

Evaluating the Effective Factors on Customer Satisfaction from the Bank's Customers Viewpoint Using Improved Kano Model

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Abstract: Nowadays, the results of researches indicate that satisfaction of customers is the most effective way to increase the benefit. If banks can not attain the customer's satisfaction, they will not survive. Considering that most useful and proper strategies for banks are customer-based strategies, this research attempt to investigate the effective factors on customer satisfaction from the customer viewpoint using library studies and internet sources and also field studies by Kano optimized model. Based on the results of research, in attractive quality section, judgment of friend about service quality and presenting financial consultation to the costumers had the highest priority. In the section of performance quality, waiting time in the queue and adorned appearance of personnel of the bank had the highest priority, in basic quality section, enough space of branch and ability to check the account by internet had the highest priority and in the section of indifference quality, attractiveness of the advertisement in newspapers had highest priority.

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1. Introduction

Organizations are building to respond the needs of their environment. One of most important environmental factors is customer. If organizations can satisfy customers and maintain or improve their satisfaction, they will be successful accordingly. Therefore developed organizations always look for assuring customers satisfaction. Banking Structures that is one of important parts of economy of states in market-based economies and have great responsibility is not an exception (Ziaal, Muslim, 2010, p. 6).

In fact great attempts that has been done to improve the performance management tools and develop the customer-base view by researchers and business organizations managers show that customer's satisfaction is one of most important factors in determination the success in business and making benefit (Kordnaeich, 2004, p.154).

Now organizations has gotten this result that surviving of organization greatly relates to customer's satisfaction and loyalty. For instance, customer's satisfaction has been considered as an essential condition to maintain customer and helps to attain economic goals (Che-Ha and Hashim, 2007, p. 126). Kotler (1994) stated that customer's satisfaction is the key to maintain the customer. In current competition-based business world, presence in world economy is inevitable. Organizations can survive if they win competition with others. One of the principles should

be recognized in competitions of business world is attracting and maintaining the customer and this is not attainable except by presenting better and more services and considering needs, expectations and requirements of customer (Kordnaeich, 1383, P.179). customer-basing, increasing in competitions, fast changes of technology, globalization and etc. are new principles that have influenced today's world greatly and have made it more different from previous world, so that we can't compete or even live in new world by old thoughts. Most of organizations had realized that if they want to survive in current world in these conditions, they should move to customer-basing and satisfying customer. So customer satisfaction identified as a base for modern marketing management theories (Bardy & Chronin G.R, 2001, P.241). according to highness of competitions between banks of Iran and daily opening of variable kinds of financial and credit institutes and presenting variable kinds of different services and required needs of customers, necessity of considering customers and responding their needs are more obvious. In an environment that customers get more aware and able to choose, not recognizing their needs is impossible (Levesque & Gordon, 2002, P.26). Also, great number of researches show that relation between satisfaction of customer and their loyalty and also it is determined that satisfied customers will get loyal customers too (Gable & others, 2008, P.18). In current world motivation engine of universal business

forms by not product and market but customer needs. Now expectation level of customers has been increased by improvement and development of technology in presenting products and services and increased competitions and presence in universal village. Now, sought of customer rights became essential for organizations and any company can take it away, because it means fail and breakdown of organization. Previously, competition between companies was in attaining more share of market and now that is the share of customer to be say about. Now one of goals of every organizational section to survive and compete in universal village is increasing satisfaction of customer, for, that's effective in all organic processes (Rezaei, Shekari, 2006, P.523). Although investigation of effective factors on customer satisfaction is important and basic for public organizations, it's crucial and undeniable requirement for banks and sate organizations. This basic and fundamental point were not recognized mostly that not only presenting all services should be done for customer and making him satisfy well, but also it is important to apply all the possibilities and material and physical resources to satisfy him completely. In other words, all the organization activities should be a sign and determiner of expectations and requirements of customer. Therefore investigation and stating effective factors on customer satisfaction is a crucial for financial and banking institutes and we research and investigate this factors emphasizing Sarmayeh Bank (Venus and Safaeian, 2002).

Many researches have been done in the customer satisfaction problem and effective factors of it but this research aims to classify this factors based on Kano model after identifying this factors.

1. identifying attracting factors causes distinguish for bank services against its competitors, because services and products that provides performance and essentiality has been sought the same from customers point of view and doesn't cause the loyalty of customers.
2. We should identify priorities between services and products and if we should choose between them due to technologic, financial and other reasons identify and choose most effective factors.
3. Distinguish how to allocate resources for improvement of services and products that means considering basic quality, which was acceptable formerly, is not useful, while making finance and considering performance improvement causes more satisfaction.

Satisfaction of customer is a principle that discussed widely in literature and defined in some ways, but researchers yet try to find a unique definition acceptable for everyone (Beerli et. al., 2004. P.256). customer satisfaction can be described as a result of

comparison between realized real performance of product and former expectations of it (Wangenheim & Bayon, 2009, P. 212).

Rauyruen & Kenneth (2007), in investigation of available literature, stated that customer satisfaction consists of three main components:

1. Kind of respond; that states if respond is cognitive, emotional or active and how much is its level. These authors stated that satisfaction is a summarized effective respond, different in type.
2. Benefit center or subjects that respond focused on it. This can be based on evaluations of product relating standards, product consuming experiment or buying relating views.
3. Moment of time that evaluations have been dine on it. It may be before choosing, after that or after consuming, after longtime experiment or every other time.

This theoretical frame makes us able to develop special definitions identical to special conditions that are more experimental than general definitions and help us to interpret and comprise the results easier. Halsted et al.(1994) consider satisfaction as a effective centralized respond on production performance comprising to some past buying standards in consuming time or after that (Beerli et al., 2004, p.256-57).

Prof. Kano, one of well known theoreticians of quality in the world believes that nowadays quality is impartible aspect of each business and one of main factors of world competition and also because of increasing world competition responding to all of customer needs just through the current products is impossible. Companies should satisfy their expectations by producing inventory and new products and this work depends on exact realization of their needs and variable demand.

Product specifications that respond customer needs classified to three groups in Kano model:

1. Basic qualities
2. Performance qualities
3. Attractive qualities (Shillito Larry, 2001. p. 39)

Basic qualities: consists of qualities that their existence is required and necessary, so doesn't cause satisfaction but lack of them cause dissatisfaction greatly. Performance qualities: qualities that are not presented to customers generally due to limitations but if customers want them, they are presentable according to possibilities and simply for satisfying customer more and so this relates directly to his satisfaction. It means, the more needs of customer responded, cause more satisfaction and he unsatisfied identical to percent that his needs are not responded. Attractive qualities: considering invisible demands of customer or services that are not in his consideration now but he needs them in future. Therefor if this services are

presented currently and soon causes his happiness and if not presented doesn't make any expectation (Kano,

1984). Services are: doing things that present a set of benefits to customers.

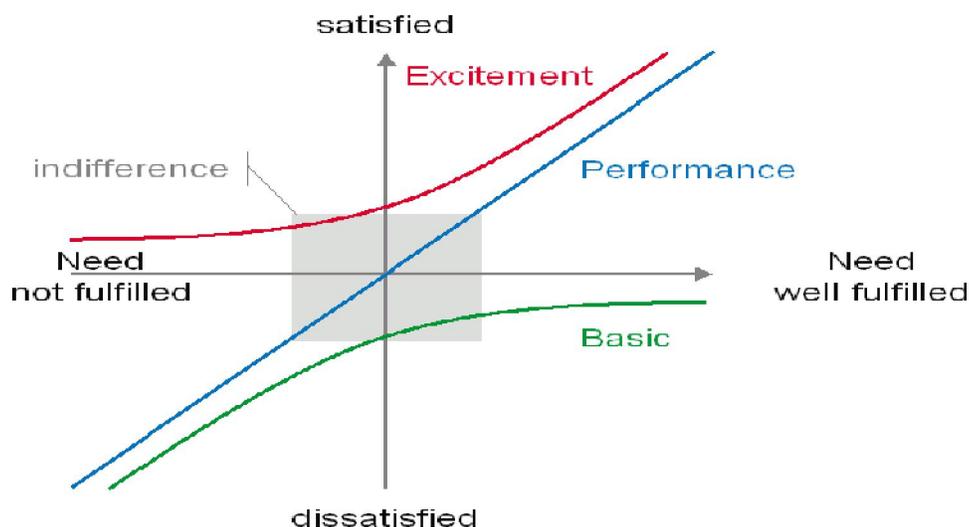


Figure 1: Kano customer satisfaction model (Shillito Larry, 2001, P. 38)

In banking structures services may present by machine (ATM), person (consultant), or combination of both (cashier). Process of service marketing is similar to product marketing process. We can use old marketing senses for presenting services. Moreover services have four unique qualities that differs if from products: Intangible, inseparableness, impossibility of storage, unstableness in service quality (Venus, Safaeian, 2004) and two other quality are added to this qualities about banking services : trusting responsibilities and two-way current of information.

Mixed marketing is a set of marketing tools that organization tries to reach its goals in purposed market. Mixed marketing consists of seven factors: service (product), price, place, market development and advertisement, personnel, properties and physical facilities and processes. As stated before, nowadays customer satisfaction is one of aspects of every organization or every company's success. Because customer satisfaction is predictor of customer's rebuying, loyalty and finally benefit making of customer. So effective management of that is crucial for every organization and one of bases of this work is exact and right measurement of satisfaction (Lee, Wirtz, 2000, P. 62).

But it seems that we should consider at least three factors below to select measurement scale:

1. Purpose of measurement
2. Qualities of services or products
3. Respondents Specifications (Lee, Wirtz, 1997, P. 51).

Customer circling principle and satisfying customers is considered as a main approach of current

organizations in modern management theories and proved its efficiency in improvement of performance, efficiency and success of different institutes. Klay (1997) represented in their research titled "effects of customer satisfying in customer maintaining" that satisfaction of customer from company's services and products is the success key of company in long-time competitions.

In marketing, satisfaction of customer is one of key factors to keep customer. Golchinfar (2007) resulted in her research on satisfaction of customers that most useful strategy for banks is customer circling. Nowadays banking has the responsibility to look for customer opinion about itself and try to realize customer desires in competitive environment and do whatever to satisfy customer completely.

Mousavi (2009) resulted in her research on satisfaction of customers from bank loans that gaining satisfaction of customers is one of most important duties and priorities in organization management and account requirement of high managers to keep on attracting customers as a clause to success.

Hax and Majlof (1996) resulted on their book on priority of effective factors on satisfaction or dissatisfaction of customers from banking services quality plays a crucial role in organization success to build competitive advantage and increasing power of competition. This aspect is especially true in banking section. It states that dissatisfaction is not opposite of satisfaction. Difference between them first was stated in two-factor theory of Herzberg. This theory stated that satisfaction is not opposite of dissatisfaction.

2. Material and Methods

This research is applicatory kind from the purpose viewpoint and descriptive and survey kind from the viewpoint of data collecting. Statistical society of the research is customers of Sarmayeh Bank in Tehran and the number of statistical sample has been analyzed is 302 person and samples selected by classified sampling. Questionnaire used as a tool of data collecting (Bazargan,2007) and its stability confirmed by Cronbach's alpha equaled 0.832 and SPSS used to analyze data of questionnaire. To collect data for theoretical base, edit research literature and related definitions, field and library study has been used. Data collecting tool in this research is questionnaire that edited based on extract components of questionnaire consist of 38 question that its validity

evaluated by using ideas of management professors and its stability evaluated by using Cronbach's Alpha. To analyze questionnaire data, SPSS software has been used. Measuring satisfaction of customers of Sarmayeh Bank has been done using Kano model in this study. Basic, performance and attracting qualities and also qualities that make difference for customers can be classified by questionnaire for preparing the Kano questionnaire. A question pair designed for every quality that one of five different options can be selected. First question shows the customer reaction if quality is considered in product (performance aspect of question) and second shows his reaction if the same quality was not considered (non-performance aspect of question).

3. Results

Table 1: Customer needs investigation results table

		Non-performance aspect (negative)				
		1.I like it	2.it should be	3. doesn't matter	4. I hold it	5. I don't like it
Performance aspect (positive)	1. <i>like it</i>	Q	A	A	A	Q
	2. it should be	R	I	I	I	M
	3. doesn't matter	R	I	I	I	M
	4. I hold it	R	I	I	I	M
	5. I don't like it	R	R	R	R	Q

A: attractive M: basic R: reverse O: operational Q: question-making I: indifference

Table 2: Classifying the qualities by customer's point of view:

1	Paying the cheque by cash of the short time account	Attracting 57.94
2	Capability of flow account by using ATM card	Attracting 78.14
3	Sending receipt monthly	Attracting 57.61
4	Transaction possibility cheque cash from one account to another by internet	Attracting 81.12
5	Paying loan duties by internet	Attracting 74.50
6	Apply for and take different kinds of Rial and Currencies loan by internet	Indifference 80.13
7	Apply for and take different kinds of guaranties by internet	Indifference 79.47
8	Take a receipt by internet	Basic 61.29
9	Checking the account through internet	Basic 86.09
10	Paying the cheque cash by bank until a limited cash	Attracting 87.74
11	Paying benefit to flow account	Attracting 83.77
12	Using stated amount of Rial and currencies loans with less benefit	Performance 65.56
13	Paying guaranty right after 1 month of taking it	Indifference 86.42
14	Paying right of loans after 1 month of taking it	Attracting 69.53
15	Decreasing right level paid by increasing in usage of Rial and currencies loans	Indifference 6.59
16	Returning part of right taken if payment of loan was done less than 1 month	Attracting 62.91
17	Taking documents in envelope after presenting service	Indifference 84.10
18	Presenting all needed services of customers in all international fairs	Performance 76.15
19	Personnel adorned appearance	Performance 81.12
20	Secrecy of bank personnel	Performance 79.13
21	Friendly behavior of bank personnel	Performance 73.17
22	Bank personnel are remembering the name of customers	Attracting 87.08
23	Waiting time in queue	Performance 88.74
24	Clarity of inner space of branch	Basic 69.53
25	Attractiveness and seeming of branch decoration	Performance 60.26
26	Presenting financial consult	Attracting 89.40

27	Enough space of branch	Basic 86.75
28	Presenting interesting and expensive rewards	Attracting 83.44
29	Presenting small rewards	Indifference 77.48
30	Watching Ads. On TV	Indifference 81.45
31	Ads on radio	Indifference 87.08
32	Writing Ads on boards or walls of public places and freeways	Indifference 84.76
33	Reading Ads on newspapers	Indifference 90.39
34	Ads playing on all medias	Indifference 86.75
35	Attractiveness and prettiness of Ads of bank	Indifference 87.41
36	Quality and components of Ads of bank	Indifference 68.5
37	Friend's judgment about service quality	Attracting 91.05
38	Presenting some automobiles as a reward for lotteries for loan accounts	Attracting 84.10

In this research, we gain this results that banks need to attract satisfaction and trust of customers to reach their goals by applying approach of customer circling according to needs and requirements of them. Qualities of bank services can be classified to these requirement groups from customer point of view, based on Kano model.

Attracting qualities respectively are:

1. Friend's judgment about services quality
2. Presenting financial consult to customers
3. Paying the cheque cash by bank until a limited cash
4. Bank personnel are remembering the name of customers
5. Presenting some automobiles as a reward for lotteries for loan accounts
6. Paying benefit to flow account
7. Present interesting and expensive rewards
8. Transaction possibility cheque cash from one account to another by internet
9. Capability of flow account by using ATM card
10. Paying loan duties by internet
11. Paying right of loans after 1 month of taking it
12. Returning part of right taken if payment of loan was done less than 1 month
13. Paying the cheque from cash of short time account
14. Sending receipt monthly

Performance qualities respectively are:

1. Waiting time in queue
2. Personnel adorned appearance
3. Secrecy of bank personnel
4. Presenting all needed services of customers in all international fairs
5. Friendly behavior of bank personnel
6. Using stated amount of Rial and currencies loans with less benefit
7. Attractiveness and seeming of branch decoration

Basic qualities respectively are:

1. Enough space of branch
2. Checking the account through internet
3. Clarity of inner space of branch

4. Take a receipt by internet

Indifference qualities respectively are:

1. Reading Ads on newspapers
2. Attractiveness and prettiness of Ads of bank
3. Listening Ads on radio
4. Ads playing on all Medias
5. Paying guaranty right after 1 month of taking it
6. Writing Ads on boards or walls of public places and freeways
7. Taking documents in envelope after presenting service
8. Watching Ads. On TV
9. Apply for and take different kinds of Rial and Currencies loan by internet
10. Apply for and take different kinds of guaranties by internet
11. Presenting small and normal rewards
12. Quality and components of Ads of bank
13. Decreasing right level paid by increasing in usage of Rial and currencies loans

4. Discussions

The result shows that in attractive quality section, judgment of friend about service quality and presenting financial consultation to the costumers had the highest priority. Waiting time in the queue and adorned appearance of personnel of the bank had the highest priority in the section of performance quality, in basic quality part, enough space of branch and ability to check the account by internet had the first priority and in the section of indifference quality, reading and attractiveness the advertisement of bank in newspapers had highest priority. Finally, we propose some suggestions to improve the satisfaction of bank customers more.

Attracting suggestions:

It is obvious that these four factors have higher priority. Considering and improving these qualities and making the personnel aware of them leads to increasing in loyal customers.

1. Friend's judgment about services quality
2. Presenting financial consult to customers
3. Paying the cheque cash by bank until a limited cash
4. Bank personnel are remembering the name of customers

Performance suggestions:

According to four qualities below, priority of customers transform from indifference manner and the satisfaction of them from Sarmayeh bank services increases and in upcoming levels changes them to loyal customers of Sarmayeh Bank.

1. Waiting time in queue
2. Personnel adorned appearance
3. Secrecy of bank personnel
4. Presenting all needed services of customers in all international fairs

Indifference suggestions:

Considering qualities below guaranties customer satisfaction normally and concentration more than required and higher than standards not only affects in increasing satisfaction of customers but also may cause reverse result and loss in financial resources of bank.

1. Reading Ads on newspapers
2. Attractiveness and prettiness of Ads of bank
3. Listening Ads on radio
4. Ads playing on all Medias

Basic suggestions:

Concentration of Sarmayeh Bank on qualities below not only makes satisfaction in customers but just prevent dissatisfaction and this qualities are required from point of view of customers of Sarmayeh Bank.

1. Enough space of branch
2. Checking the account through internet
3. Clarity of inner space of branch
4. Take a receipt by internet

Suggestions for researchers:

- comprise performance of banks of other countries with banks of Iran
- comprise performance of private banks with performance of state bank

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