall into the lowest profitability zone. This is because a majority of the customer base are students whose maximum balance at any time remains below INR 20,000 and for whom the only financial service they have used is to get their bank drafts made once in a while. But there is a hidden potential in this low profitability segment. They are all students of a prestigious institute who, in the near future, will command huge salaries. The bank should thus try to increase their loyalty scores (which are quite promising now also) further so that these customers will have good feelings about with the bank and emotional ties to it so that they will continue their relationship with the bank in the future when they will be more profitable customers.

The middle profitability segment comprises salaried people. The bank should try to move these customers to the higher segment, as they may affect the decision of potential customers through word of mouth, which is a very important and credible source of information when selecting a new service provider, by making them more aware of its existing services and convincing these potential customers to use them, thus increasing their revenues with the bank. This segment comprises a significant percentage (34 per cent) of the entire base and at least some of them can definitely be shifted to the higher profitability segment.

The 14 per cent people falling in the highest profitability segment are the 'high net worth' individuals of the bank. The bank should pay the highest attention to them, giving them more customised services and, from time to time, giving suitable gifts and other perks to keep their loyalty scores high.

LOYALTY-PROFITABILITY MATRIX

A matrix can be formed with high and low loyalty and profitability on its axes. The customers can be divided into four groups to give four quadrants, A, B, C and D.

The customers are divided in the following ways:

1 ≤5 — low loyalty; >5 — high loyalty
2 ≤7 — low profitability; ≥8 — high profitability

Figure 4 shows the break down of the numbers of respondents comprising each segment. The strategies for each of the segment are described in the following sections.

A (low loyalty. low profitability)

Around 22 per cent of the respondents fall in this category. These are, in a sense, 'lost' customers. The bank can divide them in two groups: students and others. As far as the 'others' category is concerned, the bank can show some complacency in its allocation of marketing and promotional budgets. But the category comprising of students should not be ignored for the reasons given previously. Thus the bank should focus on improving their loyalty scores and bring them into the B quadrant.

B (high loyalty, low profitability)

This segment comprises mostly students who are not profitable for the bank but who are very loyal to the bank and will

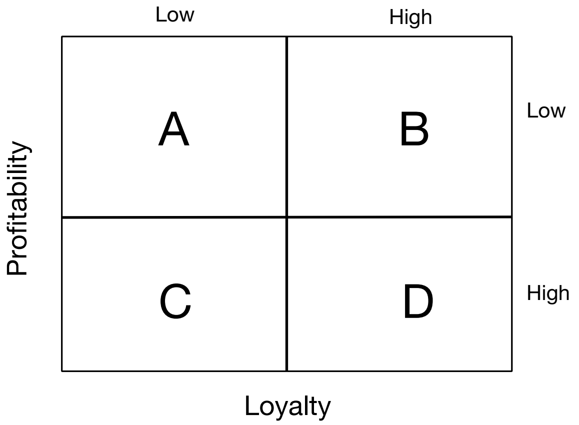

Figure 3: Loyalty-profitability

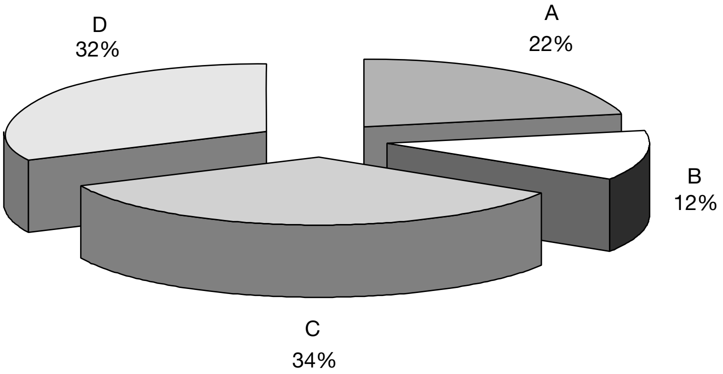

Figure 4: Breakdown of four segments

continue to transact with the bank in the future. These are the most valuable assets for the bank and it should try to retain them. This can mean including some customised benefits for the students, like sponsoring cultural festivals, providing the facility for railway bookings, etc. This will not only foster the loyalty of the students in this segment but also make people other than students in this segment more loyal towards the bank and would make them move to D segment. So, revenue potential can be boosted through the judicious use of incentive plans.

C (low loyalty, high profitability)

This segment, which forms a share of 34 per cent, represents those customers who are currently profitable for the bank today but who will shift over to competitors any time they get a better opportunity. This segment is one which can very easily make or break the bank's market share, as the bank is most vulnerable to lose them. The bank should specifically focus on this segment and customise its service to them. The bank should try and identify that set of attributes which was rated very poorly, like extending service after banking hours, etc and try to amend them. The bank should also try to please these customers by giving them specialised service and attention, gifts and other incentives time and again to increase their loyalty and shift them to segment D. A little effort on the part of the bank towards improving the loyalty of this segment should reap benefits in future.

D (high loyalty, high profitability)

This segment, with a share of 32 per cent, represents the bank's platinum customers. They are the bank's most priced assets and the bank should try to develop highly personalised and customised set of services, perks and promotional schemes for them to make them feel special and cared for. They should not be taken for granted by the bank and no complacency should be shown towards them at any cost. From time to time they should be given such perks and differential treatment that makes them feel great and different from the rest. This will not only help in strengthening their current loyalty scores but also demonstrate to customers in the other segments the benefits and special care which is available by increasing their loyalty and profitability scores.

RECOMMENDATIONS BY CUSTOMERS

Some of the recommendations suggested by the people to increase their loyalty to the bank are described below.

At least two employees should be there for collection to increase speed and reduce the rush, providing full information politely. 24/7 banking facilities should be made available; anywhere, anyplace banking should be available by opening more ATMs. Employees should greet the customers with a smile, employees should make customers more aware about tax-saving and other products, students should have a separate counter to avoid rush at the time of withdrawals.

Other suggestions are:

— ensuring that ATM cards work properly outside Roorkee
— ensuring easy transactions
— reducing error rates
— improving complaints handling (complaints should be attended to and rectified in less than a week)
— improving quality of service and providing a personalised service
— more regularity in ATM operations and opening up of more ATM outlets at Roorkee
— banking officials being more communicative with people not accustomed to usual banking procedures
— more participation in IIT Roorkee cultural and technical festivals by offering sponsorships
— being attentive to customers' requirements rather than persisting with other chores
— making alternative arrangements when computers and the server are not working
— timely processing of requests
— simplification of passbook update procedures
— Providing packages of various services while reducing aggregate service charges
— providing investment guidance and help in taxation planning
— being more customer-friendly
— providing credit card facilities.

Incidents remembered by customers

A few memorable incidences cited by bank customers include:

One of the officials helping a customer through the entire procedure of opening the bank account in a very patient manner that was unexpected when the bank was so busy; a online fee deposition incidence, the warm and polite behaviour of the employees was commendable; one customer had got her ATM card after numerous complaints; a

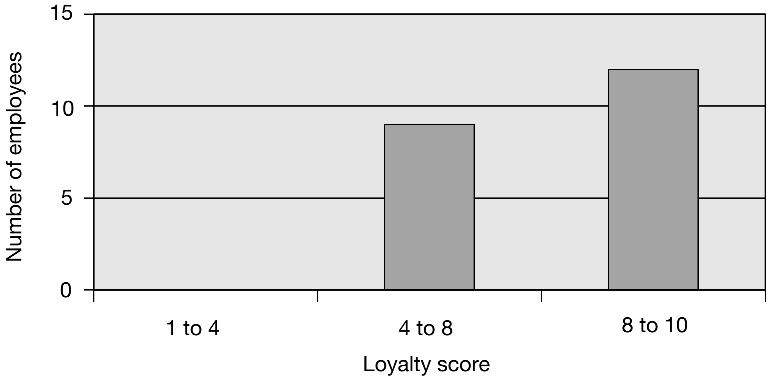

Figure 5: Employee loyalty breakdown

demand draft was once provided to a customer within ten minutes; an ATM card was retrieved in a very smooth manner.

EMPLOYEES LOYALTY SCORE

A loyalty score was calculated for each of the employees. The score was calculated by asking the employees to rate their liking for certain parameters on a ten-point scale and then calculating the average.

The break down of the employees' loyalty scores is given in Figure 5.

Figure 5 shows that more than half of the employees fall in the highest loyalty zone, which is really commendable for the bank because only satisfied employees can satisfy customers and provide them with a memorable experience.

Employees in the middle loyalty zone should be given perks and other benefits to make them feel good and improve their loyalty, because these employees are the most precious of all the assets of any company, specially a service company. At any given point in time, the loyalty of an employee depicts the health of an organisation.[40–42] And the best part is that the bank has no employees in the lowest loyalty zone, which is really commendable for the bank and shows that it is in quite good health as far as its employees are concerned.

Some of the recommendations that the employees gave to further strengthen their loyalty to the bank include:

- Thinking about and taking care of genuine difficulties or problems of employees
- Providing more staff benefits by way of increasing the wages of bank officials in proportion to class 1 officials of the Government of India.

Some of the memorable incidents remembered by employees included when IIT Roorkee branch of PNB got first prize across the country and when the branch was awarded with the Best Branch Award in 2001–2002 and 2002–2003.

CRM EFFORTS AT PNB ROORKEE

The customer relationship manager at PNB was personally asked about ongoing efforts at the branch level towards effectively managing customer relationships. Some of the key steps taken by the bank in this direction are that:

- Customer-related information is displayed on notice boards.

- Internet banking and other new saving and deposit schemes are launched regularly.
- High net worth customers are given perks in the form of gifts on festivals, commission relaxation on drafts, loans advances for working capital and personal visits to their offices or sites to make them feel special.
- Customers are treated in a friendly and polite manner while requests and complaints are being handled.
- Topping up mobile phone credit limits is available through the ATM.
- The bank values customers, as its foremost concern.
- As no other bank provides foreign exchange facilities in Roorkee, drafts for student fees (banker's cheques) for foreign universities are made and funds transfers also take place using 'SWIFT' (software used by banks to transfer funds to other countries).
- Local clearing of cheques takes only two days at PNB whereas other banks take around three days.
- An outstation cheque clearing takes seven days for metro cities and ten days for other cities. If, due to the bank's mistakes, clearing takes longer, the bank pays interest at the rate of interest available for fixed deposits for the number of days lost.
- Single window concept should be introduced at the bank, through which any type of transaction can be performed at any window.
- Loans are made available to the students. Pamphlets are distributed for publicity and advertising. During admissions, bank officials personally go to student hostels and help them in opening accounts with the bank. Also, account-opening forms are sent to students along with their admission forms. There is no requirement for students to maintain a minimum balance. There are no extra charges on drafts made by students for fees purposes. Cheque books and ATM cards are available free of cost.
- Business meetings, seminars, etc at restaurants are held regularly in order to build relations with high salaried business people.
- For maintaining the salaries for IIT Roorkee's staff, a zero balance account is maintained, called the 'Freedom Account'. No charges are levied on draft purchases or cheque collections.
- Music is played to make the environment livelier.
- Water and tea are served to customers.

CONCLUSION

On the basis of above analysis, it can be concluded that a large majority of the customers are satisfied with the present functioning of the bank but would definitely be delighted if the bank changed its exchanges with customers to become more cognitive (intelligent), emotional, physically pleasing and well connected. Moreover, some of the recommendations made by the customers, if implemented by the bank, would definitely be fruitful by way of transforming these costumers in to brand ambassadors, building credibility for the claims made by the bank in its advertising. Finally dividing the customers into each of the four mutually exclusive segments and implementing a customised strategy for each segment would also be beneficial to the bank.

The loyalty of the bank employees is also very good and efforts should be made in the direction of maintaining it and satisfying the few exceptional dissatisfied employees, because unless and until the employee is satisfied, he or she can not provide a memorable experience to the customers, which will adversely affect the whole service profit chain of the bank.

LIMITATIONS AND DIRECTIONS FOR FUTURE RESEARCH

It was quite difficult to convince people to take time to complete the questionnaire. Most of the respondents did not fill up the entire questionnaire properly. Some of the respondents were not willing to give details regarding their maximum balance at any time, which made few calculations difficult. It was difficult to convince the employees to give an unbiased reply.

A customer perception survey should be carried out regularly to gauge the current level of satisfaction for customers and employees. The share of respondents forming each quadrant of the loyalty-profitability matrix can then be calculated to see the growth achieved by the bank. Employees' feedback should be gauged regularly to see the increase/decrease in their levels of satisfaction. New services could be designed with inputs both from the customers and employees.

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Further reading

For more on customer satisfaction, customer loyalty and profitability see:

Hallowell, R. (1996) 'The relationship of customer satisfaction, customer loyalty and profitability: An empirical study', *International Journal of Service Industry Management*, Vol. 7, No. 4, pp. 27–42.

APPENDIX 1: QUESTIONNAIRE

For Customers

ATM

- Please rate the ATM on the following features:-

	Excellent	Good	Average	Poor	Not used	Service not available
Cleanliness						
Temperature control						
User friendly						
Facility to deposit drafts and cheques						
Updates reflection						
Availability of ATM						
Captured card retrieval						
Location						
Processing speed						
Reliability of transactions						
Service in regional language						
Personalised attention						

- Please tick on the features which you would want to be included in your ATM:

____ Movie/news updates
____ Weather forecasts
____ Regional language support
____ Human element for help
____ Talking ATM
____ Updates about bank's latest products
____ Cheque and draft deposit facility

- Any memorable incident with the bank:
- One thing the bank can do to increase your loyalty:

- Please rate the bank employees on the following features:

	Excellent	**Good**	**Average**	**Poor**	**Not used**	**Service not available**
Courtesy and politeness						
Promptness in attending request						
Punctuality						
Presence of supervisor when required						
Promptness in complaint recovery						
Following instructions given by you						
Making aware of latest products at bank						
Extending service after banking hours						
Cleanliness of bank						
Telephonic inquiry from officials						

- Please rate the following points on the basis of your likeliness (10 – maximum, 1 – minimum)

	10	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**
Likeliness to continue availing service										
Likeliness to choose again										
Likeliness to provide referrals/ recommendations										
Overall satisfaction										

Personal Information

Name:
Educational/occupational profile:
Student: ____ UG ____ PG ____ PhD/project
Services: ____ Teaching ____ Staff ____ Other services/business

Maximum balance held at bank at any time:
____ <20,000 ____ 20,000–50,000 ____ >50,000

Time since customer:
____ <2yrs ____ 2–5 yrs ____ ≥6yrs

Services used:
____ Loan ____ Draft ____ ATM ____ FDs/financial services

% of transactions performed by ATM:
____ <40% ____ 40–90% ____ >90%

For Employee

Please rate the following points on a scale of 1 to 10
(10 – maximum, 1 – minimum)

	10	**9**	**8**	**7**	**6**	**5**	**4**	**3**	**2**	**1**
Likeliness to continue working										
Likeliness to choose again										
Company values employees										
Company honesty										
Satisfaction of relation with boss										
Company is helpful										
Likeliness to provide enthusiastic referrals										
Overall satisfaction										

- Any memorable incident with the bank:
- One thing the bank can do to increase your loyalty: