

# The application framework of Kansei Engineering to enhance Customer Relationship Management in services

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## Abstract

In order to fit what a customer needs and wants, a product or a service should be qualified. By incorporating Ergonomics/Human Factors and affect, quality of products and services should promote happiness and health to the users. Improved quality and long-lasting products/services make customers happy (Nagamachi & Lokman, 2011). According to Tribus (1990), quality is defined as a condition when customers have a love affair and emotional bondage with particular products and services. It implies that the main concern of qualified products and services is customer emotional experience.

This study aims to explore the customer emotional needs (Kansei in Japanese) experienced and encountered in services. As emphasized in Customer Relationship Management (CRM), understanding the customer emotional needs is one successful key for CRM implementation. Kansei Engineering (KE) methodology that has been widely used for modeling the emotional needs in product design is proposed to support the CRM improvement. Hence, this study has two objectives. The first is to develop an integrative application framework of the contribution of KE to CRM, while the second is to provide an illustrative example of how to apply KE-CRM into service industry.

This study is expected to contribute to the theoretical academic literatures on Customer Relationship Management (CRM), marketing management, Ergonomics/Human Factors and Kansei by proposing an application framework and methodology of integrated KE-CRM. In addition, practical contributions will be presented by providing a guidance to service managers in collecting and capturing the emotional needs of customers, using the rich-channel of information for collecting information, and investigating what service attributes that are significantly sensitive to the customer emotions. It is, then, to be used as a prioritization tool for continuous improvement or maintenance on service attributes.

*Keywords:* Kansei Engineering; emotions; KE; Customer Relationship Management; CRM; services

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## 1. Introduction

Better understanding of customer needs is a key for the success of customer relationship management (CRM). It may cover insight into customer decision-making and information about customers. Essentially, CRM is to understand customer needs so that it may improve a company's long-term profitability (Stringfellow *et al.*, 2004). The successful achievements by implementing CRM have been shown by several companies as follows. Lowe's home improvement warehouse achieved a 265 percent ROI on its \$11 million investment, and Virgin wines recorded a 12 percent customer conversion rate compared to a 4 percent rate before launching the technique. However, many companies have not got any significant achievements. According to Stringfellow *et al.* (2004), a lack of customer focus is quite critical to the success of CRM implementation. Specifically, a mechanism for maintaining and developing customer loyalty is a key potential to be taken into account. In short, understanding of customer needs (both functional and emotional) is needed. More importantly, understanding customer emotional needs is vital for predicting and influencing customer purchasing behavior (Tehrani, 2002). For example, in banking industry, customers are not only satisfied by favorable interest rates, but also by nicely designed physical surroundings, polite and fair customer service, and promptly service. According to Hartono & Tan (2011), a never busy employee in responding customer request was found to be the most significant luxury hotel service attribute producing positive customer emotions.