Abstract
Customer experience as a concept is being widely discussed internationally. But, this research focuses on the customer experience of a bank in the context of Indian retail banking industry. Increasing competition, increased customer awareness and the need to innovate & differentiate have mandated the banking industry in India focus on Customer Experience. The research paper would address and identify the factors that impact customer experience and develop a scale to gauge customer experience in the context of Indian Retail banking industry. The study focused on the customers from Multinational and Public sector banks in the cities of Coimbatore and Chennai. Both Primary and secondary data collection methods were used. SPSS 20 and SMART PLS 3.0 were used to analyse the data.

1 Introduction

Indian banking sector irrespective of its size having 155 scheduled commercial banks, is still in its developing phase considering the untapped potentials in the Indian Economy. RBI is deeply considering issuance of fresh bank licenses for the eligible application they had received recently. The RBI governor is considering various plans for the development of MNC banks and new banking models for the near future. The increased competition has resulted in the need of providing good customer experience rather than just providing a service since the intentions of the policy makers to
have much liberalized banking system was revealed. The time to differentiate through Customer experience is on its verge. The internal objectives of a banker need to change from just providing the banking service to providing a superior customer experience. Customer experience involves the emotions of customers during his/her interactions with a product or service of a company, its people, process, systems, customer’s beliefs, attitudes and values. In India Multinational banks and Public Sector Banks are competing with each other for the Market Share, Customer Service and Customer Experience. In places like MG road in Mumbai, DB road in Coimbatore etc, banks line up together there by resulting in stiff competition. It is this competition and the similarities in the service offerings have made the banks to focus on providing a good customer experience. So, a scale to measure customer experience in the Indian retail banking context is imperative. The study focused on the customers from Multinational and Public sector banks in the cities of Coimbatore and Chennai.

2 Problem Statement
There is a good amount of literature available on customer experience management. But, this research focuses on the customer experience with related to retail banks in Indian context. There is no scale to measure customer experience in the Indian retail banking context. Hence, this study will explore and develop a model and a scale to measure customer experience of a retail bank in Indian context.

3. Research Method
This is an exploratory research. Qualitative research techniques are used initially through interviews and discussions with managers and customers of the two banks under study. Quantitative research techniques are used for survey research from the customers by designing a questionnaire. Both Primary and secondary data collection methods are followed in the research work. Critical review of literature was carried out using secondary data collection methods. Primary data collection is used to collect relevant data as below:
   I. Primary data through discussions and interviews collected from the bank employees and customers to identify the key customer touch points
   II. Primary data through discussions and interviews collected from the bank managers and customers to identify the functional, mechanic and humane clues at each and every touch point
   III. Primary data collection though questionnaire based survey to gather data.

4. Objectives of the research:
   ☑ To identify the factors that impact the customer experience
   ☑ To develop a model and a scale to measure customer experience in Indian retail banks

5. Hypothesis
The following are the hypothesis in the study:
H1: The customer emotions at touch points have a significant impact on the Overall Customer Experience
H2: The Functional clues have a significant impact on the Overall Customer Experience
H3: The Mechanic clues have a significant impact on the Overall Customer Experience
H4: The Humanic clues have a significant impact on the Overall Customer Experience
H5: The Functional clues have a significant impact on the Customer emotions at the Touch points
H6: The Mechanic clues have a significant impact on the Customer emotions at the Touch points
H7: The Humanic clues have a significant impact on the Customer emotions at the Touch points

6. Sample size and sampling technique

The samples were drawn from the retail liabilities customers of the two banks under study, Standard Chartered Bank, and State Bank of India from the cities of Coimbatore & Chennai. Due to the lack of literature in the area of customer experience management in bank with respect to Indian context, the managers and customers of the identified banks were interviewed at the initial stage. Non probability sampling technique is used in the research. Judgmental Sampling technique is used for the qualitative research for interviewing the key customers and employees of the two banks. Consecutive and Snow ball sampling technique is used for the quantitative research for survey research and data collection. Glenn D Israel (1992) quoted formula of W G Cochran (1963:75) as below:

\[ n = p(1 - p)\left(\frac{Z}{E}\right)^2 \]

Where \( n \) = required sample size;
\( Z \) = the normal curve constant that represents the level of confidence (1.96);
\( E \) = the desired level of precision estimated at 95%;
\( p \) = the estimated proportion of attribute that is present in a population assumed as 50% that would yield the maximum sample size and \( q \) is the 1-\( p \).

By substituting the above values in the formula, the sample size is calculated as 384. With the approximate response rate at 85%, the sample size for the study is fixed at 452 by dividing 384 by 0.85. Hence, it is decided to collect 452 samples through survey research. Out of the collected sample questionnaires, 422 completed questionnaires were obtained after scrutinizing the total collected questionnaires. Hence, a sample of 422 is used in the study.

7. Literature Review

- According to Christopher Meyer and Andre Schwager (HBR, Feb 2007), 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.
- According to Abbott Research 2005- 2007, 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. Feelings are predominantly temporary in nature and would subside until the stimulus exists. 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.
- Customer experience as it is internal and subjective, and results due to the various interactions that a customer has with an organization, the question is, and where do these interactions takes place? According to Bob Thompson, CEO, Customer Think Corporation Founder, Crmguru.Com
Customer experience includes every point of interaction a customer has with the business. The experience customers have with a company defines the brand.

Customer interaction takes place during a service encounter of a customer with the service provider. These service encounters happen through the touch points.

- According to Tom Bradbury and Doug Coons (2007), a touch point is defined 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.

- According to Sheryl Kingstone (2012), user’s observation, perceptions, thoughts and feelings while interacting with a product, service or company results in customer experience.

- According to Colin Shaw (The DNA of Customer Experience P 8), 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.

- 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.

- According to Leonard L. Berry, Lewis P. Carbone and Stephan H. Haeckel (2002), 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.

- Lewis P. Carbone links their stand with Zaltman 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

These clues results in customer emotions.

- According to Colin Shaw (The DNA of Customer Experience P 8), 50 percent of customer experience is about Emotions. The consumption emotions set presented by Richins (1997) provides a list of emotions that are most commonly related to the customer experience and behavior. 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 and Excited. The emotions are listed from highly negative emotion to a highly positive emotion. These emotions are taken for study at the touch points.
With the discussions with the managers and key customers of the banks, the touch points were identified. Initially 25 customer touch points were identified with respect to the Indian retail banking context. Then the subsequent brainstorming session resulted in 12 key customer touch points. The Clues that trigger customer emotions and impact customer experience at these touch points need to be identified. The literature reviews suggest that there are three categories of clues that trigger emotions and these emotions at the touch point’s impacts the customer experience.

Table 7.1 Literature review of the dimensions of Customer Experience is listed below

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Literature Review</th>
</tr>
</thead>
<tbody>
<tr>
<td>Humanic</td>
<td>Leonard L. Berry, Lewis P. Carbone and Stephan H. Haeckel 2002</td>
</tr>
</tbody>
</table>

8 Pilot Study
The pilot study was conducted with a sample size of 50. The total number of variables that made the scales were 44 numbers. The Cronbach’s Alpha for the scale was found to be 0.912. The Exploratory factor analysis by PCA using SPSS 20 revealed that there were some of the factor loadings were weak. Some of the variables were removed from the scale. Also, factor analysis confirmed four factors by doing Varimax Rotation method. Though the exploratory factor analysis extracted 13 factors with Eigen value above 1, the scree plot confirmed the presence of four factors.

Figure 8.1: Scree Plot
9 Data Collection and Analysis

The data was collected then for the full sample of 452. Out of which 422 completed samples were taken for data analysis. Exploratory factor analysis was again run in SPSS for the complete sample. The KMO & Bartlett’s Test resulted in Kaiser-Meyer-Olkin measure of sampling adequacy of 0.929 that is above the suggested level of 0.6 (Tabachnick & Fidell, 2001) and the Bartlett’s test of Sphericity resulted in a significance level of 0.00 that less than 0.05 (Bartlett, 1954). The analysis of the Correlation matrix recommended by (Tabachnick & Fidell, 2001), revealed that there are many items with correlation above 0.30. The PCA method of factor analysis extracted 6 components with initial eigen value of above 1 explaining 65.583 % of the variance. The scree plot suggested that there are four factors contributes the maximum explanation of the variance. Varimax method of factor rotation is used to minimize the number of variables that have high loadings on each factor. The four factors explained 59.738 % of the total variance. The reliability statistics Cronbach’s alpha from SPSS is obtained as 0.962.

9.1 Confirmatory Factor Analysis in SEM with Smart PLS

Hermann Wold developed the PLS approach to path modelling. Smart PLS is a very simple and easy tool to do confirmatory factor analysis. It is a software for PLS path models. The model is presented below:

The measurement model, also called as the inner model represents the observed variables. In the above model the path coefficients or the regression coefficient is mentioned on the arrows of the inner
model. It was observed in the chart that the path coefficient of humanic clues on touch points is very low at 0.063. The bootstrapping was performed and the output of smart PLS is as below:

It was found that the critical t-value for the path ‘Humanic clues’ on ‘Touch Points’ is 1.299 that is less than the 5% significance value of t that is 1.96 (Joe F. Hair, Christian M. Ringle, and Marko Sarstedt (2011)). Hence, it was decided to remove the variable ‘safe’ from the list of humanic clues. Once, the variable is removed, the model is run again in Smart PLS. The output is as below:
The path coefficient on the path ‘humanic clues’ to ‘Touch points’ improved from 0.063 to 0.097. Again the bootstrapping was run in SMART PLS and the output is as below:

It was also found that after the removal of the variable ‘safe’ from the list of humanic clues, the t-value of the subjected path improved to 2.003 that is above the required t-value of 1.96. Hence, it can be concluded that the path co-efficient are significant. So, totally there are 35 variables that had strong factor loadings. According to Wan Mohamad Asyraf Bin Wan Afthanorhan (2013), the factor loadings above 0.5 or higher is enough for a newly developed scale. But, he also suggested to have a factor loading of 0.6 and above. The above listed table suggest that all the variables have a factor loading above 0.6. The reliability test for the 35 item scale is also run in SPSS and the Cronbach’s alpha is 0.964.

According to Fornell and Larcker (1981) proposed the AVE (Average Variance Explained) can be accepted when the value is greater than 0.50. The below table displays the AVE for the factors:

<table>
<thead>
<tr>
<th>Factors</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional</td>
<td>0.597</td>
</tr>
<tr>
<td>Humanic</td>
<td>0.628</td>
</tr>
<tr>
<td>Mechanic</td>
<td>0.587</td>
</tr>
<tr>
<td>TouchPoints</td>
<td>0.505</td>
</tr>
</tbody>
</table>

The discriminant validity is achieved with the data as the diagonal value in bold are higher than the value in its row and column.
Table 9.2: The discriminant validity

<table>
<thead>
<tr>
<th></th>
<th>Cexp</th>
<th>Functional</th>
<th>Humanic</th>
<th>Mechanic</th>
<th>TouchPoints</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cexp</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Functional</td>
<td>0.712</td>
<td>0.773</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Humanic</td>
<td>0.741</td>
<td>0.751</td>
<td>0.793</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mechanic</td>
<td>0.704</td>
<td>0.738</td>
<td>0.703</td>
<td>0.766</td>
<td></td>
</tr>
<tr>
<td>TouchPoints</td>
<td>0.633</td>
<td>0.701</td>
<td>0.595</td>
<td>0.663</td>
<td>0.710</td>
</tr>
</tbody>
</table>

The composite reliability for the model is calculated and presented in the below table for reference:

Table 9.3: composite Reliability

<table>
<thead>
<tr>
<th></th>
<th>Composite Reliability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional</td>
<td>0.942</td>
</tr>
<tr>
<td>Humanic</td>
<td>0.922</td>
</tr>
<tr>
<td>Mechanic</td>
<td>0.919</td>
</tr>
<tr>
<td>Touch Points</td>
<td>0.901</td>
</tr>
</tbody>
</table>

According to Joe F. Hair, Christian M. Ringle, and Marko Sarstedt 2011, the composite reliability between 0.6 to 0.7 is acceptable. CR = Square of Total Standardized Loading / (Square of TSL + Measurement error).

As proposed by Nunally (1978), the Cronbach’s Alpha above 0.70 is acceptable. The Cronbach’s Alpha for the constructs in the research from the output of SMART PLS is listed below in the table:

Table 9.4: Alpha for the constructs in the research from the output of SMART PLS

<table>
<thead>
<tr>
<th></th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functional</td>
<td>0.932</td>
</tr>
<tr>
<td>Humanic</td>
<td>0.901</td>
</tr>
<tr>
<td>Mechanic</td>
<td>0.899</td>
</tr>
<tr>
<td>Touch Points</td>
<td>0.877</td>
</tr>
</tbody>
</table>

Hu & Bentler (1999) a SRMR close to 0.8 or lower represents a reasonable fit. A zero value of SRMR indicates a perfect match between the model predictions and the data. The SRMR value for the model observed from the SMART PLS output is 0.063. According to Joe F. Hair, Christian M. Ringle, and Marko Sarstedt (2011) the R-Square value above 0.75 is substantial, 0.50 is moderate and 0.25 is weak. The R-square value from the output of SMART PLS is presented below:

Table 9.5: The R-square value from the output of SMART PLS

<table>
<thead>
<tr>
<th></th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cexp</td>
<td>0.636</td>
</tr>
<tr>
<td>TouchPoints</td>
<td>0.521</td>
</tr>
</tbody>
</table>
10 Findings & Conclusion

The factors that impact customer experience, the key customer touch points that impact customer experience and the emotions that impact positive customer experience are all were identified. Based on these findings, a model is proposed, estimated, modified and test. The model is found fit and the scale developed is found reliable with the required validity. The following hypothesis were also tested and the following conclusions can be drawn from the same:

H1: The customer emotions at touch points have a significant impact on the Overall Customer Experience

The bootstrapping done in SMART PLS revealed that the t-value is 3.926 that is well above the prescribed 1.96 at 0.05 significant level. Hence, it can be concluded that the hypothesis H1 is accepted.

H2: The Functional clues have a significant impact on the Overall Customer Experience

The bootstrapping done in SMART PLS revealed that the t-value is 2.024 that is well above the prescribed 1.96 at 0.05 significant level. Hence, it can be concluded that the hypothesis H2 is accepted.

H3: The Mechanic clues have a significant impact on the Overall Customer Experience

From the t-value of 3.391 on the path Mechanic Clues -> Overall Customer Experience, it can be concluded that the hypothesis H3 is accepted.

H4: The Humanic clues have a significant impact on the Overall Customer Experience

From the t-value of 7.289 on the path Humanic Clues -> Overall Customer Experience, it can be concluded that the hypothesis H4 is accepted.

H5: The Functional clues have a significant impact on the Customer emotions at the Touch points

From the t-value of 6.939 on the path Functional Clues -> Customer Emotions at Touch Points, it can be concluded that the hypothesis H5 is accepted.

H6: The Mechanic clues have a significant impact on the Customer emotions at the Touch points

From the t-value of 4.702 on the path Mechanic Clues -> Customer Emotions at Touch Points, it can be concluded that the hypothesis H6 is accepted.

H7: The Humanic clues have a significant impact on the Customer emotions at the Touch points

From the t-value of 2.003 on the path Humanic Clues -> Customer Emotions at Touch Points, it can be concluded that the hypothesis H7 is accepted.

11 Scope for Future Research

- The research was conducted only with respect to multinational and public sector bank. The scale can be tested with private banks also
The research is conducted only in the cities of Coimbatore and Chennai. The scale can be tested in other parts of the country.
The research is conducted only with respect to the retail liabilities customers. There is a scope to develop different scales to study customer experience and to develop scales for retail assets, wholesale banking etc.
The scale can be tested in other industries like tourism, Life Insurance etc.

12 References

Author’s Biography
I completed my UG in engineering in Electronics & Instrumentation and PG in MBA (Marketing). Currently, I’m pursuing my part-time Ph.D. I have 6 years in industry experience in banking sector. I had worked with MNC and private sector banks in the roles of customer service, customer relationship, banking sales and operations as a Manager. With my interest in academics and research, I joined Karunya University as assistant professor and working there since July 2013. I had published papers in journals and conferences. I had organized various events like Management fest, work shop and also had been in the organization committees of various events of the Business School in the Karunya University. My Areas of Interest are: Customer Experience Management, Services Marketing, Retail Banking, Risk Management and Customer Relationship Management.