

Going Card-Less

An Innovation for Customer Delight

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Abstract

Amidst the tough competition, the companies are striving hard to attract and retain the target audience. With a view to sustain the company and hang on with same customers for a longer term, they look for ways to increase their customer satisfaction way beyond their expectations. To provide customer delight and in accordance with the problems faced by customers who underwent online shopping on a frequent basis, new service of mobile wallet was introduced. This paper has examined the concept of customers going card-less by using the mobile wallet services and the growth of these services at a fast pace.

Keywords: Customer Delight, e-Commerce, Mobile Wallet Services, Online Payments.

INTRODUCTION

“Although the elimination of defects is critical to continuing customer satisfaction, increased productivity and decreased costs, it is customer delight that is the key to survival in today’s markets.”

– AMP Canada’s Quality Program
Manager, quoted by Wittaker, 1991.

What are the companies struggling for? They were stuck up to achieve customer satisfaction. But now, they are moving one step ahead i.e. customer delight. Companies are trying to make the things better and faster to provide more convenience to the customers. It is so because, only if the customers feel positive about the company, they will be attached to it for a longer time period. And this is the real challenge faced by the company.

E-commerce has opened new gateways to solve this issue and make the things easier and hassle-free. The entry of retailers on the virtual platform has transformed the Indian consumers and their buying behavior. The shopping orientations are changing from being experiential shopping to convenient shopping.

Growth of e-commerce in India is a big hit. Adoption of technology by the Indians is setting an example for the others. This growth of e-business is impacting the consumers and changing their mode of shopping and their patterns. The attraction towards online shopping is extremely high, the reason being huge and exciting discounts and offers to the consumers if they shop online.

But, certainly, there have been a good number of drawbacks which lessen the charm of shopping online. The most important amongst this category is that of 'payments'. This involves how to make the payment?, Is the payment done through this mode successful?, Will it be trustworthy?, What happens if the amount stuck? and so on and so forth.

The online payments in India (Priya N., 2014) are done as follows: Debit card and Net Banking (61%), Credit cards (50%), Cash on Delivery (24%), prepaid cash cards (10%), Demand Draft (4%) and Mobile Payment

(3%). The e-commerce companies tried to improve the payment options and have been constantly working on them. It is so because once the system of payments is improved, more and more customers will trust these websites and go for more online shopping.

Therefore, the purpose of this paper is to understand the concept of customer delight, its relevance and the innovative strategies adopted by the companies in an online environment. This paper specifically lays stress on the new mode of payment in the virtual environment thereby resulting in delighted customers.

BACKGROUND

Practitioners have realized the relevance of customer satisfaction and its outcomes in terms of customer attraction, customer retention and customer loyalty. In the recent years, academicians have recognized the significance of customer delight. The literature review has been structured around a discussion of conceptual knowledge of customer delight, its significance in business as well as e-business and the innovative steps taken up by e-businesses to outperform in the market and gain maximum profits. Additionally, a limited amount of research has been undertaken on the shortcomings of payments in online transactions that led to the new developments.

Customer Delight – Concept

Delivering good quality products and services to the customers in the competitive environment dictates the need to enhance the customer's experience and satisfaction. The studies indicate that satisfaction alone cannot help the company in retaining its existing customer base. They must strive for

100 percent or total customer satisfaction and even delight to achieve the kind of loyalty they desire (Schneider & Bowen, 1999).

The origin of 'delight' dates back to expectancy-disconfirmation model (Oliver, 1980), where it is considered that consumers compare perceived performance with prior expectations. And, in case the performance exceeds expectations that form a ground for the foundation of delight. Studies conducted by Westbrook and Oliver (1991), Oliver (1993) and Oliver et al. (1997) indicate that the term delighted customers experience happiness, contentment as well as pleasant surprises. Customer delight appears as a result of blend of pleasure and arousal or as a combination of joy and surprise, to be more specific. The emotions of a delighted customer are more intense than satisfaction or dissatisfaction (Schneider & Bowen, 1999). Hence, it can be stated that customer delight is a result of exceeding customer expectations, i.e. providing more to the customer than what is expected by him.

Generally, most of the customers range between the two categories: moderately satisfied or moderately dissatisfied. The chances of customer reaching at the extreme position and become delighted or outraged customer are quite rare. But, the experiences, be it positive or negative spread like fire all around. The challenge with the company is to increase positive experiences with the customers and enhance the number of promoters or advocates of the company.

Customer Delight – Relevance

The primary antecedent feelings of delight are the emotions of cheerfulness and excitement provided by hedonic benefits as against the emotions of confidence and security provided

by utilitarian benefits (Chitturi et al., 2008). The results of the study show that delighting customers improve customer loyalty that can be measured in terms of word of mouth and repurchase intentions.

Studies demonstrate that word of mouth is one of the most influential touch points of customer delight. Anderson and Mittal (1997) suggested that in the extreme level of satisfaction, delighted customers tend to ignore competing brands in favor of one which has delighted them in the past. This thought was carried forward by Weir (2010) stating that if a brand can deliver a brand experience that over-delivers and delights; the consumer is more likely to buy gain and may be even talk about your brand.

Changing Dynamics of e-Commerce

The increasing importance of information technology as a means to access and communicate information has prompted firms to enhance their corporate websites to establish relationships with potential and current customers. The research work undertaken by Bartl et al. reveals that delight has a stronger impact on purchase intentions than website satisfaction. Hence, by enhancing the quality of web experience, companies can create more delightful customers.

Customers are dynamic in nature and they are changing at a very fast pace with the advancement of technology. Information technology is central in catering and affirming customer needs. Unruh (1996) emphasized that technology can enhance an individual's feelings of competency and control. Moreover, the internet based interactive technologies and online services offer an ever-broadening array of options to customers for handling their service transactions.

Since, these technologies allow companies to collect data (demographics, historical, behavioral as well as psychological) about their customers; it is helpful for the companies in delivering personalized services to its customers thereby holding them for a longer time period. With the advent of e-commerce, customers changed their shopping modes and started taking interest in online shopping. Online shopping raised the usage of debit and credit cards, net banking, etc to promote more and more shopping.

ISSUES IN E-COMMERCE

Making the customer happy is even more challenging in this type of business setting. The question arises – why is it so? Is it because of the virtual environment (no tangibility)? Is it because we don't know to whom are we making the payment? Is it because we don't trust their presence and consider them fake? Will the product be of good quality if I purchase it online?

Face-to-face exchange of goods conducted between two parties' dates back to before the beginning of recorded history. In due course the trade became more complicated which led to development of abstract representations of value, and progressed from barter system through bank notes, payment orders, cheques, credit cards and now electronic payment systems.

With the development of technology, the range of devices and processes to transact electronically are also rising continuously. Additionally, the percentage of cash and cheque transactions are falling. Likewise, in the US, the non-cash payments have drastically reduced from 85% in 1979 to 59% in 2002 and the payments made through electronic mode increased to 41%. It has raised the

usage of debit and credit cards, net banking, etc to promote more and more shopping.

Consumers may choose different ways to pay for their e-commerce transactions based on their preferences. The selection of the same is based on certain criteria like convenience, security, availability, etc. But, the issue is that most of these tools still fail to gain sufficient support from online merchants (Hsieh, 2001).

A study conducted by Worthington (2005) concluded that developing countries have a lot to do to establish an infrastructure for payment cards and also to encourage consumers to hold and use such cards. Sumanjeet (2009) remarked in the study that different countries prefer the different forms of electronic payment system. In 2003, 94.1 percent of the worldwide e-commerce transactions were conducted using credit cards (Pago, 2003). The survey conducted by Jupiter Media Matrix (2000) revealed that in US, credit cards were the most dominant method of online payment whereas only 50% of consumers use credit cards for online purchase outside US.

The consumers have been looking at credit card payments on the internet as one of possible time-tested alternative, but this payment system has raised several problems before the consumers and merchants (Sumanjeet, 2009). Developing countries like India rely much more on electronic funds transfer and smart cards based electronic payment system. Eventually, credit cards are becoming one of the most preferred methods of payment in India (Sumanjeet, 2008).

However, the payments done through credit cards suffer from many limitations like security, merchant risk, high costs and affordability. Additionally, credit cards have

the highest possibility of frauds. Hence, both buyers and sellers are shifting from credit cards to other innovative payment products. The Indian consumers faced a lot of problems while adopting credit card as a tool for making the payments.

E-COMMERCE PAYMENT ISSUES – AN INNOVATIVE SOLUTION

One of the major constraints faced by e-tailers is that of mode of making the payments. The companies started thinking of taking a way out and solution for the adoption/non-adoption of credit cards. Then they finally emerged with the concept of COD, i.e. Cash on Delivery. The customers preferred to pay for the product or service in folding notes once it was delivered to them.

But still, the companies kept on working and later a new concept emerged altogether and that is what we will be talking about, and that is payment using mobile phones. Yes, the companies are using mobile phones as a mode of payment! The question arises as to why mobile phones?

Penetration of Smartphones in India

Adoption of mobile phones in India is stupendous. Leaving behind many developed countries of the world, the usage of mobile phones have been rising since last two decades and the trend will continue in future as well. According to a report by KPMG-IAMAI 2015 the Indian government is committed to set up a robust digital infrastructure and to promote the adoption of mobile internet and related products and services.

India is making a transition from feature phones to smartphones rapidly (Mallya, 2015). And the reason for gearing up is the availability of low cost smartphones as well

as data plans. A study conducted by Zinnov (2015) revealed that India is at the cusp of digitization and Indians are adopting smartphones at an exponential pace. The factors influencing the rise in phone (or smartphone, in particular) adoption include immense competition leading to price reduction, ease of access of content and language localization, government incentives through its “Make in India” and the most important one being the prevalence of internet-enabled services on smartphones.

Additionally, the survey reveals a major change witnessed amongst its customers and that is consumers are changing their ways/modes of shopping. More than 90% of the consumers look for a product or service on their phone before the actual shopping although 54% of the population actually purchased through smartphone, as it provides the convenience of anywhere and anytime shopping.

Usage of Smartphones with Different Perspective: Cardless Transactions

The usage of smartphones has been constantly changing with the changing times. Now, they seem to deliver a better user experience with the extensive adoption of mobile internet. Traditional services like voice, SMS are gradually being replaced by mobile data services (A report by KPMG-IAMAI 2015). The most popular data services used in India include emails, social networking, chat, games and news (Neilson, 2013). The reasons highlighted for their popularity are that they fulfill multiple needs of consumers, positive social and economic impact.

But, at the same time the data services are also now being increasingly used to tackle the issues like health, education, banking, finance, education and shopping in India. Consumers

are increasingly buying more goods online as shopping online or over the phone can be more convenient and cheaper than going to the market (Smithers, 2014).

Considering the growth of online shopping in India the companies try to provide better services and increase their satisfaction level. But, the number of competitors force them to work on gaining customer delight i.e. one level ahead of satisfaction. This gives opportunities for new start-ups as well. The success of big corporates (like Paytm) in India lies in their overcoming of problems faced by e-tailing companies like Flipkart, Jabong, Firstcry, Amazon etc.

This paper tries to uncover the strategies adopted by the companies which entered into this recharge business while understanding the loopholes of customer delight. Although there are more than 20 mobile wallet services in the market (as per RBI website), we will be discussing only 4 major companies present in this industry.

Journey of Paytm

Paytm has been one of the biggest beneficiaries of the smartphone adoption. They provide a solution to the companies offering cash on delivery to their customers or not so preferred credit card payments with an innovative solution. And that is worth considering. The best part is that now the customers can make the payment for their shopping via mobile phones, instead of paying folding notes at their doorstep, as using a mobile phone (that also in your pocket) than going to an ATM.

Paytm took off its operations by providing services like recharge of mobile phones and DTH. Also, it started with a very innovative service which was named as mobile wallet services for online transactions. Mobile wallet

services can be explained as a prepaid payment instrument which allows the customers to digitally store money in a secure virtual wallet which can be used to pay bills and other services. The initial tie-ups of the company were with that of Bookmyshow, eBay, Uber and IRCTC. The company was planning to take an offline entry by partnering with some of the fast food or restaurants like Domino's and Café Coffee day. It will offer customers the choice to pay through a secure and reliable format.

The Paytm vice-president, Amit Lakhota, claimed that the usage of mobile wallet is increasing in the country. Approximately 66 million people were using the wallet services provided by Paytm in May 2015. One of the main reasons for Paytm's success in India is that it has tapped the urban middle class of the country (which is in majority).

The company and its entire services revolve around the objective of formulating the best possible experience for the customers. The acceptability of the customers is high due to the services being purely customer-oriented. And, in order to magnify the user-friendliness of their services, The company is constantly innovating and coming up with new services like paytm Cash and 24/7 customer support. In addition, the company also has a mechanism of taking feedback while connecting to its customers through the blog, and also updates them with the updates in the e-commerce industry with an intention to stay connected with its customers.

PayUbiz

The e-commerce industry has seen many innovations since last decade. The flaws of one e-commerce giant are taken care of by the other e-commerce firm. One of the crucial

issues faced by customers making online payments on frequent basis was that of multi-layered authentication. To get rid of the problem PayUbiz innovated with its 'one tap' approach wherein the payment can be done with only one tap on the screen.

The company ensured to provide delight to its customers through its one –tap technology. By using this technology the customers would get rid of entering their 16-digit debit/ credit card number on each transaction. Also, the elimination of entering CVV number for authentication of the payment has also made the process easier and hassle free. Moreover, the company also improved the second level authentication via OTP (One Time Password) by converting it into auto-read.

Freecharge

Another firm into this business and catching up the industry at a lightening pace is that of Freecharge. The best part of the company is that it does not charge any extra amount (no additional charges and no commissions). Moreover, it extensively involves the participation of its customers as they get the details of the amount paid on every recharge.

Like its major competitor, Paytm, Freecharge has also collaborated with the most popular retail and food companies like Peter England, McDonalds and KFC for the discount coupons. Its collaboration with Snapdeal has opened a new avenue for using a mobile wallet and online shopping through one account only and that is also well recognized by its customers.

Their core focus is on having 'happy customers' and they are rigorously working for the same. They stressed that now their customers will not have to wait in queue for mobile recharge or utility bill payment. Thus,

with the changing customer expectations and dynamics the company is providing value to its customers through safety, promptness and convenience of anytime and anywhere facility.

Mobikwik

Specially designed for the low speed data connections, Mobikwik focuses more on the speed of its digital wallet. Apart from the payment of bills online, it has the facility to make the payments in an offline store as well.

The company also added an innovative feature of transferring the money to another bank account. The money can be transferred by adopting a very easy process. Mobikwik has a tie up with ICICI Bank which allows the customers to deposit ash in their Mobikwik account directly through the bank deposit slip.

The company works on the principle of not only knowing what the customer wants, but showing the customer that you know what they want.

CONCLUSION AND SCOPE FOR FURTHER RESEARCH

The working of an e-commerce business will be successful if it takes care of all the issues arising therefrom on a continuous basis. Although the flaws are many, still the most popular one is online payments. As discussed in the paper, the concept of mobile wallet is a very innovative tool which has not only resolved many issues involved in the payments, but also they are constantly upgrading themselves and coming up with new features altogether to achieve customer delight. India being a cash-driven economy made the adoption of mobile wallet services a bit difficult. But still, the companies are striving hard with its innovative tactics to sustain the

masses. This study opens up new grounds for further research. To have more insights on the subject, further studies can address the following issues like: to identify expectations of consumers from mobile wallet services, to find the problems faced by using the current mobile wallet services, are the promotional tools used by the companies really effective? Are these mobile wallet services really secured? The study will be helpful for these companies to understand their customers better and they will be able to add more creativity to these services.

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