DURBAN UNIVERSITY OF TECHNOLOGY

# CUSTOMER EXPERIENCE AND CUSTOMER LOYALTY: AN ASSESSMENT OF RETAIL MULTICHANNEL BANKING IN THE DURBAN AREA

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# CUSTOMER EXPERIENCE AND CUSTOMER LOYALTY: AN ASSESSMENT OF RETAIL MULTICHANNEL BANKING IN THE DURBAN AREA

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**FINAL SUBMISSSION**

Supervisor: Dr Shame Mugova (Signature) Date: 15 August 2023

## DECLARATION

I declare that this thesis is essentially my own work and is being submitted for the degree of Doctor of Philosophy in the Durban University of Technology. It has not been submitted before for any degree or examination at any other university. In addition, I know the meaning of plagiarism and declare that all the work in this document, save for that which is properly acknowledged, is my own.

15 August 2023

Nancy Gathoni Kiliswa — Date

## DEDICATION

To my dear husband Moses, and our dear daughters Lenci and Lareina

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## ABSTRACT

Customer experience (CX) has received substantial attention in empirical research in the recent past. While there has been growing research interest in customer experience, few studies have examined its relationship with other concepts such as customer loyalty, customer satisfaction and service quality. This study investigates the relationship between customer experience and customer loyalty in retail banking with multiple channels of distribution. Further, the study seeks to advance research on the relationship between customer experience and customer loyalty by exploring the mediation roles of customer satisfaction and service quality in the retail banking industry in South Africa.

The South African retail banking industry is increasingly competitive and regularly confronted with new entrants. Technological innovations, regulatory requirements, changing customer expectations, demographics and new non-traditional industry entrants are disrupting the banking industry. The services offered by retail banks are highly undifferentiated and hence there is a need for banks to look for other ways to compete than through differentiation of products. When one of the banks introduces a new service to the market, other banks typically follow suit quickly by imitating it. Subsequently, core services offered by all banks tend to be very similar in nature and form. In addition, customers are highly knowledgeable and selective, and they are increasingly raising their expectations in terms of the quality of services they receive from the banks. In view of this, banks therefore need to have a clear understanding of their customers' needs and develop relevant offerings that can retain their customers. Relationship marketing is believed to be one of the ways in which banks can create long-term relationships with their customers, thereby gaining their loyalty. Specifically, focusing their efforts on creating advantageous customer experiences, essential to forming long-term loyal relationship with the customers. Thus, this study is aimed at determining the relationship between customer experience and customer loyalty. This is achieved by exploring the influence of selected constructs, namely service quality and customer satisfaction, in order to analyse the role of customer experience as a predictor of loyalty.

To achieve the objectives of the study, a quantitative descriptive research approach that was cross-sectional in nature was adopted. A non-probability convenience

sampling method was followed to select a sample of 500 bank customers across the Durban region in KwaZulu-Natal, South Africa. A questionnaire was developed from validated measurement scales from previous studies and a literature review. Data was collected by means of a self-administered questionnaire that was distributed physically and online to bank customers. A total of 466 responses was received from the data collection process. The Statistical Package for the Social Sciences (SPSS) 24.0 and Smart Partial Least Square (SmartPLS4) were used to analyse the data. Using data from the survey and Partial Least Squares Structural Equation Modelling (PLS-SEM), a theoretical model was created and empirically tested. This model indicates that customer loyalty can be achieved by improving customer experiences, enhancing service quality and improving customer satisfaction.

The results of descriptive statistics indicated an overall mean below 2.5. The presentation then progressed to the SEM analysis, which was done in two stages. The first stage examined the measurement model. As stated, the model in this study is a reflective hierarchical model. The CX construct is a reflective-reflective HOC, and its dimensions of feeling, behavioural, sensorial, cognitive and social are the LOCs; hence, a repeated indicator approach was used to assess the measurement model. The reliability of the reflective measurement model was assessed using indicator reliability, Cronbach's alpha and composite reliability (rho_c).

The convergent validity of the constructs was examined using AVE, while the Fornell-Larker technique and the heterotrait-monotrait (HTMT) ratio were used to assess the discriminant validity of the constructs. Thus, using CFA, the validity by means of convergent and discriminant validity as well as the reliability of the model were established. After the measurement model was deemed fit, the structural model was examined by means of path coefficients, variance explained ($R^2$) and predictive relevance ($Q^2$). The $R^2$ results for the structural model were above 0.65 for all variables, which is considered a substantially good fit, while the $Q^2$ the values obtained were 0.616, 0.694 and 0.712 for customer loyalty, customer satisfaction and service quality respectively. The model was found to be satisfactory for both measurement and structural models, after which relationships among variables were tested for significance. All relationships were found to be positive and significant.

The results show the key role of customer experience and its impact on customer loyalty and that this relationship is mediated by customer satisfaction and service quality. These findings contribute towards improving the theoretical knowledge of the influence of customer experience on loyalty, and guide retail banks in developing and implementing appropriate customer experience strategies.

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| | |
|---|---|
| ABSA: | Amalgamated Bank of South Africa |
| AGFI: | Adjusted Goodness-of-Fit Index |
| ATM: | Automated Teller Machine |
| AVE: | Average Variance Extracted |
| CFA: | Confirmatory Factor Analysis |
| CFI: | Comparative Fit Index |
| CL: | Customer loyalty |
| CRC: | Cluster Research Committee |
| CS: | Customer satisfaction |
| CX: | Customer experience |
| CXB: | Behavioural customer experience |
| CXC: | Cognitive customer experience |
| CXF: | Feel (emotional) customer experience |
| CXSe: | Sensorial customer experience |
| CXSo: | Social customer experience |
| DEM: | Drive Experience Memory |
| ECT: | Expectation Confirmation Theory |
| FNB: | First National Bank |
| FRC: | Faculty Research Committee |
| GFI: | Goodness of Fit Index |
| HOC: | Higher-order Construct |
| HTMT: | Heterotrait-monotrait |
| IPMA: | Importance-performance Map Analysis |
| LOC: | Lower-order Constructs |
| PLS: | Partial Least Square |
| RCP: | Resistance to Counter-Persuasion |
| RMSEA: | Root Mean Square Error of Approximation |
| SA: | South Africa |
| SCT: | Social Cognitive Theory |
| SEM: | Structural Equation Modelling |
| SET: | Social Exchange Theory |
| SLT: | Social Learning Theory |

| | |
|---|---|
| SM: | Search motivation |
| S-O-R | Stimulus-organism-response framework |
| SPSS: | Statistical Package for Social Science |
| SQ: | Service quality |
| SRMR: | Standard Root Mean Square Residual |
| Stats SA: | Statistics South Africa |
| Std Dev: | Standard Deviation |
| TPB: | Theory of Planned Behaviour |
| WoM: | Word of mouth |

# CHAPTER ONE

# INTRODUCTION AND BACKGROUND OF THE STUDY

## 1.0 Introduction

Today's retail banking is highly competitive, hence the need to create a competitive advantage to survive in this ever-changing environment. Customers have a wide range of banks to choose from for their banking needs and are able to go for those that offer them the most value. The retail banking industry is facing formidable new forces that are reshaping the industry. Technological innovations and regulatory requirements, changing customer expectations, demographics and new non-traditional industry entrants are disrupting the banking industry. These new changes create new challenges for retail banks (Corbishley 2017). However, these new changes also provide more opportunities to create customer-centric innovation in banking which ultimately leads to the need for a great customer experience.

The services offered by retail banks are highly undifferentiated, and hence, there is a need for banks to look for other ways to compete than through the differentiation of products. Traditional banks have not kept pace with regard to customer experience improvements (Handro 2018). Banking customers now expect simple, seamless and intuitive interactions that are accessible across multiple channels, both physical (offline) and digital (online). The McKinsey Global banking report indicated that one of the shifts in the banking industry is the way the banks will be competing in the future. They envision that banks will compete on the basis of customer experience and that those who emerge as leaders will grow faster than the competition (Gujral, Malik and Taraporevala 2019).

Customers and customer experience has been a peripheral phenomenon and has not been extensively viewed as a strategic effort to increase competitive advantage. Kotler and Keller (2015) suggested that there is a need for companies to focus on customers. Customer experience is the holistic perception of an interaction with a business, its products and services or a brand. Customers perceive an organisation through interactions throughout the process of purchasing a product or a service (Pan and Lee 2003). Customer experience is the subjective and internal response that customers have towards a company, its products or services. It is about the company ensuring that every touchpoint along the customer journey is positive. They can do this by putting customer needs at the heart of everything they do to ensure a positive experience for their customers (Leander 2021).

Customer experience is aimed at improving customer touchpoints with the company's services, and it is crucial in enhancing customer satisfaction and ultimately gaining and increasing customer loyalty. A satisfied customer buys more, becomes a good advocate for the company, is loyal to the company and costs the company less than a new customer (Kotler and Keller 2016). A customer whose experience is positive will go back for repeat purchases, which can result in an increased share of business (Pan and Lee 2003). Customer experience is a complex phenomenon that has led to the need for marketers to understand customers' behaviour throughout their journey, from the search process to the consumption and post-purchase periods. It is a management objective that requires the organisation to understand and manage the experience to strategically gain competitive advantage and differentiation among competitors.

Zomerdijk and Voss (2010) assert that companies should strive to achieve a competitive advantage by providing a great customer experience. Companies thus need to enhance customers' experiences to attain satisfaction, which is key to customer loyalty. Customer satisfaction, loyalty and retention are critical for financial institutions due to the nature of their business, which requires long-term relationships and continuous interactions with customers (Bagdare and Jain 2013).

This study investigates the influence of customer experience through multiple retail banking channels on customer loyalty and whether this relationship is mediated by service quality and customer satisfaction. It assesses the cognitive, behavioural, sensorial, social and emotional dimensions of the customer experience. Moreover, the study assesses the mediating roles of service quality and customer satisfaction in the relationship between customer experience and customer loyalty. The results should assist banks in enhancing the customer experience to achieve loyalty.

The study focuses on the retail banking sector in South Africa, which is the largest in Africa and one of the best in the world. The sector plays a major role in South Africa's economy because it is the primary distributor of resources and capital among the other sectors of the economy. The banking sector has experienced growth in recent times, which has been characterised by advances in technology, fierce competition and the emergence of financial technology (fintech) companies. The core products offered by these banks are mainly bank accounts, personal loans, asset financing and credit cards, which are undifferentiated across the banking sector. Customers today seek faster and more efficient services to meet their needs. Banks have developed new technologies that include multiple channels of banking to meet these customer needs (Agolla, Makara and Monametsi 2018). Customers' use of multiple channels, such as branches, automated teller machines (ATMs), the Internet, mobile devices and apps, to conduct business, has necessitated research on their experiences as they use these channels and how it affects loyalty to their banks (Brun *et al.* 2017).

The banking sector in South Africa consists of thirteen locally controlled banks, namely Standard Bank, Amalgamated Banks of South Africa Limited (Absa), FirstRand (FNB), Nedbank, Capitec, African Bank Limited, Discovery Bank Limited, Sasfin Bank Limited and others. The five major banks that dominate this sector are Absa, Standard Bank, FNB, Nedbank and Capitec (Sufian and Kamarudin 2016). In addition, there are other banking institutions that include foreign-controlled banks, foreign bank representatives, branches of foreign banks, mutual banks and banks under liquidation (South African Reserve Bank 2020). Due to the undifferentiated and comparable nature of their products, coupled with the changing landscape of the banking environment, banks need to focus their attention on customer experience management to be successful in retaining their customers, which the current study will explore. This study will seek to develop strategies that banks could implement on how to manage customer experiences that in turn enhance customer loyalty in a multichannel banking environment, thereby improving competitiveness.

## 1.1 Problem Statement

Customer experience extends beyond service quality and customer service, although there is generally a strong relationship between service quality and customer satisfaction (Bigne, Moliner and Sánchez 2003a; Drotskie 2009; Agyapong 2011; Arokiasamy and Abdullah 2013). Lemon and Verhoef (2016) suggest that customer satisfaction and perceived service quality are components of the customer experience.

However, this suggestion has been disagreed upon by Becker and Jaakkola (2020), who contend that these concepts are evaluative outcomes of customer experience. Therefore, to achieve a competitive edge, service companies need to focus their efforts on customer experience rather than service quality.

In a study conducted by Zungu and Mason (2017b) the results indicated that there was no significant difference in all service quality constructs between different retail banks, so banks that adopt strategies focusing on service quality are at risk from their competitors. Sorofman (2014) supports the view that customer experience has proven to be the only long-lasting competitive advantage that companies have. With increased competition and a broad variety of ways in which customers can access products and services, service companies should strive to provide positive customer experiences to enhance customer loyalty and to differentiate themselves from the competition (Brun *et al.* 2017).

A multichannel environment has provided companies such as banks with opportunities to satisfy their customers, leading to customer loyalty. These opportunities also come with complexities in customer experience since differences in these channels elicit different behaviour from customers as they interact with the company (Klaus and Nguyen 2013; Brun *et al.* 2017). The ability of customers to interact with companies with multiple touchpoints through diverse channels makes the customer experience complex (Lemon and Verhoef 2016). Customers expect always-on access to banking services with quick turnaround times and delivery on basics and fundamental issues such as debit orders and payments, card issues and account queries rather than innovation (BrandsEye 2019). In essence, bank customers want experiences that combine different channels of banking, including digital banking as well as personal interaction, and will go to the extent of switching banks if they are not satisfied with the service delivery (Accenture Consulting 2016).

A BrandsEye's Banking Sentiment Index report indicated that customers of the five major retail banks in South Africa, namely, First National Bank (FNB), Absa, Standard Bank, Nedbank and Capitec, were threatening to close bank accounts due to a number of issues. These issues include turnaround time, brand comparisons, fraud, corruption and scams, as well as technical and system errors in digital banking, among others (BrandsEye 2019). Banks are unable to prevent repeat complaints once they are resolved the first time. The inability of banks to identify the root causes and manage complaints has a direct correlation with customer loyalty. The net promoter score (NPS) used to measure customer satisfaction is not an indicator of loyalty, as 25% of customers are considered ‘defector’ customers, who are ready to defect to another bank. A satisfied customer is not always a loyal customer (Accenture Consulting 2016; Consulta 2019).

The success of service companies depends on their ability to build a loyal customer base, which can be achieved by delivering customer experiences that blend the different channels. This study seeks to explore customer experience and customer loyalty in light of the multichannel environment. Despite studies being conducted in the area of customer experience and customer loyalty in telecommunication, retail and banking industries (Sirapracha and Tocquer 2019; Drotskie 2009; Fernández-Sabiote and Román 2016; Srivastava and Kaul 2016; Brun *et al.* 2017; Frasquet, Descals and Ruiz-Molina 2017), to name a few, development in technology has created multichannel systems that pose challenges to customer experiences. These challenges, coupled with rapidly changing customer preferences, have created an empirical gap thereby heightening the need for more research on customer experience and customer loyalty in a multichannel environment in retail banking.

Studies on customer loyalty in the retail banking context have found that constructs such as customer satisfaction and service quality impact loyalty directly and indirectly through mediation variables such as trust, corporate image, and commitment (Saleem *et al.* 2016; Makanyeza and Chikazhe 2017a; Amegbe and Osakwe 2018; Tabrani, Amin and Nizam 2018; Hoang 2019). Studies have not assessed customer experience and customer loyalty in multichannel banking environments. Against this backdrop, this study seeks to assess the effect of customer experience on customer loyalty in a multichannel banking environment. The study seeks to bridge this gap in retail banking in Durban area of KwaZulu-Natal in South Africa.

## 1.2 Research aim and objectives

The aim of the current study was to assess the relationship between customer experience and customer loyalty in retail multichannel banking in the greater Durban area. To achieve the aim given above, the current study focused on the following objectives:

i. To examine the relationship between customer experience and customer loyalty,
ii. To investigate the effect of customer satisfaction and service quality on customer loyalty,
iii. To examine the mediating effect of service quality and customer satisfaction on the relationship between customer experience and customer loyalty, and
iv. To develop a framework for managing customer experiences that lead to competitive advantage based on the results of the study.

## 1.3 Research Hypotheses

Based on the listed objectives, the following hypotheses have been put forward (refer to Chapter 3 for a more detailed discussion on the relationships and formulation of the hypotheses).

$H_1$: There is a significant and positive relationship between customer experience and customer loyalty.

$H_2$: There is a significant and positive relationship between customer experience and customer satisfaction.

$H_3$: There is a significant and positive relationship between customer experience and service quality.

$H_4$: There is a significant and positive relationship between service quality and customer satisfaction.

$H_5$: There is a significant and positive relationship between customer satisfaction and customer loyalty.

$H_6$: There is a significant and positive relationship between service quality and customer loyalty.

$H_7$: Service quality mediates the relationship between customer experience and customer loyalty.

$H_8$: Customer satisfaction plays a mediation role between customer experience and customer loyalty.

$H_9$: Customer satisfaction and service quality mediate the relationship between customer experience and customer loyalty.

## 1.4 Justification for the study

During the last decade, most economies were affected by the global financial crisis, which greatly impacted the banking industry. However, the post-crisis period has seen a more stable and resilient banking industry as it recovers from the global financial crisis, coupled with improved efficiency due to advances in technology. In recent times, there has been major development in the global banking sector, including growth in assets, profitability and capitalisation. The African banking industry has not been left behind in this development, as it has experienced tremendous growth in the last decade, with South Africa boasting five out of the top ten largest banks in Africa by asset base (Deloitte 2019). For banks to be competitive in this environment, they will need to look beyond their product offerings and shift their efforts toward a more customer-centric approach. Arde (2019) supports this view by stating that companies are under pressure to entrench customer satisfaction and customer experience in their marketing strategies, as this is the only way they will differentiate themselves. As technology evolves, the needs of customers have also evolved.

Customers have become more emotionally connected to technology. Multichannel banking becomes important because it blends both physical and digital environments to enhance customer experiences (Deloitte 2019). With many different channels through which customers can access services, creating a positive customer experience becomes more complicated (Forbes 2018). Customers are 'always on' and do not stay loyal to a brand or a bank, hence, banks can no longer count on brand loyalty to be successful (PricewaterhouseCoopers 2016). Managing customer experiences in this diverse environment then becomes the biggest differentiator in ensuring success in building brand loyalty for banks. Therefore, the current study makes a positive contribution by developing and proposing marketing strategies for understanding and managing of customer experience in a multichannel environment and its implications for customer loyalty in the South African banking sector.

## 1.5 Preliminary Literature Review

### 1.5.1 Customer experience

Pullman and Gross (2004) define customer experience as an occurrence when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by a service provider. Hoyer, Kroschke, Schmitt, Kraume, and Shankar(2020) describes the customer experience as encompassing cognitive, affective, relational, and behavioural aspects. He states that the customer experience can only be optimised by defining, measuring and linking it to particular business outcomes. Customer experience is conceived as containing both rational and emotional aspects (Sundbo 2015). A further definition given by Walden (2017) describes customer experience as a subjective experience characterised by customers' thoughts, feelings and behaviour. From the aforementioned, the author sums up customer experience as subjective experiences that are engraved in the memory, are momentous and affect the drives that then cause behaviour. The service market paradigm has claimed that a customer must always be present during production for an experience to happen (Langeard and Eiglier 1988). This has further been claimed to be the general marketing approach valid for all business sectors, as claimed by service-dominant logic (Vargo and Lusch 2006).

Customer experience has evolved from service quality, where the focus was on operational problems and service quality measurement, to interactions with customers, where customers are seen as co-producers of value (Hope and Mühlemann 1997; Sundbo 2015; Zeithaml, Bitner and Gremler 2018). Shaw (2007: 21) defines a customer experience as "a blend of an organisation's physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all moments of contact". Shaw (2007) further argues that a great customer experience can lead to improved firm performance through the generation of revenues, the embodiment of a brand and the creation of a competitive advantage. Other scholars contend that customer experience is an important driver of customer satisfaction and loyalty (Mouri, Bindroo and Ganesh 2015).

Kamath, Pai and Prabhu (2019a) posited customer experience as an antecedent of customer loyalty in retail banking. They further operationalised it as a formative construct whose dimensions included cognitive experience, affective experience, behavioural experience, sensory experience and relational experience. As customer experience is important in building customer loyalty, this research focuses on customer experience, customer satisfaction, and service quality as the major constructs in the multichannel banking environment. Some studies have shown an indirect relationship between customer experience and customer loyalty through mediation variables such as brand reputation, corporate image and customer satisfaction (Zhou and Lu 2011; Khan and Rahman 2016; Kamath, Pai and Prabhu 2019a). In the background of prior research on customer experience and customer loyalty and technological advancements, this study holds the view that the inclusion of a multichannel banking perspective would contribute to the literature. This is because customers' experiences could change based on the channel of banking they are using.

### 1.5.2 Customer satisfaction

Customer satisfaction is the difference between customers' expectations and perceptions of the product or service and the actual product or service that they receive from an organisation. It is the evaluation of products or services based on customers' expectations (Hoffman and Bateson 2011; Lovelock and Wirtz 2018; Tlapana 2017). Huang and Cheng (2016) define customer satisfaction in the service context as the customer's feeling of pleasure or displeasure that the customer obtains by comparing their service expectations to the actual service received. Customer satisfaction can lead to customer retention through repeat sales, which leads to a high market share (Subramanian *et al.* 2014). A customer with a satisfying experience is more likely to be a frequent user of a service than a customer with a dissatisfying experience. This demonstrates that customer experience is an antecedent of customer satisfaction, which in turn leads to increased loyalty as a result of word-of-mouth referrals and recommendations (Pandey and Devasagayam 2012; Pleshko and Heiens 2015). Customer satisfaction is associated with customers' affective responses to services, which is an indication that it relates to customer experience

(Srivastava and Kaul 2014). These authors contend that consumer affective, sensory and cognitive experience, which are some of the dimensions of customer experience, affect satisfaction. Since customer experience is an integrated and multidimensional construct, this study seeks to establish the effect of these dimensions (sensory, cognitive, social, behavioural and emotional) on customer satisfaction.

### 1.5.3 Service quality

The definition of service quality varies with context but typically involves determining whether the perceived service delivery meets, exceeds or fails to meet customer expectations (Cronin and Taylor 1992; Marcos and Coelho 2022). It is the extent to which a service meets customer needs. Service quality is commonly noted as a critical prerequisite and determinant of competitiveness for establishing and sustaining satisfying relationships with customers. Attention to service quality can make an organisation different from other organisations and give it a competitive advantage (Boshoff and Grey 2004).

Measurement of service quality is an important procedure for improving the performance of service quality (Jayawardhena 2004). It presents areas of strengths and weaknesses that offer opportunities for organisations to initiate appropriate responses to focus on and improve salient attributes of customer-perceived service quality. Service quality can be measured in terms of customer perception, customer expectation, customer satisfaction and customer attitude (Sachdev and Verma 2004). Studies by Ekinci (2003) indicate that the evaluation of service quality leads to customer satisfaction. One of the most useful measurements of service quality is the dimension from the so-called SERVQUAL model created by Parasuraman et al. (1985; 1988), which identified five main dimensions of service quality, namely tangibility, reliability, responsiveness, assurance and empathy. Lovelock and Wirtz (2018) note that it is important to provide high service quality as it is an essential driver of customer loyalty, word-of-mouth and repeat purchases.

### 1.5.4 Customer loyalty

Customer loyalty is a key strategy for many leading-edge companies because it has a more futuristic view than customer satisfaction. Customer satisfaction is used to measure customers’ evaluation of services at present, while customer loyalty goes beyond the present and focuses on the willingness of customers to remain with the company in the future (Hoffman and Bateson 2011). In general, a satisfied customer will remain loyal to a company; however, the link between customer satisfaction and customer loyalty is not proportional (Kotler and Keller 2016). Loyal customers are committed to making repeat sales and buying across products. They tend to recommend products or services to others while being consistent in the future (Griffin 2005).

Customer satisfaction is an important factor and therefore necessary but not sufficient in generating and enhancing customer loyalty (Pleshko and Heiens 2015; Ganiyu 2017). Bapat (2017) found a strong link between customer satisfaction and customer loyalty in multichannel (branch service and alternate use) banking. Other studies on customer loyalty in the retail banking context have found that constructs such as customer satisfaction and service quality impact loyalty directly and indirectly through mediation variables such as trust, corporate image, and commitment (Saleem *et al.* 2016; Makanyeza and Chikazhe 2017a; Amegbe and Osakwe 2018; Tabrani, Amin and Nizam 2018; Hoang 2019). Studies have not assessed customer experience and customer loyalty in multichannel banking environments. Against this backdrop, this study seeks to assess the effect of customer experience on customer loyalty in a multichannel banking environment.

## 1.6 Research Methodology

The research methodology explores the research approach used to address the research aim and objectives of this study. This section provides a synopsis of the methodology used in this study. It covers a brief overview of the research paradigm, research design and methods used, sampling procedure, data collection and data analysis methods. A detailed perspective of the research methodology is provided in Chapter 5.

### 1.6.1 Research paradigm

Research paradigms are a set of common beliefs, assumptions and agreements made about how a research problem is understood and addressed by the researcher in their work. (Saunders, Lewis and Thornhill 2019), identified five research paradigms, namely, positivism, realism, interpretivism, post-modernism and pragmatism. Positivism was adopted for this study because of the quantitative nature of the data.

### 1.6.2 Research design

A research design is a procedural outline that indicates whether the research method used in a study is quantitative, qualitative or mixed (Kumar 2019). Clow and James (2014) describe a research design as a road map used to provide answers to the research questions and to explain the research process. There are three types of research designs, as highlighted by Hair *et al.* (2011); these are qualitative, quantitative and mixed research designs. This study uses a quantitative research design method. A quantitative approach was employed since it is associated with descriptive research that comprises large numbers of respondents. It is also used to explain relationships between variables (Hair *et al.* 2011). As highlighted in the sections above, the main aim of the current study is to evaluate customer experience and customer loyalty in a multichannel environment; therefore, a quantitative research methodology will be most appropriate. The research utilises a survey as a form of data collection.

### 1.6.3 Quantitative research

Quantitative research methodologies involve the use and analysis of numerical data using specific techniques to describe and interpret a phenomenon (Creswell and Creswell 2018). Survey research is one of the most popular forms of marketing research, as its results can be used to describe situations, thereby leading to good decision-making by companies (Saunders, Lewis and Thornhill 2019). Survey research was utilised for this study. A questionnaire was developed from the reviewed literature and other previous studies and piloted; revisions were made based on feedback; and a final questionnaire was developed and administered to respondents.

### 1.6.4 Target population

Gray (2018: 147) defines population as the entire number of potential units that are included in the study. The target population is representative of the pool of cases that the researcher intends to study, and therefore, the study should be clear on the elements being sampled and the geographical scope of the research (Neuman 2014). The population of this research consists of customers of various banks in Durban. The population was selected based on suitability and practicality to meet the objectives of the study.

### 1.6.5 Sampling technique

A sample is a part of a population. A sample size is the number of units selected from a population (Burns, Veeck and Bush 2017). The criteria for selecting the sample size for this study were based on the level of precision, the level of confidence or risk, and the degree of variability (Miaoulis and Michener 1976; Hair *et al.* 2011). For this study, a target sample size of 500 customers was considered. This is in line with Sekaran and Bougie (2010), who suggest that for populations over 1 000 000, a sufficient sample size would be 384. This suggestion is in line with the general scientific guidelines that ensure a good decision model, as indicated by Kejcie and Morgan (1970 cited in (Sekaran and Bougie 2010). The sample included both males and females who were 18 years of age and older, had a bank account and were willing to participate. Those without bank accounts were excluded from the study. The large sample size was used to account for non-responses, to minimise errors and provide accurate and reliable results.

Bradley (2013) defines sampling as the process of choosing parts of a population for the purpose of studying these parts. The sampling method used is nonprobability sampling. This method was selected because the prospect of including a sampling unit was not known (Churchill, Brown and Suter 2010). There are various methods of nonprobability sampling based on the extent to which the researcher can influence the sample selection. These methods include convenience, purposive, quota and snowball sampling. This research adapted a convenience sampling technique to collect quantitative data from the sample. This technique was the most appropriate due to the absence of a sampling frame, as almost everyone is a bank customer.

Convenience sampling is used to draw samples at the convenience of the researcher. This could be done to save time and effort and includes drawing a sample from high-traffic areas such as a shopping mall or pedestrian crossing intersection (Burns and Bush 2014). This research adapted a convenience sampling technique to select the sample from high traffic areas around Durban, such as taxi ranks, mall intercepts (the Pavilion, Gateway, Berea Centre, City View Mall) and other busy places. The sample also included online surveys distributed through emails and social media platforms such as WhatsApp and Facebook. These two were selected based on their convenience. This was done to ensure a greater response rate during the global lockdown period caused by the pandemic. This technique is the most appropriate because almost everyone is a bank customer, and the sample size is adequate to represent the population.

#### 1.6.6 Measurement instrument

A questionnaire is a document that is used to present the researcher's questions to respondents. It translates the objectives into questions that aid the researcher in soliciting answers from the respondents. It should be carefully designed, as it affects the quality of the data collected (Burns and Bush 2014). A structured, self-administered questionnaire with closed-ended questions, dichotomous questions, and scale-based questions was used to collect quantitative data. When designing the questionnaire, technical components such as the nature and sequence of the questions and the length and layout of the questionnaire were taken into consideration. The questionnaire comprised groups of questions that were designed to collect responses for both independent and dependent variables. The constructs of the questionnaire were developed from validated measurement scales from previous studies (Brun *et al.* 2017; Pekovic and Rolland 2020a), research objectives and the literature review. The questionnaire included two sections: the first section measured customer characteristics, demographics and bank details, while the second section measured customer experience, service quality, customer satisfaction and loyalty constructs. The questionnaire was used because it enables easy data collection from a larger population. Due to the pandemic, the researcher ensured that COVID-19 safety measures were in place during data collection. This was always done by adhering to social distancing and sanitation regulations and wearing masks.

### 1.7 Data analysis

Analysis of quantitative data involves descriptive statistical techniques such as measures of central tendency, which include mean, mode, variance, and standard deviation, and inferential statistical analysis such as factor analysis, regression analysis, and structural equation modelling (SEM) path analysis. Data was analysed using Statistical Package for the Social Sciences (SPSS) and Smart Partial Least Square (PLS) software. The structural equation modelling (SEM) approach was chosen as the main method of data analysis for this study because of the complex nature of the conceptual model. SEM path analysis is useful when assessing the relationship between patent variables, and it also enhances the identification of mediation and moderating variables in structural relationships (Cooper and Schindler 2014; Creswell and Creswell 2018).

### 1.7.1 Validity and reliability

Burns and Bush (2014) define validity as the assessment of the accuracy of the measurement in comparison to what it should actually measure, whereas reliability measures the ability of the data collection instrument to obtain accurate and consistent results. Discriminant validity was measured using average variance extracted (AVE), while construct validity was addressed by performing confirmatory factor analysis (CFA). The reliability of the survey instrument was assessed using Cronbach's alpha coefficient and composite reliability evaluation.

To establish the validity of the proposed model, measurement model analysis was performed by means of confirmatory factor analysis (CFA). To test the discriminant validity of the constructs, the square root of AVE of a specific construct is compared with the correlation between that construct and other constructs. The square root of AVE must be greater than the variance between the proposed factors and all other factors (Fornell and Larcker 1981; Dakduk, González and Portalanza 2019). The Fornell-Larker technique and the heterotrait-monotrait (HTMT) ratio were used to test the discriminant validity of the constructs.

The proposed model was then examined for structural relationships via structural model assessment. This involves specifying the model, examining the model fit and assessing the validity of the specified relationships. The structural model shows the potential causal dependencies between exogenous and endogenous variables. It is assessed with respect to the estimates and hypothesis tests of these relationships as specified in the path diagrams (Dakduk, González and Portalanza 2019). In analysing the structural model, structural paths are drawn between constructs to represent a suggested structural relationship between one construct and another. Test statistics and standard errors for the relevant parameters are assessed in SmartPLS using the bootstrapping option (Hoyle 1995; Dakduk, González and Portalanza 2019).

In assessing the goodness-of-fit, (Kline 2015) recommends the use of the following fit indices: the chi-square test, the root mean square error of approximation (RMSEA), the standard root mean square residual (SRMR) and the comparative fit index (CFI). For this study, to examine the structural model validity, various tests were conducted in SmartPLS: the chi-square test, incremental fit index IFI which included comparative fit index (CFI) and badness of fit indices such as the Root Mean Square Error Approximation (RMSEA) Standardized Root Mean Square Residual (RMR/SRMR) (Garson 2016; Hair Jr *et al.* 2021a). Specifically, the standardised root square residual (SRMR) was used to examine the model fit. This is a relevant model fit assessment for reflective models.

## 1.8 Ethical considerations

Relevant approvals that were required by the institution's ethics committee were obtained to adhere to the ethical requirements of the institution. The proposal went through a rigorous review by the Cluster Research Committee (CRC) and the Faculty Research Committee (FRC), and ethical clearance was provided (Ethical Clearance number IREC 008/21). This study maintained anonymity by ensuring non-disclosure of the respondent's names, and confidentiality was maintained by not sharing any information about the respondents with third parties during the research process.

Prior to data collection, a consent form was provided to the respondents by the researcher and an explanation of the content provided. The researcher obtained consent from the respondents by requesting that they sign the consent form. In addition, the researcher conducted themselves in an honest and truthful manner to ensure integrity during the research process. The respondents were notified that they can withdraw from the study at any point in time. Personal details were not be obtained from the respondents to ensure anonymity and confidentiality. Data collected was stored in a manner that ensured confidentiality and according to DUT's guidelines for research data storage. The electronic data was stored on the researcher's computer and an external hard disk and was password protected. The hard copies were stored on files and were only accessible to the researcher and the Marketing and Retail Management department in which the research is based. All data will be stored for five years after which the hard copies will be disposed off through shredding while the electronic data will be overwritten with a series of characteristics and pulverised for data stored on external hard disk.

## 1.9 Structure of thesis

This study is presented in seven chapters. The chapters are briefly described as follows:

Chapter One: Introduction

This chapter outlines the introduction and background of the study, the research problem, the research objectives and the significance of the research study. It then presents a preliminary literature review and a brief outline of the methodology. Finally, the chapter gives a brief explanation of the significance and contribution of the study.

Chapter Two: Literature Review – Retail Banking

Chapter Two provides a global and South African landscape of retail banking. The chapter begins by presenting an overview of the global banking sector, followed by the evolution of retail banking. It then delves into the South African retail banking landscape and trends. The chapter also discusses the concepts of customer experience and customer loyalty within the context of retail banking.

Chapter Three: Literature Review – Customer Experience and Customer Loyalty

This chapter provides a theoretical background on customer experience and customer loyalty. It begins by introducing and defining the concept of customer experience. It then discusses the multidimensionality of customer experience by delving into the various dimensions of customer experience as well as theories relating to customer experience. The discussion then progresses to the concepts of customer satisfaction and service quality and the relationships between these concepts.

Chapter Four: Literature Review – Theoretical Framework

This chapter entails discussions of the main theories and models underpinning the study. First, the chapter will discuss customer experience theories and models such as social exchange theory, social cognitive theory, stimulus-organism-response theory and the drive experience memory model. Customer satisfaction theories, i.e., the expectancy disconfirmation model of satisfaction and the perceived control theory, will then be discussed. Furthermore, the chapter will discuss Dick and Basu’s framework of customer loyalty. Finally, following the gaps identified in the literature and theories discussed, a conceptual model that integrates the relationships between the marketing concepts discussed will be proposed.

Chapter Five: Research Methodology

This chapter comprises the research design and research methods used to conduct the study. It provides details regarding the data collection methods, sampling procedures, data analysis, validity and reliability, as well as ethical considerations.

Chapter Six: Research Findings and Discussions

Chapter six focuses on presenting the results of the statistical analyses performed on the collected data. It also presents an interpretation and discussion of these results.

Chapter Seven: Conclusion and recommendations

Chapter Seven is the final chapter of this thesis, and it presents a summary of the findings, major conclusions and recommendations drawn from the findings discussed in the previous chapter. It further provides contributions of this research as well as implications for practitioners and areas of further research.

## 1.10 Summary

The banking sector plays a critical role in any economy, as it forms the backbone of the economy. Much has changed and continues to change in the retail banking landscape, including changes in technology, regulatory requirements, demographics, customer expectations and competition. Retail banking is becoming increasingly competitive as new and disruptive entrants come into the picture and win market share by offering a better customer experience through better services and new channels. Customer experience is one of the main differentiators in the competitiveness of the banking industry. Most financial companies compete on customer experience to differentiate themselves and gain a competitive advantage. A better customer experience means a loyal customer base for the bank. The literature suggests that research on customer experience as an antecedent to customer loyalty via customer satisfaction and service quality is paramount in assisting banks in making the right decisions about how to manage customer experiences, which will lead to loyalty. This study aims to evaluate the customer experience and its influence on customer loyalty. Chapter One presents the background of this research study, states the problem, and presents a preliminary literature review and research methodology. Finally, the chapter concludes with a discussion on data analysis, ethical considerations and study contributions.

Chapter Two is the beginning of the three literature review chapters. This chapter focuses on the context of the research, which is the retail banking industry. It provides literature on the retail banking landscape both globally and in South Africa as well as customer experience in this context.

## CHAPTER TWO

## LITERATURE REVIEW – RETAIL BANKING

### 2.0 Introduction

The retail banking sector plays an important role in the provision of financial services to individual customers. The sector is characterised by multiple products distributed through multiple channels to multiple customers. Retail banking engages directly with end consumers. Marketing managers need to have a good understanding of retail banking and how to provide financial services to satisfy customers' needs. Customer satisfaction in retail banking is based on multiple interactions between the bank and the customer. These interactions form the bases of the customers' experiences. The right customer experience in retail banking leads to more satisfied customers who become loyal customers. On the other hand, when the customer experience is unsatisfactory, it can lead to cynicism. A marketing manager thus needs to be aware of retail banking operations and always ensure positive customer experiences.

This chapter describes the initial research and theoretical background of retail banking. It is prudent to understand the retail banking landscape before delving into customer experience. The critical literature review identifies the information and gaps on how the main research themes are linked using extant information and literature. Henceforth, an overview of the banking sector is discussed before moving onto a discussion on global retail banking, its evolution and trends. Information on South African retail banking, with a focus on its landscape and trends is presented. The chapter then concludes with a discussion on the different channels used to deliver services in retail banking, namely branch banking, automated teller machines (ATMs), internet banking, mobile banking and mobile app banking.

### 2.1 Overview of the banking sector

The banking sector is a major segment of any economy and plays a vital role in the development of any economy in terms of wealth generation and socio-economic development, which positively impacts the growth of the gross domestic product (GDP) (Aluko and Ajayi 2018). It is a subsector of the larger financial services industry that focuses on private equity, asset management, venture capital and insurance. The sector facilitates trading in financial services as well as providing a place of safety and security (Levine 2005). The principal economic function of the banking sector is to safeguard depositors' assets and make loans to individuals and businesses (Levine 2005; Ali *et al.* 2019). The banking sector acts as the primary supplier of credit by providing loans to individuals to purchase homes and cars and to businesses to purchase equipment, run their operations and pay their employees (Okechukwu and Nebo 2016). The provision of credit and debit cards and checking accounts facilitates everyday transactions and helps promote e-commerce where cashless transactions are used. The banking sector is also a major employer in many economies.

## 2.2 The evolution of the global banking industry

The bank is one of the oldest forms of business in the world and is often considered the backbone of any economy. A strong financial system is paramount for economies to flourish. The banking sector has changed significantly since it first came into operation as a commodity bank (Roussakis 1997). The first banking system began as grain banks, where farmers would deposit their grains and withdraw them as and when they needed them as a source of food. As the sector grew, commodity-based banking faced logistics challenges, which led to the development of metal coins as currencies of trade (Sylla 2019). Paper money was later introduced by the Chinese in the 10$^{th}$ century and became the preferred currency because it was easy to manage and less expensive to maintain than the coins (Roussakis 1997).

Banking developed henceforth and spread to various parts of the world, with several innovations taking place in the 17$^{th}$ and 18$^{th}$ centuries. These innovations included the issuance of bank debt, new banking practices that promoted commercial and industrial growth by providing convenient means of exchange and discounting business debt and the introduction of banking regulations. During the 20$^{th}$ century, telecommunications and computing developments caused major changes in banking operations, which led to intense growth in banks both in size and geographically. During this period, there was an increase in the use of technology in retail banking with the advent of cheques and the development of ATMs and payment systems that would lead to electronic payment systems. The 21$^{st}$ century has seen the banking sector flourish through explosive technological changes. Accessing deposits and payments can now be done instantaneously by using of credit cards, mobile apps and internet banking. More recently, a new type of financial technology has emerged known as fintech, which is a disruptive technology that has seen online banking outpace traditional banks.

### 2.2.1 Global retail banking trends

Retail banking involves offering banking services to individual customers and excludes all forms of business banking (Pather 2012). It is a service industry focused on the management of customer money (Chavan and Ahmad 2013). It refers to consumer-oriented services offered by commercial banks (Anandalakshmy *et al.* 2019). These services offered to consumers include transactional products, investment products, financial planning products and credit and borrowing products. Transactional products offered to retail bankers or consumers include checking accounts and debit cards; investment products include savings and fixed deposit accounts; financial planning products include insurance and retirement annuity plans; and credit and borrowing products include mortgages, credit cards and personal loans (Murphy 1996; Anandalakshmy *et al.* 2019).

Retail banking allows commercial banks to offer these banking services in one place, turning commercial banks into a type of retailer where customers are able to buy various banking products and services (Anandalakshmy *et al.* 2019). This makes banks meet most customers' expectations of having their financial services provider as a one-stop shop where they can access all their banking needs, such as check accounts, savings accounts, mortgages, credit services, personal loans and debit and credit cards (Chavan and Ahmad 2013). Checking and savings accounts, which come with a debit card, are the primary services that are common to consumers. They allow customers to store their cash and earn interest on their savings. The debit card allows for easy access to cash and payment for goods and services. Credit extended to customers in terms of mortgages, car loans and credit cards allows them to purchase capital-intensive items such as houses and cars. This extension of credit provides liquidity to everyday consumers, which in turn helps to grow the economy.

Other services that retail banks provide to their customers include investment services such as brokerage accounts, insurance, wealth management, retirement plans and private banking (Chavan and Ahmad 2013; Anandalakshmy *et al.* 2019). Customers, therefore, are the main focus for retail banks. Without customers, banks and any other service organisations would not be in existence. It is for this reason that banks need to rally their resources towards ensuring that their customers have a smooth experience when accessing their services.

The main objective of retail banking is to increase its customer base through increased market penetration. To achieve this objective, the bank provides different delivery channels through which customers can access its services. These delivery channels may be both offline and online and include branch banking, internet banking, mobile banking, automated teller machines (ATMs), and mobile app banking (Anandalakshmy *et al.* 2019; Steinhoff *et al.* 2019). Branch banking services provide onsite financial advice and customer services through employees. Self-service technologies such as automated teller machines (ATMs) and more recently digitised services such as mobile and internet banking allow customers to access banking services at any time and place (Steinhoff *et al.* 2019).

The growth of digital banking has called for banks to change their strategies to include a multichannel strategy that consists of physical branches and internet or online banking (Kumar, Mokha and Pattnaik 2021a). While digitalisation has grown as a means for efficient service delivery, many banks have become functionally correct but emotionally devoid. Customer relationships have become strained and even fractured because just being digital is not enough. It does not differentiate the bank, build authentic relationships or make customers feel special (Accenture 2022). The growth in digitalisation poses a threat to customer loyalty but also comes with new opportunities to increase customers' touchpoints and stay relevant in their experiences. Banks should include humanity and personalisation in their digital channels to benefit from the efficiency that comes with digitalisation.

Retail banking is considered to be a mature industry and highly competitive with competition coming from each other and other nonbank institutions (Haripersad and Sookdeo 2018). Such industries are characterised by an established market and a strong customer base. Firms in mature industries experience slower growth in their customer base compared to firms in a growing stage (Kotler *et al.* 2019). Thus, marketing managers in retail banking should develop relationship marketing strategies that would ensure that banks remain competitive. These strategies are geared towards developing and retaining relationships with existing customers rather than attracting customers from competitors. One of the ways marketing managers can achieve this is by offering positive customer experiences through multiple service distribution channels. This ensures that customers are able to access services from various channels while maintaining high levels of customer experience.

## 2.3 South African retail banking sector

Banks are custodians of the salaries and savings of South African workers, companies, professionals, and the public sector. They are trusted by depositors to pay their money on demand (Banking Association South Africa 2020). Banks hold other people's money in the form of deposits, bonds, shareholder capital, other borrowings, and liabilities. The deposits form the largest part of these sources of funding at 73% (South African Reserve Bank 2020). Banks and other payment infrastructure handle the payment of salaries, bank transfers and the use of cards in stores in the most seamless way possible.

The South African economy is mainly cash-based, which means that banks need to maintain their presence by providing both physical infrastructure and technological solutions to their wide variety of customers (Mujinga 2020). The South African (SA) banking sector is well developed and compares favorably with those in African countries. The sector is regarded as one of the best banking systems in the world, and the largest in Africa and the major local banks are highly rated (Petzer, De Meyer-Heydenrych and Svensson 2017; Accenture 2019). South Africa is said to have the most sound banking and regulatory infrastructure in Africa (Bhengu and Naidoo 2016). The SA banking sector plays a vital role in the country's economy by distributing resources and capital across all other economic sectors, allowing them to contribute to the performance of the economy (Veitch 2021).

South Africa's retail banking sector comprises various locally owned and controlled banks and foreign branches and subsidiaries. The total number of banks operating in South Africa as of June 2021 is 69 (South African Reserve Bank 2021). The sector is dominated by five major banks, namely, FirstRand, which functions as First National Bank (FNB), Standard Bank, Amalgamated Bank of South Africa (ABSA), Nedbank and Capitec (South African Reserve Bank 2021). These big five account for approximately 90% of total banking assets (Prudential Authority 2021). Others in the sector include branches of internationally owned banks, which account for 6% of the assets, while other banks constitute 4% of the banking sector's assets (Prudential Authority 2021).

The retail banks' offerings include personal financial products such as deposits and savings accounts, loans, mortgages, and asset financing. These products are differentiated by interest rates, fees, lending limits, quality of services and customer convenience (Mackay and Major 2017). Changes in regulation, technology and evolving customers have given rise to high levels of competition from smaller banks to the benefit of customers (Banking Association South Africa 2020). This has made the banking landscape less consolidated and increasingly competitive (Kumar, Mokha and Pattnaik 2021a). The South African retail banking sector is regularly faced with new entrants, which further aggravates the competitiveness of the industry. All banks operating in South Africa are regulated and supervised by the South African Reserve Bank to ensure that they function well for the benefit of the economy and customers. Banks adopt the Code of Banking Practice to protect their customers. This code of practice prescribes the minimum service levels banks should offer their customers (Petzer, De Meyer-Heydenrych and Svensson 2017).

Shifts in changing customer expectations, emerging technologies, regulation and the entry of new players, strong competition and increased globalisation have necessitated innovation to deliver value to customers (Accenture 2019; Kwateng, Osei-Wusu and Amanor 2019; Kumar, Mokha and Pattnaik 2021a). However, these innovations have been incremental in nature and have not fundamentally transformed the business models or the sector at large (Accenture 2019). In addition, these innovations are easily replicated by competitors, such that when a bank introduces a new offering, it is quickly imitated by the other banks shortly after (Mackay and Major 2017; PwC 2019).

Competition has driven down bank charges, particularly on entry-level accounts. With increased competition, banks are increasingly investing in innovation and technological advancements, both in online banking and enhanced branch operations (Mujinga 2020). Banks are also focusing their efforts on product customisation to attract and retain customers. In addition, there is a need to excel in customer service by providing an environment where customers can have a positive experience since customers evaluate service providers based on their interactions with providers

(Haripersad and Sookdeo 2018). Customers who have had good experiences with a company are more likely to return and tell others about their experiences. Retail banks can compete by enhancing the customer experience across the different distribution channels of services to gain and maintain customer loyalty. Offering services through multiple channels in retail banking is important and has significant implications for banks' marketing efforts since it affects customers' experiences (Mbama and Ezepue 2018a).

### 2.3.1 South African retail banking trends

A FinScope Survey showed that 80% of South Africans held transactional bank accounts (Khumalo and Mutsonziwa 2018). They also have access to credit, savings and insurance products, although the use of these products is lower compared to transactional banking (Banking Association South Africa 2020). There is a higher dependence on money remittances in the form of cash deposits and electronic remittances (Khumalo and Mutsonziwa 2018). Most customers receive income and make payments digitally; some of them withdraw all the money as soon as it is deposited into their bank accounts. This is evident by the visibly long queues experienced at the ATMs during the hard lockdown (FinScope South Africa 2019). More South African adults have cellphones and smartphones and are becoming more comfortable with smartphone apps and the use of cellphones for their financial needs, as well as internet banking (FinScope South Africa 2019). This indicates constant interactions of customers with their banks using various channels, hence the need to enhance the customer experience across multiple channels.

## 2.4 Channels in Retail banking

Customers drive the retail banking industry, and this comes with a variety of unpredictable business pressures. Technology has changed the way consumers behave, and banks have to be flexible and reduce time to market to keep pace with competition and meet customer expectations (Anandalakshmy *et al.* 2019). This means that they must provide and manage the multichannel customer experience in an effective and efficient manner. The concept of multichannel banking involves the use of two or more approaches to perform a task, and it allows organisations to have more opportunities to interact with their customers. In banking, multichannel refers to the use of more than one of the available banking distribution channels for financial services (Fernandes and Pinto 2019). This means that more than one channel is capable of completing a task, and customers can choose which channel to utilise at any given point in time.

Multichannel banking enables banks to extend their reach by increasing their capacity to interact with more customers (Fernández-Sabiote and Román 2016). Banks need to be consistent in their service offerings across these channels to maintain and enhance the customer experience. A multichannel banking approach provides various benefits to both customers and banks, including cost reductions, quality services, satisfied customers and ultimately loyal customers (Riggins 2004; Laukkanen 2007; Fernández-Sabiote and Román 2016). The introduction of different channels may yield different customer experiences as they decide which channel to use at different times. Assessing their experiences using the multichannel approach allows for a greater understanding of how to enhance these experiences. The channels in retail banking focus on the functioning of branch banking, ATMs, internet banking, mobile banking and mobile apps which are discussed in the following sections.

### 2.4.1 Branch banking

Bank branches provide face-to-face interaction between customers and bank employees, thereby providing personalised solutions to customers' needs and expectations. Traditionally, personal face-to-face interaction between a customer and employees of any service organisation was the main method of service provision. During these interactions, employees offer services that go over and beyond their core duties. They may, for example, offer alternative solutions even when it may mean more work for them. These discretionary actions that go beyond the call of duty for the employee enhance the customer's service experience (Fernández-Sabiote and Román 2016).

Branch banking is the dominant channel of banking in Africa. Many customers require personalised services and therefore prefer branch banking and may be more branch loyal. As banks consider other innovative distribution channels, they should take into account the perception of customers about branch banking (Smit, Mostert and Mostert 2016). Branch banking has evolved over time and is declining steadily as customers increasingly use digital channels to manage their money. Banks are decommissioning branches to optimise their portfolios as well as opening new branches designed to reflect customers' needs and expectations. There is a need for banks to reimagine their channels of distribution with a focus on the integration of all the channels (Bensley *et al.* 2020). Even with the decline in the use of branch banking, customers still long for a human touch in their interactions with banks. Therefore, branch banking remains relevant for this study.

Customers approach a service interaction with an expectation, and they consider the behaviour of the service providers to be satisfactory when their expectations are met or exceeded. Service employees are able to support and reinforce customers' expectations, thereby positively affecting their experiences and hence their satisfaction. In contrast, when service providers do not support customers' expectations, their experiences are negatively affected, and they are dissatisfied with the service. Customers visit a branch bank when they have a high need for interaction, when the service they require is complex and when they are unfamiliar with other channels of distribution (Fernández-Sabiote and Román 2016). Regardless of the reason for their patronage at a bank branch, they expect to have a positive experience. Thus, it is imperative for this study to assess the customer experience while using branch banking as a part of multichannel banking.

### 2.4.2 Automated Teller Machines (ATMs)

The ATM is a specialised computer that acts as a self-service banking outlet for customers to make basic transactions using their debit and credit cards (Mtwecu 2019). These transactions include cash dispensing, fund transfers, cash and cheque deposits, printing of bank statements, bill payments and recently cardless services such as mobile money withdrawals. In addition, customers of one bank are able to access their accounts from ATMs of other banks through interbank ATMs (Nwannunu 2020). The ATM consists of a card reader, a keypad, cash and statement dispensers, a printer and a display screen. ATM banking is considered a self-service technology (SST) that has the potential to overcome some of the disadvantages of traditional human bank tellers at bank branches (Ogbuji, Onuoha and Izogo 2012; Mtwecu 2019).

Customers can conveniently access transactions anytime and anywhere using ATMs, which saves time (Smit, Mostert and Mostert 2016). ATM technology was developed in the 1960s, with the first ATM being set up in 1967 at a Barclays bank in London by John Shepherd-Barron. In the months following, ATMs were set up in other countries in Europe and reached the USA in 1969 (Mtwecu 2019). There has been a proliferation of ATMs since then, and today, there are more than three million ATMs conveniently placed around the world. Since their launch, ATMs have evolved from being the most common way for banking customers to access cash to providing a full spectrum of financial services. They are considered the best SST inventions that banks have ever rolled out (Chandrasekar and Taye 2017).

In South Africa, the Standard Bank introduced the first ATMs in 1981 in Johannesburg. By 2016, more than 65,000 ATMs were installed in Africa, 45% of which were in SA, making it the most ATM-dense country in Africa (de Best 2021). ATMs in SA have experienced a dramatic evolution from being a cash dispenser to a more sophisticated machine that provides extensive financial services. It is estimated that 90% of the services available at a branch are now available at the ATMs (Mtwecu 2019). These advanced ATMs are available across the entire country as distribution channels for banking services. The use of ATMs has positively contributed to the provision of banking services, thereby adding value to retail banking (Odusina 2014). They have provided numerous advantages both to banks and to customers. For banks, there is a reduction in costs, efficient and effective service delivery, customer service, an increased footprint for banks and enhanced services and products (Mtwecu 2019).

Some of the benefits that customers enjoy by using ATMs include accessibility, flexibility and convenience, functionality and reduced costs (Omarini 2013; Patel and Brown 2016; Mtwecu 2019). ATMs are the most preferred point of contact for most banks and hence they play an important role when customers evaluate their experiences. Subsequently, it is critical for banks to take measures to ensure that customers have a great experience while using ATMs. It is critical to understand the customer experience during the use of ATMs as a banking channel to ensure loyalty.

### 2.4.3 Internet banking

Internet banking embodies the performance of banking services using the internet (Smit, Mostert and Mostert 2016). It is regarded as a radical technological innovation that revolutionised the banking industry. It enables customers to perform a comprehensive range of electronic banking activities using a bank's website. Customers can access and manage their accounts and banking services using the internet at their convenience, except for the withdrawal of funds (Mtwecu 2019). The inception of internet banking changed the structure of banking. It has fundamentally changed the banking sector in terms of the variety of financial services and how they are provided to customers. It was viewed as an innovation that significantly advanced customers' lives by overcoming traditional banking barriers. This technology-based banking was introduced as a means to cut costs by reducing bank operational costs and increasing competitiveness. It has since emerged as an alternative way of accessing banking services by customers and has grown in popularity as a preferred channel in retail banking for many customers (Klier *et al.* 2016; Mtwecu 2019).

The availability of internet banking resulted in customers looking to carry out financial services independently without having to visit a branch, make calls or email the bank. Internet banking has become rampant and now competes with branch banking in service provision. The proliferation of internet banking has changed the way banks serve their customers (Mbama and Ezepue 2018a). Moving customers to e-channels provides a different experience to customers that comes without human touch. This poses a challenge to banks in ensuring that the customer experience remains positive while using internet banking as well as when using other channels. The internet changes the service patterns and how customers interact with the bank.

Customers expect similar levels of interaction while using internet banking as they do while using other channels. Banks have developed products that customers can access conveniently from the internet, which has shifted customers from physical banking to internet banking over time. Customers expect that banks should create an experience that exceeds their expectations by nurturing their needs, building trust and personalising their experiences. They need to have easy access to their personalised services while receiving real-time assistance on a secure online platform. In this regard, there is a need for collaborative marketing to maintain positive customer experiences.

### 2.4.4 Mobile Banking

Mobile banking is the use of mobile commerce, which allows cell phone users to perform financial operations such as balance checks, fund transfers, bill payments, and beneficiary payments from their mobile phones at any time and place (Smit, Mostert and Mostert 2016). Banks are able to offer numerous financial services to their customers due to the increase in the number of people using mobile devices. Mobile banking is beneficial to banks because they are able to obtain huge amounts of data through mobile communications that they can store and use in the future. Moreover, there are reduced transaction costs and enhanced communication between banks and their customers (Smit, Mostert and Mostert 2016). Mobile phone banking was first launched in South Africa in 1998 as telephone banking and short message services (SMS) banking and has evolved to unstructured supplementary service data (USSD), which was initially designed to target customers with no access to the internet in rural areas (Masocha, Chiliya and Zindiye 2011).

Customers who possess any type of mobile phone can use the USSD since it does not require a general packet radio system (GPRS) connection. The USSD enables customers to access and perform real-time transactions using their mobile devices. It is a free service, although some charges may be applicable from mobile network providers (Chigori *et al.* 2020). Each bank has a specific code that customers can dial from their mobile devices to access and transact with the bank. Customers must register their mobile phone numbers with banks to be able to access bank services through the USSD (Matthew 2014). Services that customers can access through the USSD include checking balances, buying data bundles and airtime, paying utility accounts, making payments, applying for loans and making fund transfers (Chigori *et al.* 2020).

Mobile banking enables customers to transact at their own convenience. With this convenience comes a change in attitude and behaviour on the part of the customer toward the banking process. Customers become more comfortable with the use of mobile banking. There is a need for banks to keep updating their mobile banking systems to ensure that the customer experience on the mobile banking platform remains flawless (Chigori *et al.* 2020). Communication between the bank and its customers in regard to product availability and accessibility on the mobile banking platform needs to be constant and up-to-date. Mobile banking has played an important role in taking banking services to remote, unreachable areas (Smit, Mostert and Mostert 2016).

Customers residing in areas where there are no bank branches or ATMs can now access banking services through their mobile phones. With the increase in mobile banking penetration, banks have offered numerous services via mobile phones.

Hence, a study is required to investigate customers' experiences while using mobile banking (Chigori *et al.* 2020). To provide high levels of customer experience, banks need to understand the behaviour of customers while using mobile banking as a channel of distribution for banking services (Smit, Mostert and Mostert 2016). Customers' expectations should be exceeded to ensure an enhanced experience. This study seeks to explore the customer experience while using multiple channels, including mobile banking.

### 2.4.5 Mobile app banking

Mobile apps are software applications developed for use on small wireless computing devices such as smartphones and tablet computers. They are downloaded and installed through an application store and run on the device itself (Koenaite, Maziriri and Chuchu 2021). The download is done through a secure and authenticated mobile device process. They perform remote authentication using user credentials that consist of a username and password (Nicoletti 2014; Basar *et al.* 2019). Mobile banking apps allow customers to access their bank accounts and perform various transactions over the internet through the app using mobile data or Wi-Fi. They are designed to streamline the mobile banking experience (Chigori *et al.* 2020).

Mobile banking apps provide customers with an opportunity to access the majority of banking services and perform banking transactions at their convenience and in the privacy of their homes, offices or any other location. This ability to carry out banking activities remotely has contributed to the growth of mobile app banking. The most commonly available services that are accessible through mobile banking apps differ from one bank to another and include access to bank accounts, transaction history, bank statements, bank letters, funds transfers, opening of new accounts, payments of accounts and bills, buying of utilities such as electricity and water, buying of airtime and data bundles, cheque book requests, stopping debit order payments, setting of withdrawal and transfer limits, and contact and address information updates, among others (Matthew 2014; Chigori *et al.* 2020). Customers tend to embrace and use services that offer convenience, and mobile app banking has provided this convenience; hence, it has become a widely used channel due to its access and ease of use (Koenaite, Chuchu and Venter de Villiers 2019). Mobile apps offer customers a user-friendly interface. International research on customer experience in mobile banking has gained traction over the last few years.

The results of research on the improvement of customer value and customer experience in mobile banking services highlighted the need for customer centricity in mobile banking services to enhance long-term customer relationships (Komulainen and Makkonen 2018). Mobile app banking is making a great contribution to the South African economy, and banks have embraced this technology (Chigori *et al.* 2020). However, there is sparse research on how to harness these services to enhance the customer experience. To date, studies that have been conducted on mobile banking have focused on its adoption, its applications and its impact on service quality and customer loyalty (Shambare 2011; Matthew 2014; Koenaite, Chuchu and Venter de Villiers 2019; Chigori *et al.* 2020). This study therefore sought to assess the customer experience using mobile app banking as one of the channels of distribution of banking services.

### 2.5 Summary

This chapter started off with a discussion of initial research and theoretical background on retail banking. An overview of the retail banking sector was presented. This was followed by a discussion on global retail trends. The South African retail banking sector was then presented, highlighting the major trends in customer behaviour and changing needs and preferences. The chapter then concluded with a discussion on the different channels used to deliver services in retail banking, namely branch banking, automated teller machines (ATMs), internet banking, mobile banking and mobile app banking. The next chapter presents a review of literature and published scholarly research work on the concepts of customer experience, service quality, customer satisfaction and customer loyalty with a focus on retail banking. Empirical evidence and literature pertaining to the above concepts are extensively discussed, and gaps in the literature are highlighted.

# CHAPTER THREE

# LITERATURE REVIEW – CUSTOMER EXPERIENCE

## 3.0 Introduction

## 3.1 Customer experience (CX) defined

Customer experience is a measurement of interactions between the customer and a service provider over a period of time. It refers to the subject and internal responses of a customer as a result of direct and/or indirect interaction with a service provider. It involves ensuring that the organisation puts the needs of the customers first and all the touchpoints are positive. Customer experience is internal and encompasses different elements (cognitive, emotional, affective, physical and social) and perspectives. It is dependent on various factors, such as the customer's preference and personal characteristics (Maklan and Klaus 2011; Pekovic and Rolland 2020a).

Customer experience is a multifaceted concept that originates from interactions between a customer and a product, service, brand and organisation through various interfaces (Johnston and Kong 2011; Bolton *et al.* 2018; Keiningham *et al.* 2020; Machala 2020; Siqueira *et al.* 2020). These interactions are personal to each customer and constitute feel (emotional), think (cognitive), sensory, social, behavioural and technological elements. Customer experience is viewed as a holistic and multidimensional concept that involves interactions across multiple touch points throughout a customer's journey that generate value and shape their satisfaction and purchase intentions (Verhoef *et al.* 2009; Johnston and Kong 2011; Lemon and Verhoef 2016; Mahr, Stead and Odekerken-Schröder 2019; Molinillo *et al.* 2019; Pekovic and Rolland 2020a; Siqueira *et al.* 2020). Becker and Jaakkola (2020) suggested a definition for customer experience as "nondeliberate, spontaneous responses and reactions to particular stimuli". Their view of customer experience disagrees with suggestions made by Lemon and Verhoef (2016) that perceived service quality and customer satisfaction are components of customer experience. These concepts are, however, evaluative outcomes of the customer experience (Becker and Jaakkola 2020).

In adapting the various definitions, this study considers customer experience as subjective customer responses throughout their journey as they interact with an organisation's products, services, and processes. Customer experience is subjective because it involves viewing the experience from the customer's internal point of view. Customer experience is emotional in nature because it involves cognitive, physical, emotional, sensorial, and social responses evoked by contact between the customer and various interfaces of the organisation throughout their journey.

## 3.2 Evolution of customer experience

The concept of customer experience in marketing is not new. Holbrook and Hirschman (1982) introduced the concept of experiential consumption in marketing. The service market paradigm has claimed that a customer must always be present during production for an experience to happen (Eiglier and Langeard 1988). This has further been claimed to be the general marketing approach valid for all business sectors, as claimed by service-dominant logic (Vargo and Lusch 2006).

Customer experience has evolved from service quality, where the focus was on operational problems and service quality measurement, to interactions with customers, where customers are seen as co-producers of value (Zeithaml et al. 1996; Hope and Mühlemann 1997; Sundbo 2015). Shaw (2005) defines a customer experience as "a blend of an organisation's physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer expectations across all moments of contact". Pullman and Gross (2003) define customer experience as an occurrence when a customer has any sensation or knowledge acquisition resulting from some level of interaction with different elements of a context created by a service provider. Wayner (2003) states that the customer experience can only be optimised by defining, measuring and linking it to particular business outcomes. Customer experience is conceived as containing both rational and emotional aspects (Sundbo 2015). The past two decades have seen an interest in the concept of customer experience from practitioners, with some brands such as Netflix, IKEA, and Google focusing their efforts on delivering compelling customer experiences (Sirapracha and Tocquer 2012).

The concept of customer experience, as used in this study, has evolved from other marketing concepts such as service quality in the 1980s and customer service in the

1990s and currently to customer experience. In the 1980s, customers were perceived to prefer innovative products that offered quality and better performance. Service quality contributes to customer loyalty by enhancing the customer's perception of value (Tam 2004). It focused on a static measure of a specific transaction rather than a holistic customer journey. The literature on service marketing has focused on service quality and customer satisfaction measures (Lemke, Clark and Wilson 2011: 847; Klaus and Nguyen 2013). Businesses that focused on providing quality products were perceived to have a competitive edge and were more profitable. The banking industry was not left behind, and banks had to redefine, enhance and communicate service quality to their customers to be competitive (Drotskie 2009: 110,115; Sayed 2014: 33).

There was a shift of focus from service quality to customer service in the 1990s. This was evidenced by the change in the vision statements of companies from quality focus to customer focus (Sayed 2014). Drotskie (2009) adds that the shift saw businesses providing value that exceeded customer needs and expectations. Maklan and Klaus (2011) further acknowledge the emergence of relationship marketing during this shift, which emphasised the value of customer-company relationships in addition to the value offered by products and services. The progression from relationship marketing to customer experience occurred due to discrepancies in the model used to measure customer behaviour. This model indicated that customers switched from one company to another despite being satisfied with products or services (Palmer 2010). In the 2000s, businesses started to realise that the tangible qualities of products and services could not be used to measure customer satisfaction but that emotional attitudes played a major role (Sayed 2014). Relationship marketing was criticised for failing to account for the emotional state of customers (Palmer 2010). Thus, the concept of customer experience began to attract the attention of businesses and researchers.

According to (Verhoef *et al.* 2009), customer experience emerged in the 1980s based on experiential marketing, which focused on customers’ thinking, feeling, sensing, acting and relating to firms. Pine and Gilmore (2002) coined the term “experience economy” to make overt claims that experiences go beyond products and services. This has encouraged researchers to argue that customers buy goods and services as a means to satisfy deeper sensory, emotional and hedonic needs (Maklan and Klaus 2011). Customer experience gained traction with various researchers confirming that experiences are determinants of economic value; they are holistic and engage a customer at different levels: emotionally, rationally, physically and sensorially (Gentile, Spiller and Noci 2007; Johnston and Kong 2011; Maklan and Klaus 2011). Gentile, Spiller and Noci (2007) further argue that the relationship between a firm and a customer is made stronger when they cocreate experiences together. From this perspective, experiences are not sold by firms; rather, environments are made conducive for customers to cocreate their own unique experiences (Schmitt 2010).

Vargo and Lusch (2004) supported this argument while presenting the foundation principles of service-dominant logic (S-D logic) by stating that “the customer is always a cocreator of value”. The widespread growth in the practice of experience management provided ground for looking at customer experience as a concept, which culminated in wide debate, discussion and research on the concept to validate its theoretical foundations and applications (Jain, Aagja and Bagdare 2017). Despite the fact that customer experience has been a subject of research since the 1980s, it is still regarded as an emerging concept and represents one of the cornerstones of the marketing discipline, as stated by the Marketing Science Institute (Keyser *et al.* 2015). They listed it as a top-tier priority in the area of research in their 2014-16 Research Priorities. Despite the rise of customer experience research in recent years, challenges remain: the literature is fragmented, and there is no framework that provides structure and guidance to the growing body of literature and how it is measured (Sirapracha and Tocquer 2012; Keyser *et al.* 2015).

Today, consumers have a variety of more complex choices than ever before and more channels through which to peruse these choices. This, coupled with technological advancements, has brought new experiences to the way customers interact with the business environment. Customers are rapidly exploring digital options and stay connected 24/7, thereby making the online world a part of their world. Customers are able to bring their experiences with them wherever they go (Meyer and Schwager 2007; Sayed 2014). Consequently, the customer experience is influenced by both controllable and uncontrollable elements in the service provider’s environment. Such controllable elements include the service interface, employees, atmosphere, assortment of services and price, while uncontrollable elements include other customers and technological devices that customers may choose to use while interacting with the service provider (Calitz and Cullen 2021).

## 3.3 Stages of customer experience: The customer journey

Customer experience is conceptualised as a dynamic process that involves the customer journey throughout the purchase process and across multiple touch points. The customer experience process flows from pre-purchase to post-purchase. In each stage, as customers move through the purchase journey, they experience touch points, some of which are under the firm’s control and some of which are external to the firm (Lemon and Verhoef 2016). The customer journey and experience process may serve as a guide in determining the customer experience over time as well as the effects of different touch points on the customer experience. The customer experience journey is examined across three stages: prepurchase, purchase and post-purchase (Homburg, Jozić and Kuehnl 2017; Følstad and Kvale 2018) as discussed below.

### 3.3.1 Pre-purchase stage

The prepurchase stage encompasses all customer interactions with the brand, category, and environment prior to the acquisition of the service (Hoffman and Bateson 2016). It is the time interval preceding the service encounter that focuses on leading customers to engage with the organisation and its offerings in the encounter stage (Voorhees *et al.* 2017). Traditional marketing literature has categorised prepurchase as need recognition, search and consideration. In theory, this stage could encompass the entire customer experience preceding the purchase. In practice, however, this stage encompasses the customer's experience from need recognition to purchase consideration (Lemon and Verhoef 2016; Siebert *et al.* 2020). The pre-encounter phase ends when the delivery of the service offering begins. The distinctions delineating the beginning of the service offering and the end of the pre-core service are difficult to establish, and they continue to change as technology, customer expectations, and customer behaviour change. The four phases that represent preservice encounters include stimulus, awareness, information search and evaluation of alternatives (Voorhees *et al.* 2017).

#### 3.3.1.1 Stimulus

This is the initial stage of the customer experience, and it begins with the customer receiving a stimulus that incites the customer to consider purchasing a service (Wirtz and Lovelock 2021). The stimulus may be in the form of a cue: a commercial cue such as an advertisement; s social cue received from peers or family and may be in the form of seeing other customers enjoying the service; or physical cues, which may be in the form of physiological cues such as the need to have a bank account (Hoffman and Bateson 2016). When the customer receives the stimulus, they begin transitioning into the next phase of problem awareness by thinking about the service. Service marketers can accelerate this transition by effectively utilising cues to stimulate customer decision-making.

#### 3.3.1.2 Problem awareness

Consumers become aware of a problem when they realise that they must take action to restore their normal level of comfort. During the problem awareness phase of the customer experience, customers evaluate whether a need or desire for the product category actually exists. In the end, consumer needs are unsatisfactory conditions that motivate the consumer to take action to improve the situation. Wants, on the other hand, are desires to obtain more satisfaction than is required to improve an unsatisfactory situation. Consequently, problem awareness may stem from a deficiency, a need, or an unsatisfied desire, a want, (Hoffman and Bateson 2016). If a customer is motivated by a commercial cue to open a bank account or apply for a loan but currently does not hold a bank account, then a need exists. Alternatively, if they hold an account with one bank but would like to change to another bank, then an unsatisfied want exists. Customer needs and wants are continuously developing, as in the case of the need for innovative service experiences (Wirtz and Lovelock 2021). The customer experience process progresses as the customer seeks to resolve the current problem and proceeds on to search for information. Service marketers who understand customer needs and wants are more aware of and appreciate the motivations of consumers seeking their product category in the first instance. Hence, they will develop marketing strategies that reinforce these motivations.

#### 3.3.1.3 Information search

Once a customer identifies a need, they are motivated to seek solutions to meet that need. These alternatives that come to mind constitute the awareness set, which is the set of alternatives that customers are aware of. These alternatives are then reduced to a narrow set of alternatives that customers actually remember during decision-making, known as the evoked set. The evoked set can be derived from past experience, knowledge and convenience or from external sources, such as advertising, retail displays, social media, online reviews and searches, and recommendations from service personnel and friends (Wirtz and Lovelock 2021). However, it is unlikely that a consumer will use every option in the evoked set when making a choice. Alternatives within the evoked set that are deemed unsuitable are eliminated. The remaining alternatives are known as the consideration set, which consists of the few alternatives that customers give serious thought to. During the search process, consumers also learn about service attributes to consider and form expectations regarding how firms in the consideration set will likely perform on those attributes.

#### 3.3.1.4 Evaluation of alternatives

The consumer typically makes a purchase decision after comprehending the consideration set and key attributes. During the evaluation of alternatives stage, potential solutions are taken into account, which may use a non-systematic evaluation strategy, such as intuition, or a systematic evaluation technique, such as a multi-attribute decision model. These methodical models use a series of formally defined processes to reach a conclusion. These models suggest that when evaluating a service, consumers use a variety of features or criteria as a starting point (Hoffman and Bateson 2016). Retail bank customers may employ a number of attributes, such as the location of the branches and ATMs, bank charges, bank requirements while applying for loans or opening accounts and the variety of services the bank provides.

### 3.3.2 Purchase: Service encounter stage

The second stage, purchase, encompasses all customer interactions with the brand and its surroundings during the actual purchase event. It involves direct customer interaction with the service organisation (Wirtz and Lovelock 2021). This stage symbolises the moments of truth. The marketing literature has focused on how marketing activities, such as the marketing mix, and the environment and atmospherics, such as the service-scape and the service environment clues, impact the service encounter (Lemon and Verhoef 2016; Kotler *et al.* 2019; Efuntade 2021). There are various levels of interaction with service operations. Some of these interactions may be brief and comprise only a few steps, such as when a customer calls a customer contact centre or uses a service application. Others may involve multiple interactions with varying degrees of complexity and a longer duration (Wirtz and Lovelock 2021). Hence, services are grouped into three levels of customer contact ranging from low to high contact. These levels indicate the level of customer interaction with the physical service elements and service providers.

High-contact services involve direct contact between the customers and the organisation throughout the service delivery process. The challenge for service marketers is to ensure that the customer experience is appealing throughout their interactions since they are exposed to many cues from the organisation, ranging from the physical facilities to the service personnel and even other customers (Al Hawamdeh and Hackney 2018). On the opposite side of the spectrum are the low-contact services. They involve little or no physical contact between the customers and the service organisation. Instead, interaction happens at a distance via electronic or physical distribution channels. Banks are seen as high-contact service organisations with their employees having many personal interactions with their customers (Al Hawamdeh and Hackney 2018). Many organisations are transforming their services from high-contact to low-contact services as part of their marketing strategy to adapt to the fast-growing trend where customers are seeking convenience. Customers in many sectors, including banking, are transacting more online than at brick-and-mortar stores. The servuction model is used in high contact service to show all interactions that make up a customer experience where customers interact physically with the employees and other customers of the service organisation. (Wirtz and Lovelock 2018).

Interactions between the customer and the service provider are inevitable at the service encounter stage. It is from these interactions that customers' experiences are acquired as their emotions, senses, thinking and behaviours are aroused. Banks need to understand customers' choices to provide their service offerings at customers' convenience while ensuring that they have positive experiences. The use of multiple channels is one way of achieving this, hence the need to explore the customer experience in retail banking from a multichannel perspective.

### 3.3.3 Post-purchase

The post-purchase stage encompasses customer interactions after the purchase of the service (Lemon and Verhoef 2016). It involves customers' behavioural and attitudinal responses to a service experience. These responses include customer satisfaction, customer purchase intentions, service quality perceptions and customer loyalty. The customer undertakes an evaluation of the service encounter and responds accordingly (Wirtz and Lovelock 2021). The post-purchase assessment of services is a difficult procedure. As alluded to by Lemon and Verhoef (2016), it starts in the prepurchase stage when the customer decides which service provider to hire and lasts throughout the consumption and post-purchase phases. Unavoidable interactions among a significant number of social, psychological, and situational elements have an impact on the evaluation.

Service satisfaction depends on both the coordination of these elements during the service production or consumption process and the characteristics of the four components of the service system—the technical core or invisible factors and the service delivery or visible factors (Hoffman and Bateson 2016). The ability or inability of management to control the customer experience as the result of a variety of interpersonal interactions among customers and between customers and staff, as well as human-service-scape interactions, can be at least partially blamed for the success or failure of a service transaction. To better understand how consumer satisfaction or dissatisfaction evaluations are created, managers need to better understand post-choice considerations (Hoffman and Bateson 2016). At this stage, customers may experience varying levels of doubt that they made the right decision, commonly known as cognitive dissonance. The expectancy disconfirmation theory has been put forth in an attempt to capture the method through which customers assess their service encounters.

Customer satisfaction is the main goal of post-purchase evaluation, and it is also the main result of the marketing strategy. Customer satisfaction is ultimately attained when consumers' perceptions match or surpass their expectations. Although a goal in and of itself, customer satisfaction usually results in customer loyalty and retention, which encourage favourable word-of-mouth recommendations and boost sales and profitability (Wirtz and Lovelock 2021).

In view of this, this study attempts to establish the relationships between customer experience, which is achieved through the stages of interactions with their banks, customer satisfaction, which is gained during the post-purchase stage, and customer loyalty, which is the ultimate goal of the banks.

### 3.3.4 The smooth journey model

It is generally accepted that the initial service cycle of customer experience journeys is a highly deliberate, multiphase customer decision-making process prompted by internal and external triggers (Hamilton *et al.* 2021). Firms compete for customer attention at every stage of this process, beginning with the initial consideration of multiple brands and continuing through the active evaluation, purchase and consumption of those brands (Spenner and Freeman 2013). To win market share during these four phases, companies should provide customers with decision support, such as brand advertising and content marketing during the initial consideration phase, interactive website tools during the active evaluation phase, in-store advertising and special offers at the time of purchase, and informative packaging and service updates to improve the consumption experience. Customers are more likely to return to a company for future purchases if they are won over during these four phases (Siebert *et al.* 2020).

After the initial service cycle, companies should streamline the customer by simplifying it by eliminating unnecessary steps, personalising it by anticipating customer preferences, and contextualising it by providing instant support (Edelman and Singer 2015). These streamlining techniques facilitate predictable, convenient, straightforward, and gratifying customer experiences (Fleming 2016; Kuehnl, Jozic and Homburg 2019). Even more importantly, these techniques enrol customers in a loyalty loop, which consists of repeated repurchase and consumption. The loyalty loop is so named to emphasise that customer loyalty increases whenever the service exceeds customer expectations (Siebert *et al.* 2020). In the retail banking sector, which is the focus of this study, this can be achieved through the provision of alternative banking channels that will provide convenience and instant support to customers. This, in turn, enhances the customer experience and ultimately loyalty.

Typically, loyalty loops are depicted as endless cycles (Court *et al.* 2009). However, loyalty loops can come to an end as a result of loyalty-weakening incidents, such as when the brand provides poor service or when a competing brand provides a superior service (Fleming 2016). Customers typically behave in one of two ways after such occurrences. Some customers, switchers, return to the deliberate decision-making process and select an alternative brand, while vulnerable repurchasers reluctantly consider brands on the market but ultimately repurchase the same brand (Court *et al.* 2017; Siebert *et al.* 2020). Most bank customers are caught up in these loyalty loops even when they are not entirely satisfied because they fear the switching costs associated with switching to a new bank. This, however, should not be an excuse for banks to provide superior services because customers can be easily lured by competitors (Fleming 2016).

The smooth journey model is appropriate for instrumental services where customers seek efficiency in service access and consumption, as is the case for the banking industry. In instrumental services, customer journeys are stringent evaluation tasks, as well as purchase decisions with potentially significant consequences that must be completed (Court *et al.* 2017). In banking, this may include the strenuous application of loans, mortgages and credit and transferring debit orders, salary accounts, welfare and pension payments. Customers are receptive to deliberation during the initial service cycle but expect subsequent service to be quick and seamless (Siebert *et al.* 2020). This would be suitable for retail banking, where the initial service encounter may involve complex procedures of filling out forms and providing many reference checks that the customer is willing to endure before expecting the services to flow more efficiently. For instance, setting up a mobile banking app may require time and effort, but once the app is set up, customers expect it to operate smoothly, efficiently, and at their convenience.

In view of this perspective on the customer experience journey, service marketers should first aim to comprehend both the firm and consumer perspectives of the purchase process and identify critical elements at each stage. They should next begin to identify the precise aspects or touch points that occur along the journey. Thirdly, they should identify the precise trigger points throughout the customer journey that result in positive or negative experiences.

## 3.4 Customer experience: Multidimensional concept

Customer experience is a holistic and multifaceted concept that encompasses various dimensions that scholars separate to define it clearly (Pekovic and Rolland 2020a). It has been classified as customers' cognitive, affective, emotional, social and physical responses to a product or service (Verhoef *et al.* 2009). Moreover, CX has been identified as having sensorial, relational, cognitive, affective and behavioural dimensions, all of which are relevant in comprehending CX throughout the customer's journey (Homburg, Jozić and Kuehnl 2017; Voorhees *et al.* 2017). Thus, CX is viewed as an integrative concept based on these dimensions (Brakus, Schmitt and Zarantonello 2009). Each dimension has its own characteristics; therefore, it is important to assess each dimension separately. Hence, this study recognises the significance of each dimension and highlights the aspects of CX that banks should prioritise to enhance customer loyalty. Each dimension is assessed in the discussion below.

### 3.4.1 Emotional experience

Emotions are a collection of feelings triggered by one's environment, mood, or interpersonal relationships (Westbrook and Oliver 1991). They are linked to a stimulating object and play a significant part in the human experience. Emotions are physical manifestations of phenomenological processes that are frequently communicated through postures, gestures, and facial expressions (Langeard and Eiglier 1988; Cacioppo and Gardner 1999). Westbrook and Oliver (1991) investigated the interrelationships between consumption emotion and satisfaction to identify the patterns of emotional response to product experiences. The results of their study indicated that, with regard to consumption, emotions are a set of reactions triggered by consumers' experiences when consuming goods or services. Emotions are therefore a measure of consumption experiences and thus the need to have them as a dimension of customer experience in this study. Emotions affect the way customers perceive their experiences (Mattila and Enz 2002) and are a strong predictor of consumer behaviour (Westbrook and Oliver 1991). An emotion of joy or disappointment can be triggered by a customer's mood during an interaction with a product or a service (Leander 2021). An emotional experiential state is a set of mental processes that includes moods, emotions and attitudes that are decisive in buying behaviour (Molinillo *et al.* 2019).

Emotions influence the way a customer processes information; they reveal the well-being of the customer, measure response to marketing stimuli and affect consumer behaviour. Hence, they are valuable and reliable predictors of customer behaviour, specifically customer preferences, recommendations, evaluations, purchase and revisit intentions, willingness to pay more and repeat patronage (Bigne, Moliner and Sánchez 2003b; Carlson 2010; Gaur, Herjanto and Makkar 2014; Oliver 2014; Verhoef, Kannan and Inman 2015). An emotional experience can be characterised by a number of attributes, including arousal and pleasure, enjoyment, hedonic value, emotional value, feelings and affective experience (Izogo and Jayawardhena 2018).

Emotional experience was defined by Sweeney and Soutar (2001) as the affective state or the feelings that are evoked by a product or a service. Moreover, Mathwick, Malhotra and Rigdon (2001) described emotional experience as the subsequent affective state, such as fun and enjoyment, that is produced by using a product or receiving a service. Emotional experience was defined in this research as a facet of the customer experience that involves the customer's feelings, moods, and emotions with the intention of producing an affective experience. These concepts served as the basis for this definition. As with earlier studies, this one took experience into account emotional as one of the many dimensions that make up the multidimensional customer experience construct.

Emotional responses from customers to a product or service can be impacted by marketing stimuli that aim to elicit certain feelings in the target audience. When a company makes emotional promises but does not follow through with those promises, it creates a big credibility problem in the minds of its clients, who are more likely to feel as though they have been deceived (Pine and Gilmore 2002). The service encounter offers the organisation an opportunity to engage customers emotionally. However, for feelings to be effective, the marketer must first have an understanding of the context-specific stimuli that can elicit feelings, as well as the consumer's propensity to engage in perspective-taking and empathy (Schmitt 2010). This understanding provides marketers with insight into consumers and provides them with vital information on how to plan and manage the marketing activities they are responsible for. Because of the considerable effect that emotions have on the behaviour of consumers, retail banks need to focus all of their activities, offerings, and interactions on the provision of unique experiences for their customers.

### 3.4.2 Cognitive experience

Cognition is the mental operation that people use to process information gained from knowledge acquired, perception and subjective characteristics. It is what allows people to process and understand, perceive and react, store and retrieve information, evaluate and produce appropriate responses, and make decisions about certain issues (David, Miclea and Opre 2004; Da Silva and Alwi 2006; Dimofte 2010; Bustamante and Rubio 2017). The term cognition first appeared in Holbrook and Hirschman (1982) article on the experiential aspect of consumption. They posited that the experiential perspective of consumption focuses on cognitive processes that are subconscious and subjective in nature.

Cognitive experience is concerned with the conscious mental and thinking processes of the customer. It gets them to apply their problem-solving skills and creativity while interacting with a product or service (Schmitt 2010; Brun *et al.* 2017; Pekovic and Rolland 2020a). Cognitive experience emerges from mental responses to environmental stimuli that engage customers' creativity. These mental responses include ideas, positive (or negative) thoughts, memories, opinions and beliefs (Bustamante and Rubio 2017). The effects of cognitive aspects such as utilitarian features, perceived ease of use, effectiveness, curiosity, and informativeness help in conceptualising cognitive experience (Molinillo *et al.* 2019). In consumer behaviour research, cognitive experience is linked to the functional information that helps customers make purchase decisions by assessing products or services (Gao *et al.* 2021).

The ability to make logical decisions about their interactions with the firms' offerings is linked to their cognitive experience. Marketers thus seek to appeal to customers' cognition through intrigue, surprise and provocation with the goal of arousing their creative thinking about the information received while involved in the consumption context (Gentile, Spiller and Noci 2007; Brakus, Schmitt and Zarantonello 2009; Schmitt 2010). This is because customers' thinking becomes involved with services or products, the service environment, and self-service technologies, among others. Different stimuli are therefore necessary to awaken customers' thoughts and provide them with a complete cognitive experience (Bustamante and Rubio 2017). Pekovic and Rolland (2020a) allude to the fact that factors such as price, quality and variety of products or services can partly drive customers' cognitive experiences. These factors are important, especially when evaluating complex services, and as such, they positively affect satisfaction and loyalty (Mikolon *et al.* 2015; Kranzbühler *et al.* 2018).

Cognitive experience is thus seen as an antecedent of consumer-related constructs such as customer satisfaction and loyalty in addition to other dimensions of customer experience. The influence of the cognitive experience dimension, together with other dimensions of CX, on consumer-related constructs is generally accepted. That said, studies have reported mixed results on these interrelationships. In relation to customer trust in online shopping, Bolton *et al.* (2018) and Bustamante and Rubio (2017) found that cognitive experience had a significant influence, while Bilgihan, Kandampully and Zhang (2016) found that there was no significant influence. McLean (2018) found that the cognitive dimension of CX had a significant influence on customer engagement in retailer m-commerce applications, which in turn affected brand customer loyalty.

On the other hand, Khan and Rahman (2016) demonstrated that cognitive involvement did not play a significant role in the likelihood of downloading the mobile app. In relation to customer satisfaction, studies have shown that the cognitive customer experience positively influences satisfaction in mobile shopping (Arokiasamy and Abdullah (2013) and retail (Koenaite, Chuchu and Venter de Villiers (2019). Thus, it is clear that cognitive CX plays a role in consumer behaviour. Little emphasis has been paid to the impact of this dimension as part of the CX construct on customer loyalty in a multichannel retail banking environment. As a result, more research is needed into its role as an integrative part of the CX architecture in a multichannel retail banking environment.

### 3.4.3 Sensory experience

Sensory experience is described as the role of the human senses in evaluating stimuli. It includes sensory qualities and aesthetics (Sahin, Zehir and Kitapçı 2011; Mikolon *et al.* 2015). It is the sensory perception associated with products or services and the atmosphere that stimulates excitement and pleasure for the consumer. An experience can arouse each of the five senses: hearing, sight, smell, taste and touch (Brun *et al.* 2017). Schmitt (2010) asserts that customer experiences can be created through sight, sound, touch, taste and smell. The objective of sense marketing is to appeal to these senses by creating sensory experiences. Customers become conscious of and perceive the products and services, the firm and their experiences through the five senses (Hultén, Broweus and Van Dijk 2009; Hultén 2011; Pekovic and Rolland 2020a).

All five senses interact to form the foundation of sensory experience, and they all contribute to an experience. The stimulation of customers' sensory experiences satisfies customers' desires for sensuality and aestheticism and arouses aesthetic pleasure, a sense of beauty, and fulfilment. The customer's perception of a place, such as a real bank branch, can be altered and improved as a result of the experience, making it more appealing to the customer (Pine and Gilmore 2002). Environmental and atmospheric cues aid customers' sensory experience and influence their attitude towards the products or services being offered, thus generating positive behavioural intentions and enhancing customer satisfaction (Babin and Attaway 2000; Vargo and Lusch 2014; Ballantine, Parsons and Comeskey 2015).

Sensory experiences enhance customer retention (Babin and Attaway 2000) and customer loyalty directly (Srivastava and Kaul 2016) or through love for a brand (Lee, Heere and Chung 2013). It is possible to postulate that a customer's first sensory impression of the bank will influence their perception of its aesthetic attractiveness. For customers to have a satisfying sensory experience, it is believed that sight, touch, and scent are the most important variables to take into account. A satisfying sensory experience will reduce discomfort while promoting feelings of satisfaction, motivation, delight, and contentment (Farhana, Mohsin and Ariffin 2021).

Feel, sight and sound are three of the five senses that are important to consider when thinking about retail banking. Feelings, sights and sounds can all be evoked by the surrounding physical environment. With regard to the online environment, the qualities of websites and mobile applications can appeal to the sense of sight, and videos can appeal to both the sense of sight and the sense of hearing. The power of these sense technologies may be leveraged by financial institutions to achieve differentiation, improve the experience of their customers and add value to their products and services.

The emotional state of the majority of customers can be engaged through the use of an aesthetic experience, which is why the design of websites or online platforms for retail banking services is so crucial. Because interactive elements on websites are acknowledged as being capable of activating telepresence, these elements are therefore crucial drivers of sensory appeal (Izogo and Jayawardhena 2018). Because pleasurable activities have the capacity to engage one's senses, participating in them has the potential to induce an escapist frame of mind. Therefore, the sensory dimension is a key aspect of the customer experience for marketers and the products they sell, and this applies to both online and traditional marketing channels.

### 3.4.4 Social experience

In service marketing, consumers are the creators and co-creators of the service. Consumer value is thus active when consumers create or co-create their experiences, while it is passive when they feel left out of the cocreation experience. Features that are present in an interaction between the customers and the organisation help foster a social experience. These features may include the inter-customer context, other customer influences, social value experiences, customer-to-customer interactions or customer-to-employee interactions (Srivastava and Kaul 2014; Izogo and Jayawardhena 2018). Consistent with the theory of consumption value, consumers may, among other things, have the opportunity to experience social value (Sheth, Newman and Gross 1991). Because it perfectly aligns with the relational viewpoint that is emphasised in both the service logic of marketing and the S-D logic of marketing (Vargo and Lusch 2014), this study used relational experience to describe this aspect of CX. As a result, relational experience has proven to be a popular construct in both online and offline customer experience literature (Gentile, Spiller and Noci 2007; Chahal and Dutta 2015; Izogo and Jayawardhena 2018). This is because relational experience reflects the social context and aligns perfectly with the relational viewpoint.

Social experiences, also known as relational experiences, are referred to as social presence in the customer experience literature. It is described as the influence the customer’s feelings, thoughts and actions have on a product or a service (Leander 2021). Social presence is explained as the extent to which a medium enables consumers to experience other people as being psychologically present. It is characterised by individuals, their relationships with other consumers and employees of an organisation and their social context (Izogo and Jayawardhena 2018; Brun *et al.* 2020). In online environments, social presence is described as a sense of ‘being together’ with another in the same location and time (Izogo and Jayawardhena 2018). This description is in line with the concept of relational experience as described by Gentile, Spiller and Noci (2007) since both concepts are governed by social cues as an element of the physical environment. Social cues acknowledge the presence of other customers and employees and the role this plays in an individual’s experience.

Social experience arises from relationships that occur during consumption. A part of these relationships is with employees of an organisation, which can affect CX through their behaviour towards customers or other employees (Pekovic and Rolland 2020a). Employee-customer relationships are paramount in contributing to customer satisfaction and loyalty. In particular, employees’ warmth towards the customer, their competence and sound relationships have been identified as important aspects with regard to customer satisfaction and loyalty (Nysveen, Pedersen and Skard 2013; Srivastava and Kaul 2016). An individual’s experience is to an extent influenced by elements in their social environment, such as observation of others’ experiences and profiles, interaction with others and the mere presence of others (Verhoef *et al.* 2009; Brun *et al.* 2020).

In online environments, social interaction allows customers to share experiences through social media and networking, reviews on company web pages, blogging and other technology-enabled outlets. Customers also create virtual communities that can lead to an more customer experience and aid in fostering customer loyalty (Verhoef *et al.* 2009; Brun *et al.* 2020). Customer-to-customer interactions can be beneficial to companies where knowledgeable customers disseminate their knowledge to other customers, thereby influencing their experience (Verhoef *et al.* 2009). Accordingly, deviant customer behaviour can ruin other customers’ experiences and lead to lower customer satisfaction and loyalty (Verhoef *et al.* 2009). Thus, companies can use the social experience to encourage customers to cocreate or consume together with others through social groups or communities (Havíř 2017).

When the perspectives of consumers are similar, customer-to-customer interactions become more relevant and are encouraged and customers are also more likely to participate in the coproduction of services when this occurs. Therefore, social benefit is an essential competitive differentiator (Pine and Gilmore 2002), since it resonates with the experience of having relationships with other people. Social experience is therefore examined by focusing on interactions between customers and employees, as well as interaction between customers and other customers. The latter denotes an uncontrollable external element of the customer experience on the part of the marketer that needs to be carefully managed.

### 3.4.5 Behavioural experience

Customers spend time engaging in physical actions and behaviours when using a product or service. These actions include searching and sharing information, decision-making and making suggestions regarding products or services (Brakus, Schmitt and Zarantonello 2009; Pekovic and Rolland 2020b). The behavioural dimension of customer experience has to do with the modification of customers' actions, habits and lifestyles emanating from their experiences (Schmitt 2010; Brun *et al.* 2017). It involves customers' participation in service creation and the service process, where they actively engage in the production and consumption of the service (Pekovic and Rolland 2020a).

The behavioural dimension of customer experience therefore seeks to point out behaviour linked to the act of consumption, which includes the cocreation of a product or service. This perspective of behavioural experience is adopted for this study. When customers are engaged in the cocreation of a service, they share suggestions, opinions and problems with the firm, which makes them feel more satisfied due to personal involvement. The cocreation of a service encounter stimulates engagement, which influences their experience, and this experience ultimately predicts customer satisfaction and customer loyalty (Nysveen and Pedersen 2014; Ranjan and Read 2016; Pekovic and Rolland 2020a). Brakus, Schmitt and Zarantonello (2009) posit that customer participation generates word-of-mouth marketing among consumers. In retail banking, customers are involved in cocreation activities when they fill in forms to open bank accounts, download mobile apps and manage their accounts through internet banking, among other activities.

## 3.5 Customer experience in services

The concept of experience first came into the field of marketing and consumption through the pioneering work of (Holbrook and Hirschman 1982). They proposed that consumption has an experiential dimension. This paved the way for customer experience (CX) as a key concept in research in areas such as service marketing, retailing and innovation (Pine and Gilmore 2002; Verhoef *et al.* 2009; Jaakkola *et al.* 2015). CX was understood to create competitive advantage and, as a result, it was used as a strategy to create value and foster customer satisfaction, word-of-mouth and loyalty (Jain, Aagja and Bagdare 2017).

The experiential phenomenon has been described as the basis of all business and core-to-service offerings. It is often approached from different perspectives: as a process, as an antecedent to other outputs such as satisfaction, or as an occurrence specific to an individual in a particular context (Helkkula and Kelleher 2010). Service-dominant (SD) logic by Vargo and Lusch (2004) stipulates that experience is key in the determination of value since value is only created during consumption, hence cocreation. As such, organisations facilitate experience creation, and customers cocreate their own experiences (Vargo and Lusch 2004; Jain, Aagja and Bagdare 2017). Thus, experience is perceived to be a collectively, cocreated phenomenon originating from interactions between customers and the organisation or the organisation’s offerings (Akaka and Vargo 2015; Fernandes and Pinto 2019).

### 3.5.1 The Servuction System

The servuction model was developed by Eiglier and Langeard (1987) for the purpose of explaining the interaction between customers and their service environment. Lovelock and Wirtz (2018) adopted the servuction (service and production) model to describe the customer experience in a service environment. They combined the terms service and production to describe the physical environment of an organisation that the customer experiences. Hoffman and Bateson (2011) describe it as a model used to illustrate the factors that influence service experience. These factors are made up of two parts: the technical core or invisible factors, and the service delivery or visible factors.

Visible factors are in the front office, where the customer encounters the service experience by interacting with service-scape, contact personnel and other consumers, while invisible factors are the back office operations that aid in the service experience but are not visible to the customer (Hoffman and Bateson 2011). Value is created during the service encounter, when customers interact with the environment, employees and other customers. Both the technical core and service delivery should be well integrated to meet the customer's expectations of the service experience.

The service-scape, which is the service environment, is the first aspect of service that is perceived by the customer and the first stage where customers form their first impressions (Avan and Zorlu 2017). It is the use of physical evidence to design the service environment (Hoffman and Bateson 2011). This physical evidence consists of the physical surroundings of a service company, such as lighting, music, furniture, temperature, colour scheme and other inanimate objects that assist in the provision of the service (Hoffman and Bateson 2011). Physical evidence affects the customer's sensorial experience by appealing to the senses of sight, touch, feel and hearing. This is one of the dimensions of customer experience included in this study. The service-scape can be used to illustrate the stimulus-organism-response (SOR) model (discussed later in this chapter) that applies the influence of the firm's physical environment on consumer behaviour. A bank's effective service-scape design provides a likely response from customers to the service environment in the form of a positive sensorial experience, which in turn leads to customer satisfaction. Service firms can establish more effective and efficient long-term relationships with their customers by carefully designing and managing the service-scape components (Avan and Zorlu 2017).

Numerous studies addressing different components of the service-scape have been conducted. Examples include the effects of colour, space and lighting and music on the cognitive and emotional customer experience (Bitner 1992; Lin 2004; Harris and Ezeh 2008) and the effect of the service-scape on customer evaluations, firm image, and behavioural intentions (Nguyen and Leblanc 2002; Lin 2004; Hooper, Coughlan and Mullen 2013). These studies have focused on the interaction between the service-scape and behavioural outcomes. However, they tend to focus on individual aspects of behavioural outcomes, and only a few have focused on more than one aspect of the service-scape (Nguyen and Leblanc 2002; Harris and Ezeh 2008). The effect of the service-scape may vary from one customer to another due to their personality traits, expectations and previous experiences (Avan and Zorlu 2017). A customer's emotional, cognitive and physical well-being are important in evaluating service encounters. It is against this backdrop that this study utilises this model by illustrating the service-scape as a bank's physical environment and establishing how it affects the customers' experience using the cognitive and emotional dimensions of CX.

Service providers are the active part of the service model and are composed of all front-line employees who have direct contact with customers in a service organisation (Hoffman and Turley 2002). They are considered the mirror of the organisation and therefore are a very important resource. In the case of this study, the service providers include the bank employees who serve customers at the bank branches. They are customer contact personnel who are able to take in the demands of the customers and act on them immediately in an efficient and effective manner (Avan and Zorlu 2017). Thus, in the service model, service providers represent the influence of human aspects on the service environment (Hoffman and Turley 2002; Hoffman and Bateson 2011). The appearance and presentation of the service providers are important elements during encounters with customers because they influence the customer's first impression (Nguyen 2006). Bank branch employees influence the emotional, social and behavioural dimensions of the customer experience.

In a service encounter, there is no distinction between the service provider and the service from a customer's point of view. Therefore, the service provider's appearance, competence, attitude and ability to communicate should be exemplary to enhance the customer experience (Avan and Zorlu 2017). From the above explanations, it is clear that service providers are a valuable resource in delivering a great customer experience. Both the social and behavioural dimensions of the customer experience can be influenced by service providers. Their competence, which is gained from training and expertise, together with their experience and attitude, can influence their social interaction with customers. When customers have a positive interaction with a bank employee, their emotional experience is enhanced, such that they tend to feel secure and at ease when performing transactions (Molinillo *et al.* 2019). Behaviourally, they increase their level of participation in the service process and can easily express themselves. In terms of social experience, if customers find employees receptive, they build relationships with them (Rajaobelina *et al.* 2018). The credibility, trust and confidence of the company are directly tied to these service providers' actions. Hence, their actions could influence the customer's behavioural experience with the service company, in the case of this study the banks.

In a service context, different customers receive a service simultaneously, thereby influencing each other in the process (Zeithaml 2013). This phenomenon is known as customer-to-customer interaction and is an integral component of the service environment since it plays a major role in the production and delivery of customer experiences (Nicholls and Mohsen 2019; Lin, Zhang and Gursoy 2020). Other customers are present in a service environment and can influence the nature of the service process. In a service setting, customers participate by talking to each other, offering and receiving advice and help from each other, observing each other and abusing each other in some instances (Avan and Zorlu 2017).

Positive social interactions among customers enhance the customer's experience and satisfaction, while negative interactions spoil the customer's experience and satisfaction. Other customers present in a service encounter represent a social factor of the physical environment and affect customers' perceptions of their experience in that they can potentially have a positive or negative influence on each other (Nicholls and Mohsen 2019). This social interaction is a form of stimulus that evokes customers' emotions, which may lead to cognitive responses (Lin, Zhang and Gursoy 2020). Hence, they influence the emotional and cognitive dimensions of the customer experience, as in the case of this study. Thus, other customers' actions are an important factor with regard to the customer experience in a service environment. It is within this context that banks are not exempt from providing a service environment that is conducive to facilitating customer-to-customer interactions.

The internal system of the organisation in the servuction model is composed of all the processes and procedures related to service production that customers do not see and are not aware of. Although they are not seen by customers, they significantly influence the customer experience (Avan and Zorlu 2017). These invisible factors support the visible components of the servuction model. They include the rules and regulations, the internal administrative and operational functions and the internal processes upon which the organisation is based. Furthermore, they determine factors such as application forms to be completed by customers for opening a bank account, back office employees, and policies on decisions that need to be made concerning the service provision (Hoffman and Bateson 2011). Since services are evaluated on the basis of process and outcome, invisible systems drive the service process in a firm to create great customer experiences. As a result, customers forge an emotional link with the service organisation (Hoffman and Bateson 2011). Hence, the invisible systems in the servuction model affect the emotional dimension of the customer experience.

The four components of the servuction model combine to create an experience for the customer. They influence the evaluation of customers' experiences in a direct or indirect manner. This study addresses this evaluation of customer experience based on their interactions with the banking environment, and the servuction model is an important tool that is used to assess these experiences.

### 3.6 Customer experience in retail banking

Today's customer buys not only a service but also an experience. The nature and empathy of service providers are important in creating an experience (Loureiro and Sarmento 2018). Generation and delivery of a rich experience provides product differentiation as well as brand loyalty (Morrison and Crane 2007). Affective, cognitive, and behavioural experience dimensions are more significant in core service experiences. Sensory and relational experiences follow them closely in significance (Chahal and Dutta 2015). In the banking customer experience, the cognitive dimension includes competitive rates, reliability and access to services and information sharing. The affective dimension includes quality in responding, problem handling, empathy and aesthetics, while the behavioural dimension involves error-free banking services, quick customer service and a caring attitude (Chahal and Dutta 2015; Loureiro and Sarmento 2018). Based on these factors, the study analysed the customer experience with their bank through various banking channels.

The banking sector has in the recent past experienced lower entry barriers created by deregulation, technological advances and competition between financial institutions. Thus, real differentiation is achieved by delivering positive customer experiences (Reydet and Carsana 2017; Barari and Furrer 2018; Fernandes and Pinto 2019). While highly satisfied customers are more likely to open new accounts and add new products to their existing ones, banking surveys on customer experience indicate that only half to two-thirds of customers rate their services as excellent (Gujral, Malik and

Taraporevala 2019). This calls for banks to be more vigilant in building long-term relationships with their customers through the provision of excellent customer experiences.

A great customer experience can be achieved by improving the speed of service, efficiency, personalisation and creating different ways to retain customers. There is a need for banks to improve and maintain positive customer experiences throughout the customer journey and at different touchpoints. Touchpoints are where customers encounter the bank and its services. Delivering a great customer experience is a complex and strategic venture that requires both human and technological intervention. Human intervention involves the provision of great customer service at the branch level and at any other interface. Technologically, this might involve the use of different channels, such as mobile banking, internet banking and mobile app banking. (Haripersad and Sookdeo 2018). Interrelationships between channels should be considered at all touch points to enable measurement of CX. Development in technology has made these interrelationships possible by giving customers the chance to access products and services through multiple channels. This in turn enables customers to create their own customer journeys (Verhoef *et al.* 2009; Verhoef, Kannan and Inman 2015; Barwitz and Maas 2018; Hu and Tracogna 2020).

Technology has revolutionised retail banking through the provision of cutting-edge services. A positive customer experience is critical to customer satisfaction and loyalty given the ever-increasing competition in the financial services industry. This is true not only of offline banking but also of online banking platforms. More specifically, banks need to ensure a positive customer experience at their branch operations as well as on online platforms. Poor experiences on offline platforms affect how customers perceive online experiences (Mujinga 2020). Customers expect to have fast, efficient and personalised interactions with their banks (Garg, Rahman and Qureshi 2014). Investment in relationships and factors that will serve customers satisfactorily contributes to positive customer experiences (Raina, Chahal and Dutta 2019). Positive and memorable customer experiences lead to customer satisfaction in the banking industry (Mbama and Ezepue 2018b; Syahputra and Murwatiningsih 2019; Kumar, Mokha and Pattnaik 2021a). Therefore, understanding the customer experience is necessary to build and deliver high-quality services and thereby achieve customer satisfaction and customer loyalty (Raina, Chahal and Dutta 2019). Banks' success depends on their ability to provide positive experiences (Mbama and Ezepue 2018b) to gain customer satisfaction and loyalty.

It is evident that the retail banking sector is well developed, sophisticated and competitive. Retail banks try their best to meet and exceed customers' expectations. It is, however, not clear how retail bank customers perceive their experience while accessing services from different channels. This study will attempt to provide insight into this dilemma.

### 3.7 Service Quality

A service is an act of providing satisfaction to customers by an employee or a company. The difference between customer expectations and the reality of the services they receive is known as service quality (Hendri, Haryono and Saparso 2021). The definition of service quality varies with context but typically involves determining whether the perceived service delivery meets, exceeds or fails to meet customer expectations (Agyapong 2011). Service quality is commonly noted as a critical prerequisite and determinant of competitiveness for establishing and sustaining satisfying relationships with customers. Attention to service quality can make an organisation different from other organisations and give it a competitive advantage (Agyapong 2011). Measurement of service quality is an important procedure for improving the performance of service quality (Izogo and Jayawardhena 2018). It presents areas of strengths and weaknesses that offer opportunities for organisations to initiate appropriate responses to focus on and improve salient attributes of customer-perceived service quality.

Service quality can be measured in terms of customer perception, customer expectation, customer satisfaction and customer attitude (Sachdev and Verma 2004). Studies by Ekinci (2003) indicate that the evaluation of service quality leads to customer satisfaction. The most useful measurements of service quality are the dimensions from the so-called SERVQUAL model. In the creation of this model, Parasuraman *et al.* (1985; 1988) identified 97 attributes that were condensed into ten dimensions that were found to have an impact on service quality and were regarded as the criteria that were important to access customers' expectations and perceptions of the delivered service (Kumar, Kee and Manshor 2009; Shrestha 2011). Further investigation led to the finding that, among these ten dimensions, some were correlated. Therefore, these ten dimensions were further refined and reduced to five dimensions, namely, tangibility, reliability, responsiveness, assurance and empathy.

The SERVQUAL model has been extensively used to measure service quality in hotels, banks and insurance companies (Parasuraman, Zeithaml and Berry 1988). In banking, service quality is found to impact customer satisfaction in a significant way, which in turn leads to loyalty (Keisidou *et al.* 2013; Kaura, Prasad and Sharma 2015). Similar studies produced similar results for mobile banking, internet banking and digital banking (Raza, Jawaid and Hassan 2015; Amin 2016; Jun and Palacios 2016; Mbama and Ezepue 2018a). Limited research has been done on service quality and customer experience in multichannel banking; hence, this study.

Service quality measurement and management is a complex process because of the nature and characteristics of services (van Deventer and Redda 2021). A customer's past experience with a service and their perception of the service encounter following the actual experience are key factors in determining perceived service quality (Parasuraman, Zeithaml and Berry 1985). For service businesses such as retail banking, the provision of excellent service is paramount to distinguishing themselves from competitors and to achieving success. Empirical evidence shows that service quality is a predictor of customer satisfaction and customer loyalty (Cronin Jr and Taylor 2000; Hoffman and Bateson 2011; Makanyeza and Chikazhe 2017b; Hendri, Haryono and Saparso 2021).

### 3.7.1 Service quality and customer experience

In the service marketing literature, service quality represents customers' views and value judgements (Parasuraman *et al*. 1995). Service quality is generally recognised as a factor that contributes to customer satisfaction, which contributes to a company's profitability (Nguyen, Kim-Duc and Freiburghaus 2021). According to some researchers, service quality should be measured by comparing perceptions and expectations (Cronin Jr and Taylor 2000). Others think that the quality of the firm's service is determined by customers' assessments of the service performance over each service interaction. This approach has received much attention in the literature (Prentice, Wang and Loureiro 2019). Sorooshian *et al.* (2013) assert that customers may measure their experience based on their service interactions and, hence, form ideas of a firm's service quality from these interactions.

Customer experience does not refer to a unique interaction that takes place at a single touch point; rather, it refers to the accumulation of several interactions that happen at various touch points over the prepurchase, purchase and post-purchase phases of the customer journey (Prentice, Wang and Loureiro 2019). The interactions that take place between a company and its customers during the course of a service encounter are what ultimately contribute to the customer's brand experience (Roy 2018). Customers are more likely to develop an emotional attachment to a company after receiving quality service during each interaction they have with the brand (Prentice, Wang and Loureiro 2019).

This emotional attachment may then lead to subsequent interactions that are behavioural in nature, such as making purchases, referring others, and spreading word-of-mouth communication. Subsequently, other dimensions of customer experience may also be aroused, such that, socially, the customer may feel more connected to their banks and develop relationships with bank employees. Cognitively, they may perceive bank services to be of superior quality. Salehi, Salimi and Haque (2013) found that online customer experience dimensions (pragmatic experience, hedonic experience, sociability experience and usability experience) lead to better service quality in an online environment. Consistent with these suppositions, this study asserts that service quality facilitates the influence of customer experience on customer loyalty rather than having a direct impact on loyalty. In other words, it can be said that it acts as a mediator between customer experience and customer loyalty.

Few studies have examined the influence of customer experience on service quality. Ali *et al.* (2019) found that both customer experience and service quality have a positive correlation with customer satisfaction; therefore, they are both antecedents of customer satisfaction. Ameen *et al.* (2021) found that the relationship between AI-enabled service quality and AI-enabled customer experience is mediated by trust. The direct effect of AI-enabled service quality on AI-enabled customer experience without the mediator is insignificant. Thus, this study sought to contribute to existing knowledge by developing a theoretical model that shows the relationship between service quality and customer experience. Furthermore, the model integrates service quality as a mediator variable in the relationship between customer experience and loyalty. Based on these premises, the following hypotheses are formulated:

- $H_3$: There is a significant and positive relationship between customer experience and service quality.
- $H_7$: Service quality mediates the relationship between customer experience and customer loyalty.

### 3.8 Customer satisfaction

Customer satisfaction is the difference between customers' expectations and perceptions of the product or service and the actual product or service that they receive from an organisation. It is the evaluation of a product or service based on customers' expectations (Hoffman and Bateson 2011; Tlapana 2020; Wirtz and Lovelock 2021). Huang and Cheng (2016) define customer satisfaction in the service context as the customers' feeling of pleasure or displeasure obtained by comparing their service expectations to the actual service received. Customer satisfaction is a significant outcome of the customer experience. Conceptually, customer experience is different from customer satisfaction (Chahal and Dutta 2015). Satisfaction is an outcome-oriented attitude based on customer experience, while experience is a process-oriented concept (Puccinelli *et al.* 2009; Schmitt 2010). Meyer and Schwager (2007) asserted that customer satisfaction is the culmination of a series of experiences, where the difference between all good and bad experiences results in the degree of satisfaction. This assertion was supported by (Chen, Chang and Fan 2008), who remarked that customer experience is a function of customer satisfaction derived at different points of the transaction. Therefore, the actual experience coupled with expectation are viewed as predictors of satisfaction.

Satisfaction occurs when the gap between expectations and experiences is closed. This is achieved by breaking down satisfaction into different experiences that are obtained only by monitoring and probing customers themselves (Meyer and Schwager 2007). Breaking down satisfaction into different experiences is known as the transaction-specific approach, which defines customer satisfaction as an emotional response to the most recent transactional experience with a service or organisation. The other approach to customer satisfaction is overall satisfaction, which sums up the cumulative experiences and impressions of a company's service performance

(Srivastava and Kaul 2014). This study takes an integrative approach that combines a transaction-specific approach with a cumulative approach to form a unified construct to measure customer satisfaction.

In the service industry, customer satisfaction describes a desired result of a service experience (Pei *et al.* 2020). Services, unlike goods, are high in customer involvement, and therefore, the evaluation process is dominated by experience and not satisfaction (Zeithaml, Bitner and Gremler 2018). Overall, favourable experiences result in higher satisfaction (Shankar, Smith and Rangaswany 2003). Customer satisfaction can lead to customer retention through repeat sales, which leads to a high market share (Subramanian, Gunasekaran, Yu, Cheng and Ning 2014). Marketers use the expectancy disconfirmation model to describe customer satisfaction.

### 3.8.1 Customer Satisfaction and Customer Experience

Customer satisfaction stems from past consumer experiences. It is an aggregate of all the past experiences customers have had with the product and services. It offers customer perspectives based on past experiences. Customer satisfaction is not an adequate predictor of future customer behaviour. However, it can lead to customer loyalty, which offers a better predictor of repeat purchase intentions (Liang, Wang and Farquhar 2009; Mbama and Ezepue 2018a).

Meyer and Schwager (2007) asserted that customer satisfaction is the culmination of a series of experiences, where the difference between all good and bad experiences results in the degree of satisfaction. This assertion was further supported by (Chen, Chang and Fan 2008), who remarked that customer experience is a function of customer satisfaction derived at different points of the transaction. Therefore, the actual experience coupled with expectation are viewed as predictors of satisfaction. Kumar, Mokha and Pattnaik (2021b); Ugwuanyi, Uduji and Oraedu (2021) found the same results for the banking sector, that customer experience influences satisfaction, in their recent studies. Customer experience can vary based on the context of the service delivery process, but there is a correlation between customer experience and customer satisfaction. Customers are more satisfied with a service when their overall customer experience is positive (Narteh and Kuada 2014).

On the basis of the aforementioned, this study developed a model that sought to explore the relationship between customer experience and customer satisfaction, more specifically, whether customer experience is a significant factor that influences consumer satisfaction. Furthermore, the proposed model integrates customer satisfaction as a mediator between customer experience and loyalty. In line with the foregoing, the following hypotheses are formulated:

- $H_2$: There is a significant and positive relationship between customer experience and customer satisfaction.
- $H_8$: Customer satisfaction plays a mediation role between customer experience and customer loyalty.

### 3.8.2 Customer satisfaction and service quality

Service quality is one of the most significant components of a superior customer experience in the banking industry. Most firms assess the quality of their services on a frequent basis to maximise customer satisfaction and increase customer retention and loyalty. Customer satisfaction is achieved by meeting the customer's needs and exceeding their expectations, as well as by offering services that conform to market standards (Khan and Fasih 2014). A customer's positive experience contributes to his/her overall satisfaction with the products or services provided by a firm. However, customer satisfaction does not ensure customer retention, customer repurchase, or customer loyalty, and firms must focus their marketing efforts on ensuring that this is the case. Customer satisfaction is driven by service quality, which influences customer loyalty (Cronin Jr and Taylor 2000). Therefore, customer satisfaction largely relies on service quality. It is a critical element for banks to increase their market share and profits (Mujinga 2020).

Prior studies indicate that service quality is a crucial factor in customer satisfaction. For example, Lesmana, Sutarman and Sunardi (2021) suggest that for a business to satisfy its customers, it must provide services that they will be satisfied with. However, there are some studies that claim that service quality is not essential for customer satisfaction. This is because it is difficult to say with certainty that solely providing a high-quality service will guarantee customer satisfaction, given that service quality is the combination of the different components used to provide the service. Moreover, each customer is distinct from one another and evaluates the service in their own unique way (Ali *et al.* 2019). Customers can be satisfied with any aspect of a service; therefore, even if service quality has had a substantial impact on customer satisfaction, this is not always the case. However, the majority of studies have identified a correlation between service quality and customer satisfaction (Ali *et al.* 2021).

Researchers have invested time in exploring the service quality dimensions and their role in determining satisfaction (Kaura, Prasad and Sharma 2015). Their findings indicate that service quality and customer satisfaction are positively correlated in different sectors and industries, such as hospitality (Ali *et al.* 2021), telecommunications (Arokiasamy and Abdullah 2013), banking (Boonlertvanich 2019), automobiles (Balinado *et al.* 2021) and airlines (Farooq *et al.* 2018). A notable number of researchers, for instance, discovered a significant correlation between customer service quality and customer satisfaction (Agyapong 2011; Arokiasamy and Abdullah 2013; Khan and Fasih 2014; Boonlertvanich 2019; Azman *et al.* 2021). Based on this literature, this study proposed a model that evaluated the relationship between service quality and customer satisfaction in a retail banking setting characterised by multiple channels of service distribution. Based on these findings the following hypothesis is postulated:

- $H_4$: There is a significant and positive relationship between service quality and customer satisfaction.

Furthermore, the proposed model integrates customer satisfaction and service quality as mediators between customer experience and loyalty as given by the following hypothesis:

- $H_9$: Customer satisfaction and service quality mediate the relationship between customer experience and customer loyalty.

### 3.9 Customer loyalty

Customer loyalty is a key strategy in today's leading-edge firms and an important service goal for many industries. It reflects a more futuristic outlook than customer satisfaction (Hoffman and Bateson 2011). Customer satisfaction focuses on the current state of the customer's evaluation of a product or a service, while customer loyalty takes into consideration the changing customer needs and assesses their commitment to the firm in the future. Customer loyalty (CL) is the intention and commitment of customers to continue doing business with a firm of their choice in the future (Oliver 2014; van Deventer and Redda 2021). It is the commitment by customers to repurchase a firm's products and services in the future despite situations that may influence them to switch to other firms (Mackay and Major 2017; Hendri, Haryono and Saparso 2021).

CL is a deeper conviction that reflects a business and emotional attachment by the customer to the firm (Hoffman and Bateson 2011). It is one of the main elements that explains consumer behaviour and choices and has continued to attract attention from both academics and practitioners (Corbishley 2017). CL is important for every firm's prosperity (Corbishley 2017), and therefore, there is a need for it to be cultivated (Mackay and Major 2017). This can be done by investing in establishing and maintaining customer relationships. Firms that wish to build their businesses and nurture customer relationships need to understand the strategic value of customer loyalty by having a clear understanding of the antecedents of loyalty (Hoffman and Bateson 2011).

The service industry has found that the need to meet their customers' demands has repercussions on customer loyalty. There is a possibility that loyal customers will renew their service contract in the future and are likely to give a positive comment and recommend the service to others. As a result, marketers face the challenge of establishing long-term relationships with customers, which will result in loyalty and increased profitability (Corbishley 2017; Hendri, Haryono and Saparso 2021). The ability to build and sustain loyalty is based on the satisfactory management of these relationships. Firms are therefore constantly searching for innovative ways to obtain and retain customers (Srivastava and Kaul 2016; Mackay and Major 2017). The longer a customer stays with a bank, the better the chance to develop a relationship with them, hence allowing the bank to customise products for them and making it hard for them to switch to other banks. It is therefore paramount for banks to understand the aspects that improve loyalty to remain competitive. One of the ways banks can create and manage lasting relationships is with ensuring that customers are satisfied by their services. Satisfaction can be achieved by ensuring positive customer experiences whenever customers interact with banks.

The following discussion provides a description of CL, its definitions and meaning and how it has evolved over time as a marketing concept. It then focuses on the constructs of CL as well as past and present research on CL with a specific focus on the areas of interest for this study. The theories of CL will be reviewed, followed by a review of past literature to elaborate on the relationships between CL and CX as well as the impact of CS on CL. The final part of this section will state the hypotheses that are related to CL.

### 3.9.1 Customer loyalty definitions

Customer loyalty is an important construct in consumer behaviour and marketing literature and a key issue for businesses (Makanyeza and Chikazhe 2017b). As the business environment becomes more competitive and customers expect more and become more aware of alternatives, there is a need to have a deeper understanding of customer behaviour, and particularly customer loyalty (Corbishley 2017). As such, many definitions have been put forward for customer loyalty. It has been defined as the repeat purchase of the same product or service over and over (van Deventer and Redda 2021).

A loyal customer is described as one who is attached to the business, buys from it regularly over a long span of time and recommends the business to others (Cant and du Toit 2012). Customer loyalty is defined as a customer's tendency to support a business and its offerings over a long period of time (van Deventer and Redda 2021). It can further be defined as a deeply held commitment to purchase and repurchase a particular product or service consistently over time, despite marketing efforts and situational influences that may cause a customer to switch behaviour (Oliver 1999).

### 3.9.2 Behavioural and Attitudinal loyalty

Customer loyalty has been presented as a multifaceted concept that covers a wide range of loyalty qualities. One of the earliest researchers in loyalty, Day (1969), posited that customer loyalty is viewed as dual-dimensional, incorporating both attitudinal and behavioural components. In his seminal work, he shaped two schools of thought for defining customer loyalty. On the one hand, there is attitudinal loyalty, which can be measured by the customer's attitude, and on the other hand is behavioural loyalty, which is measured by the customer's actions (Coetzee and Coetzee 2019). In defining customer loyalty, it is generally agreed that it contains both aspects of attitude and behaviour (Corbishley 2017). The measurement of loyalty would therefore combine both attitudinal and behavioural measurements.

#### 3.9.2.1 Attitudinal loyalty

Attitudinal loyalty is an emotional and psychological attachment to a company or its products that captures the cognitive and affective components of brand loyalty. It is a continuous favourable attitude towards a brand or a company (Lubbe and Duh 2020). Attitudinal loyalty is formed by post-purchase intentions that arise as a result of prepurchase attitudes, satisfaction with the product and revised post-purchase attitudes (Oliver 1999). It was included as a measure of loyalty because it is one of the factors that influences a purchase. To understand the concept of loyalty, both attitudinal loyalty and behavioural loyalty should be taken into account (Bhatnagar, Syed and Mishra 2017).

Attitudinal measures demonstrate the emotional and psychological measures that are built into loyalty and assist in understanding the role of cognition in consumer behaviour. Attitudes are measured by determining whether customers have a feeling of commitment towards a service, how they enjoy it, whether they can say good things about it to others, and their beliefs towards it in comparison to competitors (Corbishley 2017; Smirnov 2020). These measurements are intangible elements that involve feelings and cannot be described by actions or behaviour but can influence behaviour. Attitudinal loyalty is hence seen as an antecedent to behavioural loyalty, as it is argued that customers form an attitude first before they can act (Lubbe and Duh 2020). Strongly held attitudes toward a service predict repeat visits to the service provider.

Attitudinal loyalty supposes that there is a possibility for consumers to form relationships with a brand, store or product (Corbishley 2017). This concept can be utilised by marketers to design strategies such as a great customer experience to improve customers' attitudes towards their services. Given the desire to build mutually beneficial relationships in an increasingly competitive environment, banks should strive to exceed customers' expectations by implementing strategies that delight customers in an effort to create loyalty. Measures of attitudinal loyalty require marketers to relate to the psychological make-up of customers, such as feelings and emotions. Measures that can be used here include indicators of trust that can be gathered from levels of satisfaction and repeat visits.

#### 3.9.2.2 Behavioural loyalty

Behavioural loyalty is defined as the persistent actual behaviour that a person displays. It is composed of tangible elements that can be observed and measured in consumer buying behaviour. These behaviours include repeat purchase decisions, consistency, repetitive behaviour, positive word of mouth and frequency of encounters (Lubbe and Duh 2020). Behavioural loyalty is perceived measure loyalty based on past purchase behaviour, and it disregards the attitude that may be held by the customer. Its proponents posit that future behaviour is solely predicted by past purchase behaviour without consideration of any current beliefs and attitudes the customers may have toward a product, service or brand. They further argue that loyalty is measured by repeat purchasing from or patronising a service provider as a result of ongoing satisfaction and not because of attitudes and feelings (Corbishley 2017; Coetzee and Coetzee 2019).

However, other researchers have posited that behavioural loyalty is indicative of the connection customers have with a brand, product, or service and is developed from emotional and functional values (Liao, Wang and Yeh 2014; Senić and Marinković 2014; Lubbe and Duh 2020). Therefore, persistent positive feelings or attitudes towards a brand can lead to behavioural loyalty. Behavioural components of loyalty can be measured by word of mouth, which is the exchange between customers regarding a service they have encountered. Other measures of behavioural loyalty include customers' purchase behaviour, which is measured in terms of frequency and monetary value of purchase. These components are easier to measure in a quantitative way since data can be gathered from points of sale and customer relationship management tools that are easily accessible.

### 3.9.3 Customer loyalty in services

Service providers are aware that customer loyalty leads to increased income and is an important determinant of profitability. A loyal customer base is cost-effective for a company both in terms of operational and marketing costs. Loyal customers purchase more, refer others, recommend the business and spread positive word of mouth (Lewis and Soureli 2006; van Deventer and Redda 2021). Although building and maintaining customer loyalty exists in the service industry, it has become difficult for many companies due to forces in the business environment that encourage switching behaviour from customers (Lewis and Soureli 2006). Customer expectations, the availability of alternatives, marketing promotional activities from competitors, incentives and ease of access are among these forces.

The nature and characteristics of services, namely their intangibility, heterogeneity of service provision and inseparability of production and consumption, make loyalty harder to conceptualise. For example, the inseparability of service provider and customer, which makes the customer concurrently take part in the production and consumption of the service, adds to an emotional dimension of loyalty (Oliver 2014). This may also lead to difficulty in evaluating the service quality since the customer is unable to separate the service from the service provider (Lewis and Soureli 2006). Each service industry has specific characteristics, and hence, loyalty to services comprises different variables (Lewis and Soureli 2006).

### 3.9.4 Customer loyalty in retail banking

In the context of retail banking, customer loyalty is said to be a function of the brand equity and customer satisfaction relationship associated with the customer experience (Kamath, Pai and Prabhu 2019b). Achieving customer loyalty is a strategic objective in retail banking. Customer loyalty from a banking perspective is viewed as the nonrandom behavioural response exhibited by a customer over time with respect to one bank out of a number of banks as a result of an evaluative process that results in brand commitment (Filip and Anghel 2009).

In the banking industry, loyalty is described in relation to the time the customer has been with a bank and the number and frequency of service uses.

### 3.9.5 Customer loyalty and customer experience

Customer loyalty is a behaviour built on positive experiences and value (Kufakunesu, Kapesa and Takundwa 2018). In the marketing literature, previous studies have shown that customer experience and customer loyalty enable organisations to develop profitable and lasting relationships with their customers (Kamath, Pai and Prabhu 2019a). Customer experience plays a key role in creating and maintaining customer loyalty. Customers who have positive experiences with banking services continue to deal with banks and become loyal (Fida *et al.* 2020). To explain the phenomenon of customer experience and loyalty in the retail banking sector, four relevant constructs are considered in this study, namely customer experience, customer satisfaction, service quality and customer loyalty. The CX and CL relationship has been tested empirically in different contexts, such as tourism (Godovykh and Tasci 2020), retail business (Puccinelli *et al.* 2009; Srivastava and Kaul 2016; Leander 2021), mobile messaging (Zhou and Lu 2011), brand management (Başer, Cintamür and Arslan 2015) and telecommunications (Sirapracha and Tocquer 2012).

In retail banking, studies have assessed the individual dimensions of the customer experience (Brun *et al.* 2017) or used different dimensions in an integrated manner (Pekovic and Rolland 2020a). In all these studies, there are mixed results because of the specific CX dimensions used, their relative impact and the effect of the integration of CX dimensions on customer loyalty. Further studies have been conducted to assess the mediating roles of certain variables on the relationship between CX and CL. Some studies have shown some indirect relationships through mediators such as customer satisfaction, brand reputation, trust, corporate image, brand equity and customer satisfaction (Iglesias, Singh and Batista-Foguet 2011; Zhou and Lu 2011; Khan and Rahman 2016; Kamath, Pai and Prabhu 2019a).

Service quality refers to a general impression of a customer's judgement regarding a service they receive from a company (Makanyeza and Chikazhe 2017b). Customer satisfaction is described as an emotional response to a customer’s experience after the consumption of a service. It is the confirmation or disconfirmation of the customer’s expectation in comparison to the perceived performance of the service offering (Srivastava and Kaul 2016; Kamath, Pai and Prabhu 2019a). In competitive service environments, service quality plays a vital role in ensuring the success of a business (Hu and Tracogna 2020). The key to developing and sustaining competitiveness is to improve service quality, which leads to customer satisfaction and ultimately customer loyalty (Kaura, Prasad and Sharma 2015; Kamath, Pai and Prabhu 2019a). Thus, service quality can be regarded as a major determinant of customer loyalty. Similarly, customer satisfaction is regarded as a key strategy in achieving customer loyalty (Beerli, Martin and Quintana 2004; Kaura, Prasad and Sharma 2015). Service quality and customer satisfaction can therefore be perceived as antecedents of customer loyalty.

It is against this background of previous research that this study suggests the mediating role of customer satisfaction and service quality in the relationship between CX and CL. This is because customers' perception of the service they receive from their banks is represented by the quality of service received. The study envisions that the quality of service would lead to customer satisfaction and customer loyalty hence, the hypotheses:

- $H_1$: There is a significant and positive relationship between customer experience and customer loyalty.
- $H_9$: Customer satisfaction and service quality mediate the relationship between customer experience and customer loyalty.

### 3.9.6 Customer loyalty and customer satisfaction

Customer satisfaction increases customer loyalty in banking organisations. It is an important antecedent of loyalty and acts as a mediator between service quality and customer loyalty (Supriyanto, Wiyono and Burhanuddin 2021). Satisfaction is necessary but not sufficient to guarantee repeat purchases and brand loyalty. A dissatisfied customer is more inclined than a satisfied customer to seek information about alternatives and more likely to respond to competitor advances (Frasquet, Descals and Ruiz-Molina 2017). On the other hand, a satisfied customer is more likely to recommend services to others. In the banking sector, satisfied customers are found to have a tendency to choose the same service providers and remain loyal to them (Kaura, Prasad and Sharma 2015).

Studies have shown that there is a positive and significant relationship between customer satisfaction and customer loyalty (Tweneboah-Koduah and Farley 2016). They found that customer satisfaction is a key determinant or precursor for customers' natural tendency or willingness to remain loyal to their banks. More studies have supported these findings that customer satisfaction has a positive and significant relationship with customer loyalty (Kaura, Prasad and Sharma 2015; van Deventer and Redda 2021; Vinnarasi *et al.* 2022).

Customer satisfaction is also considered a mediating variable between customer experience and customer satisfaction. During the customer journey, customer experience is manifested in the form of affective and emotional responses that lead to customer satisfaction (Srivastava and Kaul 2016). Prior research has found that brand experience has a direct relationship to loyalty as well as an indirect relationship through customer satisfaction (Kamath, Pai and Prabhu 2019a). Other studies have found that customer satisfaction is a mediating variable between service quality and loyalty (Saleem *et al.* 2016), a mediator between service quality and purchase intentions (Cronin Jr and Taylor 2000), a mediator between perceived product quality and customer loyalty (Hamouda 2019), and a partial mediator between price perception and loyalty (Jeaheng, Al-Ansi and Han 2020). Kaura, Prasad and Sharma (2015) found that satisfaction was a mediating variable between service quality dimensions, perceived price and fairness, service convenience dimensions, and customer loyalty. Based on previous studies, the current study focused on the effects and relationship between customer satisfaction and customer loyalty and the mediating role played by customer satisfaction in the relationship between customer experience and customer loyalty as depicted in the following hypotheses:

- $H_5$: There is a significant and positive relationship between customer satisfaction and customer loyalty.
- $H_8$: Customer satisfaction plays a mediation role between customer experience and customer loyalty.

### 3.9.7 Customer loyalty and service quality

The marketing literature is saturated with studies on service quality, with SERVQUAL being the most widely used measuring tool. In banking service, reliability, tangibility and responsiveness influence customer satisfaction, which in turn affects loyalty and the willingness to pay higher prices for services (Saleem *et al.* 2016). Evidence from the literature above shows that there is a relationship between customer satisfaction and customer loyalty. This relationship is further enhanced by integrating service quality. Studies show that these three variables--service quality, customer satisfaction and customer loyalty--have a positive relationship in banking (Fida *et al.* 2020). Lewis and Soureli (2006) reported that service quality played a major role in predicting customer loyalty in the banking industry. Confirming these results, Omoregie *et al.* (2019) found that service quality had a positive impact on customer loyalty when assessing this relationship for banks in Ghana. van Deventer and Redda (2021) had similar results when modelling the factors that explain customer loyalty in retail banking. Özkan *et al.* (2019) found that customer perceptions of service quality play a significant role as a predictor of loyalty and repurchase of service in the Turkish banking industry. Several other studies came to the same conclusion (Zungu and Mason 2017b; Viljoen, Gavaza and Cilliers 2019; Raza *et al.* 2020; Shava 2021; Vinnarasi *et al.* 2022).

Contrary to the above results, Hendri, Haryono and Saparso (2021) studied the effect of service quality on customer loyalty in Indonesian banks and found that service quality does not have a direct relationship with customer loyalty; rather, this relationship is mediated by customer satisfaction. Consequently, loyalty in the banking industry is based on the performance of the services offered. In line with this, the current research supposes that there is a relationship between service quality and customer loyalty. Moreover, this relationship is mediated by customer satisfaction. It is hypothesised that:

- $H_6$: There is a significant and positive relationship between service quality and customer loyalty.

### 3.10 Summary

This chapter examined the literature and published scholarly research relevant to the objectives of the study. The literature review focused on discussions on concepts of customer experience, service quality, customer satisfaction and customer loyalty. The first section focused on the concept of customer experience. It started by introducing the concept and highlighting its evolution and the stages of customer experience. It further progressed to discuss the main dimensions of the customer experience: emotional, cognitive, social, sensory, and behavioural dimensions as adapted by this study. This section concludes with a discussion on customer experiences in services and retail banking.

The chapter then discusses the concept of service quality and its relationship with customer experience. Furthermore, customer satisfaction was discussed, and its relationships with customer experience and service quality were highlighted. The chapter also presented literature on customer loyalty with emphases on its definitions, its behavioural and attitudinal nature and loyalty in services and in retail banking. The chapter concludes by highlighting the relationships between customer loyalty and customer experience, and customer satisfaction and service quality. Empirical evidence and literature pertaining to the above concepts were extensively discussed, and gaps in the literature were highlighted. The next chapter presents the main theories and models used in relationship marketing and consumer behavior to explain customer experience, service quality, customer satisfaction and customer loyalty.

# CHAPTER FOUR

# LITERATURE REVIEW – THEORETICAL FRAMEWORK

## 4.0 Introduction

The previous chapter discussed the theoretical concepts of customer experience, service quality, customer satisfaction and customer loyalty. The chapter focused mainly on providing an overview of these concepts and highlighting their relationships with each other. This chapter entails discussions on the main theories and models underpinning the study. First, the chapter will discuss customer experience theories and models such as the social exchange theory, the social cognitive theory, the stimulus-organism-response theory and the drive experience memory model. Customer satisfaction theories, namely the expectancy disconfirmation model of satisfaction and the perceived control theory, will then be discussed. Furthermore, the chapter will discuss Dick and Basu's (1994) framework of customer loyalty. Finally, following the gaps identified in the literature and theories discussed, a conceptual model that integrates the relationships between the marketing concepts discussed will be proposed.

## 4.1 Theoretical perspective of customer experience

### 4.1.1 Social exchange theory (SET)

SET, which has its origins in the field of behavioural psychology, is an approach that attempts to define the dynamics of interpersonal interactions in terms of human social behaviour and decision-making (Lee, Heere and Chung 2013). The origins of social exchange theory can be traced back to sociological and social psychological theory; nevertheless, it is also firmly rooted in economics and business theory, and it has linkages to a variety of other economic theories (Lee et al. 2014). In contrast to social exchanges, which are characterised by a broader definition and include advantages that might be either tangible or intangible, economic exchanges are defined in terms of money transactions.

The quality of a social interaction can be evaluated based on the nature of the relationships that are formed between the parties involved. Individuals or larger groups, such as businesses, could be considered to be involved parties (Tanskanen

2015). According to Lawler (2001), a social exchange is a situation that involves more than two individuals engaging in an activity in which each individual has something to offer that is valued by at least one of the other parties. In addition, (Lee *et al.* 2014) describe SET as a technique for gaining an understanding of the relationships that exist between individuals.

The sense of how fair the trade is, and consequently the degrees of satisfaction and equality, are important factors in determining the strength of a relationship. According to SET, an individual will engage in a specific behaviour when there is an understanding that the benefits will be equal to or greater than the costs that are associated with the behaviour. In the context of this theory, connections are formed between individuals and are based on aspects such as mutual recognition, moral responsibilities, interrelationships, loyalty, and relational standards (Nadeem *et al.* 2020). Therefore, the benefits do not necessarily take the form of tangible objects such as presents and money, but they may also take the form of intrinsic rewards such as the appreciation of other ordinary people.

Ahmad and Bashir (2015) posit that rewards do not necessarily have to be monetary and can include intangible benefits such as kindness, admiration, and devotion. In other words, the term ‘reward’ may refer to a wide range of different things, one of which is the public perception of an individual within a social environment (Izuma, Saito and Sadato 2008). Self-interest is central to the notion of SET, supposing that parties in the exchange seek benefits from the interaction that could not be attained in isolation (Lee *et al.* 2014). Moreover, people will only remain in a relationship as long as they perceive that it is mutually beneficial.

The premise that marketing is primarily about building and maintaining relationships is one of the fundamental tenets of SET. Companies and customers will continue to engage in transactions for a variety of reasons, including social and economic considerations. Transactions involving the exchange of goods and/or services may take place in exchange for monetary compensation or for less tangible rewards, such as a positive sense of self-image, affection or altruistic impulses (Ahmad and Bashir 2015). This notion can be used for a wide variety of trade situations, such as deciding whether or not to take part in a service encounter. When deciding whether to accept a new customer, a company will take into account the potential costs and benefits of doing so (Corbishley 2017).

Lawler (2001) expanded the scope of SET to incorporate affect into the mix. He posited that the result of an exchange may have emotional impacts that vary in degree and form. These results might be favourable in the form of a reward or unfavourable in the form of a punishment. When things go well for the participants, they may experience positive emotions such as joy, pleasure, pride, and appreciation. When things do not go well, the participants may experience negative emotions such as despair, disappointment and rage. This theory was utilised by Eason, Bing and Smothers (2015) to explain how altruistic appeals work. According to their explanation, consumers are willing to donate money to a cause when they perceive that the advantages included in the transactions outweigh the expenses involved in the transactions. In this instance, the advantages are not physical but rather intangible. According to Corbishley (2017), the rationale for this is that the participant may view the abovementioned altruistic advantages as a type of reward, making a loyalty program appear alluring to them.

According to the affect concept, loyalty arises from satisfying interactions that are repeated and continue to make people feel good. Social exchange theory posits that over time, relationships grow through the development of trust and loyalty when customers experience satisfaction, collaboration, and the exchange of values (Lee *et al.* 2014; Corbishley 2017). These elements are related to both loyal customer behaviour and customer advocacy for the company in question. This highlights how important it is for managers to concentrate not only on the production of value for the firm but also on the creation of value for customers.

Social exchange theory suggests that exchange processes result in social behaviour and that customers are always looking for the best value for their money. As a result, businesses always strive to meet the needs of their customers by offering benefits that are tailored to their requirements (Mansoor, Awan and Alobidyeen 2020). Thus, many businesses are placing significant emphasis on and investing in the management of their customer experiences. This is because when customers perceive that an organisation has made noteworthy investments and worked hard to build and manage relationships, there ultimately arises a feeling of satisfaction in customers, which in turn encourages customers to also invest in the relationship through continued patronage, hence becoming loyal customers.

In applying this theory to the concept of customer experience, when a customer has a positive emotional response following an interaction with a service provider, the customer views the experience itself as having provided them with an object of value. The implication is that customers will prefer to utilise the same service providers again when they receive value from their service encounters.

### 4.1.2 Social cognitive theory

Social cognitive theory (SCT) was first advanced by Bandura (1986) as an extension of social learning theory (SLT) and is commonly used in studies of human behaviour. It holds that an individual can acquire knowledge through observation and interactions with others in a social environment. An individual is said to acquire and maintain behaviour in a unique way that considers their social environment and cognitive processes (Boateng *et al.* 2016). The theory emphasises both external environmental factors and internal social influence, such as the cognitive and affective states of the individual (Bandura 1986).

SCT therefore stipulates that human behaviour is formed by three components: personal factors, behavioural factors and environmental factors, presented in a triadic relationship that interacts with each other continually (Yakut 2019). Behaviour can be affected by consumer characteristics such as cognitive, affective and sociodemographic factors (Aguilar-Rojas, Fandos-Herrera and Flavián-Blanco 2015). Personal factors consist of how customers think (cognitive) and feel (emotions), coupled with the abilities, knowledge and skills they possess (Bandura 1986, 1989; Boateng *et al.* 2016). This study applies personal factors to include the emotional and cognitive dimensions of customer experience.

Behavioural factors are the expectations of an outcome that may occur as a result of certain behaviours or actions of an individual. Behaviour is the customer’s response or action towards a particular situation (Yakut 2019). In this study, behaviour involves how customers respond to their retail banking environment during their interactions and is operationalised by customer satisfaction and customer loyalty. Environmental factors are those factors external to the individual that affect their behaviour. They include both physical and social environments. The physical environment consists of natural objects in a customer's surroundings, such as lighting in a room, colour or temperature, while the social environment encompasses social relationships such as family, friends, employees or co-workers as well as social norms, peer influence, cultural background and values (Boateng *et al.* 2016; Yakut 2019).

In this study, the physical environment triggers the customer's senses and influences their behaviour towards their experience, hence the sensory experience. The social dimension of customer experience in this study is explained by social environmental factors. The social experience involves relationships with other customers and employees of the banks. These environmental factors can be both physical and digital (Boateng *et al.* 2016). SCT has been applied in various studies across different disciplines. Specifically, SCT has been utilised in studies conducted in the marketing field (Yakut 2019). Kim (2013) used the theory to explain consumers' engagement behaviour in online brand communities. Aguilar-Rojas, Fandos-Herrera and Flavián-Blanco (2015) proposed the use of SCT in a service recovery process in the context of the hospitality industry. Boateng *et al.* (2016) used SCT to determine the factors that influence customers intentions of adopting internet banking. More recently, a study on purchase experiences during the COVID-19 pandemic by (Milaković 2021) explored consumer behaviour during the pandemic using SCT.

In this study, SCT is adapted in the context of the cognitive, sensory and social dimensions of customer experience as well as behavioural actions that influence customer loyalty and customer satisfaction. The personal factors of feeling and cognitive experience interact with the social and physical environment (the multichannel banking environment), which in turn elicits some behavioural responses from customers and customer satisfaction, which leads to customer loyalty. These interactions are important because customer satisfaction is influenced by interactions between the customer and the environment (customer experience) (Aguilar-Rojas, Fandos-Herrera and Flavián-Blanco 2015). Consequently, the behavioural factor of customer satisfaction has a positive effect on loyalty (Keisidou *et al.* 2013; Narteh and Kuada 2014), and satisfaction itself is a cognitive and emotional evaluation of the customer experience (Westbrook and Oliver 1991; Pei *et al.* 2020). This study uses the SCT framework to establish the relationships between customer experience and customer satisfaction in a multichannel retail banking context.

### 4.1.3 Stimulus-organism-response model

The multidimensionality of customer experience can be explained using the Donovan and Rossiter (1982) stimulus-organism-response (S-O-R) framework. The framework was first introduced by Mehrabian and Russell in 1974 and has become a dominant tool for consumer behaviour studies in retail environments. The S-O-R framework stipulates that an external stimulus causes an internal reaction in the individual, which determines the response. It comprises a three-step approach to customer reaction in a retail environment. The environment acts as the stimulus that affects the cognitive and emotional state of the customer, the organism, leading to behavioural actions and responses (Loureiro and Sarmento 2018; Kumar, Mokha and Pattnaik 2021a). Stimuli are represented by clues from the environment that trigger a customer’s state of mind (Zhu *et al.* 2020).

Customer experience in retail banking is influenced by bank offerings, which result in certain outcomes. The ‘stimulus’ component refers to the influence that arouses the individual. Banks provide a variety of financial services to their customers. In addition to providing these services, they also design, develop, and implement marketing-related stimuli to attract the attention of their customers. Stimuli in the context of retail banking are the attributes or features of retail banking where customers experience the bank products and services that are offered and delivered (Loureiro and Sarmento 2018). These features include physical branches or online spaces such as mobile and internet banking spaces. The cognitive and emotional states of consumers are referred to as the ‘organism’, and they are comprised of the internal processes that are triggered by stimuli. It is generated based on the customer's judgement of the stimuli presented by various firms, brands, and/or products (Barbu *et al.* 2021).

Organisms are customers’ internal evaluations of the cues in the environment. It entails the thoughts (cognitive) and feelings (emotions) of the customer about the stimulus that influence their reaction (Loureiro and Sarmento 2018; Mathews 2018). Within the ‘organism’, these operations produce the customer experience. Customer experience is a subjective act that results from a distinct context for each individual and is influenced by sociocultural factors, customer training, and expectations related to the use of banking services (Barbu *et al.* 2021). In the retail banking context, organism entails the process by which the customer transforms the stimuli into information that awakens their emotional and cognitive states. Here, customers include their observations, points of view and evaluations of the stimuli before they respond (Kumar, Mokha and Pattnaik 2021a).

The response is the final step in the S-O-R model and entails the external reaction of the customer to the stimuli mediated by the organism (Mathews 2018). This includes the behavioural reaction of the customer, such as customer satisfaction, customer loyalty, intention to purchase and continuing with the relationship (Loureiro and Sarmento 2018; Kumar, Mokha and Pattnaik 2021a). The 'response' is the outcome of the interactions that customers have with banks. The outcomes of the customer experience can be positive, such as repurchase intention, customer loyalty, positive word-of-mouth, and customer trust; however, the customer experience can also have unfavourable consequences, such as the customer giving up bank services, losing confidence, and negative word-of-mouth (Barbu *et al.* 2021).

The S-O-R model is used to assess customer experience in various contexts. The S-O-R model has been used extensively in previous consumer behaviour research, with some focusing on customer experience and others on online retail environments. Zhang *et al.* (2014) investigated the effects of technology on customer experience based on the S-O-R model. Mathews (2018) utilised the model to better understand purchasing behaviour in online gaming. In their study on online group buying, Li and Yuan (2018) used the S-O-R model to examine the factors that influence purchase intention. Zhu *et al.* (2020) applied the model to explore the relationship between information quality and social presence generated from online reviews and purchase intention. Kumar, Mokha and Pattnaik (2021a) incorporated the S-O-R model in their study on the association between electronic customer relationship management (E-CRM) and customer satisfaction through the customer experience. In retail banking, Loureiro and Sarmento (2018) applied the S-O-R model to demonstrate the role of emotions in enhancing brand equity.

In the current study, stimuli are categorised as the retail banking environment, which involves both offline and online banking channels. The organism encompasses the various dimensions of the customer experience, which include the emotional and cognitive dimensions. The concept of customer loyalty is explored as an outcome of the customer experience. Previous research has demonstrated that a positive association exists between the quality of the customer experience and continued loyalty from customers.

### 4.1.4 The Drive Experience Memory (DEM) Model of CX

The drive experience memory (DEM) model has been used to explain the concept of customer experience. This model contends that not all experiences that a customer has matter; rather, only those that are valuable will drive the customer. Two customers may experience the same service or product but react differently based on their drive. What drives the customer is what one would measure as the customer experience since the drive connects to value (Walden 2017).

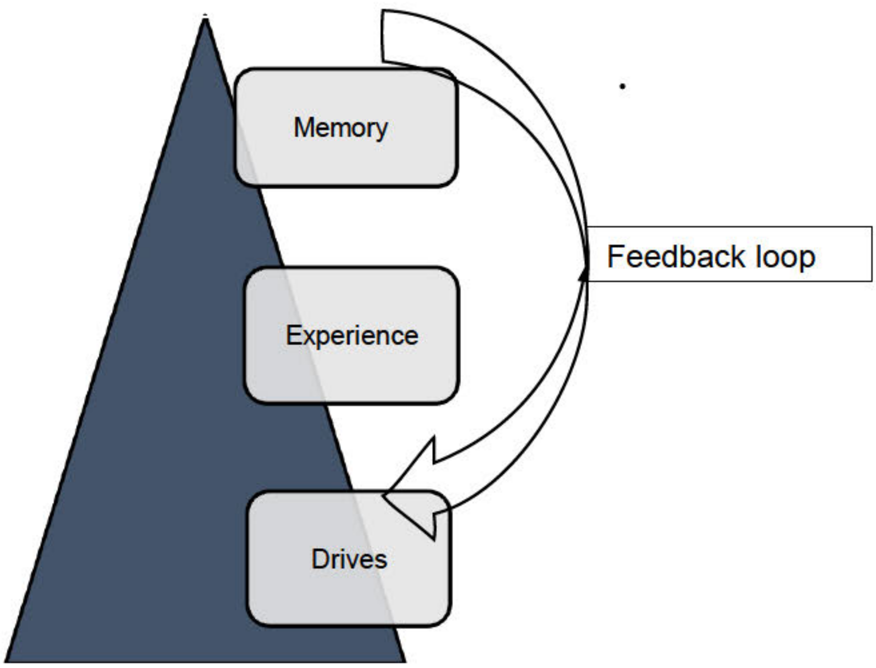



**Figure 4. 1: DEM Approach to understanding customer experience**
**Adopted from Walden (2017)**

#### 4.1.4.1 Drives

These are the goals and influences of the customers that make them behave in certain ways. Customer experience is defined as a subjective and internal response that customers have to any direct or indirect contact with a company. From this definition, customer experience is about subjectivity, which means it is phenomenological and qualitative in nature. However, not all experiences matter, according to Walden (2017). He contends that for an experience to be regarded as one that matters, it has to be more than just a mere experience. A valuable experience is one that drives a customer to make a purchase.

The drives are the impulses that lead to different reactions during an experience. They entail holistic experiences that are important to the customer and influence the way they will react to an experience. Differences in drives will often lead to differences in personal and memorable experiences for different customers. Therefore, drives encompass the expressed and unexpressed goals and subgoals of customers that involve rational, emotional, affective, conditioned and subconscious influences. Emotion is said to be the most important driver behind customer experience. Many of customers' actions and behaviour occur as a response to their emotions rather than for a reason (Clark 2020).

Emotional drives are the triggers that enable customers to make decisions and take actions in response to something. Customers connect with a brand emotionally when it aligns with their drives and helps them fulfil their inner desires. These emotional connections drive customers into their most profitable behaviours. Emotional connections vary by brand and category and with the customer's position in their customer journey (Magids, Zorfas and Leemon 2015). In banking, the desire to feel sated when transacting is an extremely powerful drive for customers. (Clark 2020). Drives on their own may not have a direct cause and effect on the way customers do business with organisations.

However, they indirectly influence how customers feel about doing business with an organisation. They may be the differentiating factor for sectors that provide undifferentiated products, such as the banking sector, airline industry and hospitality industry (Walden 2017). Understanding drives is important for an effective design of the customer experience, as long as what matters is understood. Firms seeking to improve CX and increase customer loyalty need to focus on creating emotional connections that compel action. In the DEM model, drives are at the bottom of the pyramid since they influence customers' goals, emotions and motivations to react at the moment.

#### 4.1.4.2 Experience

Experience forms the second layer of the pyramid. Drives are readjusted as the customer engages with the experience. Experience occurs in the form of actual service encounters with the service provider (Al Hawamdeh and Hackney 2018). It involves interaction between the customer and the service provider. This particular experience is personal in nature for the customer and includes his or her involvement at various points, including at the rational, emotional, sensorial, physical, and social levels (Choi and Kim 2015). Positive feelings during interactions with a service provider elicit repeat purchase behaviour and customers are more likely to return when they have positive interactions (Izogo and Jayawardhena 2018). The extent to which these encounters meet customers' needs relates to service quality and customer satisfaction (Kamath, Pai and Prabhu 2019a). A series of these experiences and interactions form a service experience, and the nature and amount of these experiences are critical to determining customer satisfaction. A customer service experience is impacted by a series of experiences that evolve over time and may involve multiple channels and/or repeated experiences with a particular channel (Lemon and Verhoef 2016). Hence, the success of the service provider in satisfying the customer is dependent on their performance during these interactions with the customer. The accumulation of experiences eventually leads to the formation of memory.

#### 4.1.4.3 Memory

New memories are created after the customer engages with the experience. Memories are driven by how customers remember their experiences and not by the actual experience (Shaw and Hamilton 2016). Customer memories wane quickly, and what a customer remembers from an experience may be distorted and not actually represent what exactly happened when a customer interacted with a brand (Pierce 2019). The role played by memory in customers' experiences can directly impact the decisions they make regarding a service offering in terms of repeat patronage or recommending a service to others (Thompson 2019). There are two types of memories, according to Shaw and Hamilton (2016): evaluative memories and episodic memories. With evaluative memories, it is said that memories of customer experiences are formed based on the most intense emotion they feel during and after an experience. This phenomenon is known as the peak-end rule, introduced by Nobel Prize winner and economist Professor Daniel Kahneman (Shaw and Hamilton 2016).

This phenomenon holds that customers remember experiences that evoke extraordinary positive or negative feelings more, especially those that are unique and relevant to them. Episodic memories are based on the specifics that customers remember.

A memory is episodic since two people may not remember the same event in the exact same way, hence memories are subject to the interpretation of the customer (Pierce 2019). Consequently, customers' perceptions and memories of the exact same service will substantially vary in many cases (Walden 2017). Episodic memories are influenced by primary and recency effects. Primary effects arise from the first information that a customer encounters, which s/he remembers well, while recency effects arise from the latest remembered information. An experience with positive primary and recency effects evokes a positive episodic memory even when the actual experience is disappointing (Shaw and Hamilton 2016). Customer experiences that induce strong emotions are more likely to be remembered since they create a lasting memory. For marketers, knowledge of what memories customers retain from their experiences is critical in creating memorable experiences, encouraging referrals and driving repeat visits.

Customer loyalty is a function of memory; therefore, understanding how memories are formed is critical in creating loyal customers (Shaw and Hamilton 2016). Customers choose a service offering based on the memory of their experience. Memories are made stronger through emotions and unusual experiences. To enhance customer experience, it is imperative to realise that building customer loyalty occurs through customer memories and is dependent on the experiences that customers remember and not the actual experiences (Pierce 2019). Thus, marketers need to know and measure remembered experiences as they influence future behaviour.

#### 4.1.4.4 The feedback loop

The memories created feed our drive for future encounters. Durable memories will form positive drives that are derived from great experiences. Organisations therefore need to create durable memories for customers by their interactions with the customer.

## 4.2 The expectancy-disconfirmation model of satisfaction

Wirtz and Lovelock (2018) posit that customer satisfaction is determined by whether a customer's expectations are met based on their presumptions and perceptions about a product or a service. They define satisfaction as a customer's judgement after interactions with a product and a service. The disconfirmation model was developed by Richard Oliver in 1977 and 1980 (Wijaya, Rai and Hariguna 2019). It envisages the direct effects of performance expectations and perceived performance on satisfaction (Nysveen, Pedersen and Skard 2013). The model contains four components, namely, expectations, performance, disconfirmation and confirmation. It suggests that customers start by developing a standard that they use to compare a service experience expectation. The service is then measured by how well it matches the set standards (Mill 2002).

This model stipulates that customers buy products and services based on their expectations, and they can confirm or disconfirm these expectations. During and after consumption, they evaluate their experience by forming a perception of the performance of the product or service (Mill 2002). Finally, the customer compares the actual experience with the standard they developed before the experience or their expectations. Confirmation or disconfirmation of their pre-consumption expectations determines their confirmation, satisfaction or dissatisfaction (Mill 2002; Wirtz and Lovelock 2018).

A customer is said to have confirmed expectations if their expectations match their perceptions (Shava 2021). Likewise, a customer disconfirms their expectations when their expectations do not match their perceptions; hence, there are two types of disconfirmations based on whether the expectations exceeded or were less than the perceptions. When expectations exceed perceptions, positive disconfirmation results in satisfaction, while negative disconfirmation means that expectations are less than actual perceptions, resulting in dissatisfaction (Lamb *et al.* 2015; Shava 2021). Satisfaction influences customer behaviour such that satisfied customers are likely to make repeat purchases, be loyal to the organisation and spread positive word of mouth (El Saghier and Nathan 2013; Shava 2021). Customer satisfaction is therefore an evaluation of the customer experience. We can therefore deduce that a positive customer experience can lead to positive customer satisfaction, which in turn can lead to customer loyalty through repeat purchases and new customers from positive word of mouth.

## 4.3 Perceived control theory (PCT)

According to the theory of perceived control, clients have a desire for control throughout the service experience. The greater the customer's perception of control in a service situation, the greater their degree of satisfaction. The sense of control might be behavioural, cognitive, or decisional. Behavioural control enables the customer to alter the service environment by requesting that the business adjust its standard offerings. Decisional control denotes the customer's ability to choose between two or more standard alternatives without modifying each option. Cognitive control is demonstrated when a client comprehends why something is happening and what will happen next (Wirtz and Lovelock 2021).

This theory is applicable to both physical and online services. While using a website, a customer may want to know where they are, whether their transaction is being processed or how long it will take to process the transaction. Self-service machines such as ATMs are designed to make customers perceive that they are in control by making noise to signify that the card is being processed and/or money is being dispensed. Service marketers have the responsibility of designing perceived control in customers' service encounters by offering behavioural, decisional and cognitive control. Perceived control is an important factor in customers' service experience. As service providers hand over some control to customers, the role of customers' perceptions of control is often highlighted, especially in self-service technologies such as ATMs and other self-service kiosks. With self-service technology, customers have greater control over their transactions and take greater responsibility for their actions. The higher control offered by self-service technology may create a positive perception toward it (Le, Rao Hill and Troshani 2022). Hence, customers may be more willing to utilise self-service technology than humans.

## 4.4 Dick and Basu's Framework of customer loyalty

Dick and Basu (1994) developed a framework for explaining customer loyalty using both attitudinal and behavioural aspects. They posited that different loyalty types form a combination of relative attitudes towards a firm and repeated purchases, thereby defining loyalty in terms of customer attitudes as well as customer behaviour. They identified three antecedents of attitudinal loyalty: cognitive, affective, and conative antecedents, while simultaneously including three consequences of loyalty in their framework: search motivation (SM), resistance to counter-persuasion (RCP), and word of mouth (WoM). Defining loyalty using only one dimension, can lead to underestimation or overestimation, hence the need to take into account both behavioural and attitudinal dimensions. The relationship between a customer's psychological attachment and behavioural element determines their loyalty (Kufakunesu, Kapesa and Takundwa 2018). Based on this proposition, four categories of loyalty emerge based on Dick and Basu's framework. These categories of loyalty include spurious loyalty, true loyalty, latent loyalty and low loyalty.

Behavioural loyalty is evaluated by quantitative measures such as the number of purchases, the cross-buying potential of the customer and the amount of expenditure made by the customer towards the products and services (Filip and Anghel 2009). Repeated customer behaviour that happens without much attitude or clear preference towards the current bank is known as spurious loyalty.

Spurious loyalty occurs when customers have a high behavioural consistency associated with a low emotional attachment to a brand (Kufakunesu, Kapesa and Takundwa 2018). In this type of loyalty, customers continue to patronise the bank without a positive relative attitude. Patronage is based on factors such as familiarity, low income, passivity, lack of alternatives, inertia and convenience (Corbishley 2017). This is a misleading situation for marketers, as these customers are classified as trapped. They are more susceptible to offerings from competitors and are able to switch brands as soon as the situation is favourable.

Attitudinal loyalty, on the other hand, incorporates consumer preferences and their positive attitude towards the bank. When attitudinal loyalty is combined with repeat visits, they both describe the ideal situation, which is true loyalty (Filip and Anghel 2009). True loyalty customers are identified by a repeat patronage based on a strong positive attitude towards the bank (Kufakunesu, Kapesa and Takundwa 2018). They are not easily persuaded by competitors, will probably not consider alternatives and are not easily influenced by situational factors (Corbishley 2017).

True loyal customers also promote the firm to others through word of mouth. They repeatedly patronise the bank because of their psychological commitment, and they are the most preferred by any business (Radder, Van Eyk and Swiegelaar 2015). Attitudinal loyalty that is contrasted by a low level of repeat visits forms latent loyalty. This is a situation where the potential customer has a genuine positive attitude towards a brand with no consistent repurchase history.

Latent loyalty is common with expensive brands that only attract admiration, but customers have limited resources and opportunities to purchase them. Customers are tied to an offering with high switching costs, or they lack resources or alternatives that are not easily available (Garland and Gendall 2004). Latent loyalty denotes a strong emotional connection with a product that does not necessarily translate into repeat patronage (Srivastava and Kaul 2016). This type of loyalty is affected by situational factors that act as obstacles between attitude and behaviour. These factors may be uncontrollable and make it difficult for marketers to target latent loyal customers.

Finally, in Dick and Basu's framework, there is little or no loyalty. This is a situation whereby customers exhibit a weak attitude towards a brand and do not purchase from or patronise the firm regularly (Kufakunesu, Kapesa and Takundwa 2018). Customers in this category do not show any attitudinal loyalty, nor do they patronise the bank often. They display little or no awareness of the firm, and their low psychological attachment to it influences their purchase behaviour. They switch banks easily and are influenced by various situational factors, such as on-the-spot discounts and convenience (Dick and Basu 1994; Radder, Van Eyk and Swiegelaar 2015).

### 4.5 Conceptual Framework

The aim of this study was to examine retail banks by assessing the relationships between customer experience, service quality, customer satisfaction and customer loyalty. From the literature, customer experience is a multidimensional concept involving five dimensions, namely emotional, behavioural, social, sensorial and cognitive experience. Based on the existing knowledge from the literature, the study proposed a conceptual model denoting customer experience as a multidimensional construct consisting of five dimensions (subconstructs): feeling (emotional), behavioural, cognitive, sensorial, and social. It was further postulated that CX has an influence on customer loyalty, customer satisfaction and service quality.

The examination of these relationships was guided by the conceptual model presented in Figure 4.1 below. The conceptual model was developed from the research objectives, review of literature and theories discussed in this study. SET and SCT focus on the dimensions of customer experience that form the customer experience construct. The expectancy-disconfirmation theory forms the basis for customer satisfaction, while Dick and Basu's framework forms customer loyalty theory. The literature on service quality, which includes the servuction model, forms the service quality construct.

The proposed conceptual model acknowledged that customer loyalty is influenced by customer experience. Although the model depicts a direct relationship between these two constructs, it also acknowledges that other factors come into play. The model integrates customer satisfaction and service quality as mediators of the relationship between customer experience and loyalty, as discussed and supported by the literature.

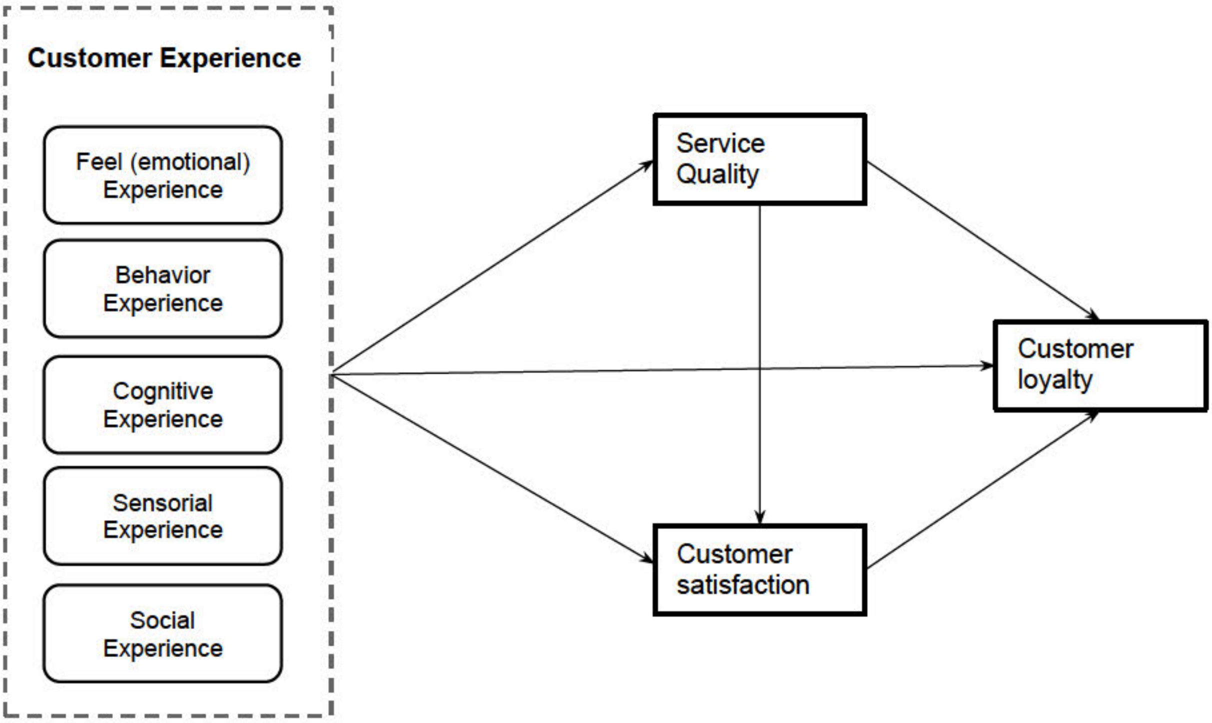



**Figure 4. 2: Proposed customer experience conceptual framework**

**Source: Author**

## 4.6 Summary

This chapter addressed the main theories and models underpinning the study. First, the chapter discussed customer experience theories and models such as social exchange theory, social cognitive theory, stimulus-organism-response theory and the drive experience memory model. The expectancy disconfirmation model of satisfaction and the perceived control theory were then discussed. Furthermore, the chapter highlighted Dick and Basu’s framework of customer loyalty. Finally, following the gaps identified in the literature and theories discussed, a conceptual model that integrates the relationships between customer experience, service quality, customer satisfaction and customer loyalty concepts was proposed.

The next chapter presents the research methodology employed in this study. It begins with an explanation of the research design, research paradigm, and research approach selected for this research study. It proceeds to discuss the sampling strategy, measuring instrument, data collection and data analysis. Reliability, validity and ethical considerations employed in this study are also presented. Finally, the chapter concludes by addressing the structural equation modelling technique and how it was utilised in this study.

# CHAPTER FIVE

# RESEARCH METHODOLOGY

## 5.0 Introduction

The preceding chapter addressed the main theories and models of customer experience, customer satisfaction and customer loyalty underpinning the study. First, the chapter discussed customer experience theories and models such as social exchange theory, social cognitive theory, stimulus-organism-response theory and the drive experience memory model. The expectancy disconfirmation model of satisfaction and the perceived control theory were then discussed. Furthermore, the chapter highlighted Dick and Basu’s framework of customer loyalty. Finally, the chapter proposed a conceptual model that integrates the relationships between customer experience, service quality, customer satisfaction and customer loyalty concepts.

This chapter presents the research methodology employed in this study. It begins with an explanation of the research design, research paradigm, and research approach selected for this research study. It proceeds to discuss the sampling strategy, measuring instrument, data collection and data analysis. Reliability, validity and ethical considerations employed in this study are also presented. Finally, the chapter concludes by addressing the structural equation modelling technique and how it was utilised in this study.

## 5.1 Research design

The research design serves as the blueprint for the research process, outlining the specific order in which the various activities and procedures of the research should be carried out. These procedures and steps include the conceptualisation of the research, the selection of the research technique, the population and the sampling, the processing of the data, the analysis, and the interpretation (Babbie 2020). A research design is further described as a procedural outline that a researcher uses to answer the research questions and problem in an accurate, valid and objective way (Kumar 2011). These aspects are important in research because they determine whether the research questions actually measure the issues that are significant and whether the study results are valuable and meaningful.

Clow and James (2014) describe a research design as a road map used to provide answers to the research questions and explain the research process. It involves making decisions on pertinent issues about the research that is being conducted, such as the overall research approach, type of research design, sampling methods to be used, methods and procedures of data collection and methods of data analysis. Burns, Veeck and Bush (2017) define research design as a master plan that provides specific methods to be used in collecting and analysing the information needed for research. The most appropriate research design is determined by the nature of the research problem, the purpose of the research and the specific information requirements. A carefully-planned research design helps to ensure that the methodologies utilised are appropriate for the research objectives and that the appropriate type of data analysis is carried out (Hair *et al.* 2011).

A clear idea of the research question to be investigated is a prerequisite for a good research design. Research may be exploratory, descriptive or causal in nature. Consequently, exploratory research calls for an explorative research design, descriptive research uses a descriptive research design, and causal research makes use of a causal research design (Burns and Veeck 2017). The choice of research design is driven by the nature, aim and objectives of the study.

### 5.1.1 Types of research design

The three types of research designs, as highlighted by Burns and Bush (2014) are exploratory, descriptive and causal. The basis for these three types of research design is the amount of information required and the amount of information already available to the researcher about the problem and research objective (Burns, Veeck and Bush 2017). An exploratory research design is used when there is scarce information on the research problem, which therefore requires additional information or more recent information. It is unstructured, informal research that is conducted to gain background information about the general nature of the research problem and to clarify ambiguous situations or discover new ideas (Zikmund and Babin 2010; Burns, Veeck and Bush 2017).

Exploratory research is suitable when researchers do not have sufficient information and want to determine the nature of the problem. It is utilised when problems are at the introductory stage and can address all forms of research questions to achieve new insights into a phenomenon (Blumberg, Cooper and Schindler 2014) The aims of exploratory research may be to identify variables for further analysis, define terms, clarify problems and hypotheses and establish research priorities. It can also be used as a situation analysis conducted prior to descriptive or causal research (Malhotra 2010).

The commonly used methods of conducting exploratory research are secondary data analysis, experience surveys and case analysis (Burns, Veeck and Bush 2017). For an exploratory study, narrative data are collected by means of focus groups and personal interviews or observation of behaviour. Case studies can also be used to collect data. Sample sizes for this type of study are typically small, which may lead to inconclusive results (Akhtar 2016). The aim of this research study is to examine the relationship between customer experience, customer satisfaction, service quality and customer loyalty variables. Based on this aim and the objectives of this study, exploratory research is not appropriate.

Causal research design attempts to specify the nature of the relationship between two or more variables. It is based on the assumption that some variables affect the values of other variables. The primary focus of causal research is to obtain data that will enable the researcher to assess the cause and effect relationships between variables. It measures the causality in relationships (Drotskie 2009; Burns, Veeck and Bush 2017; Hair *et al.* 2017).

On the other hand, a descriptive research design is undertaken to examine the characteristics of the variables. This type of research is also known as statistical research, and it aims to describe phenomena in their actual states. It serves as a tool for identifying and obtaining data about a specific topic, such as a community, organisation, or individual. This form of research describes social circumstances, social structure, social events, among other factors. It is utilised to carry out research on the existing circumstances (Akhtar 2016). Descriptive research is useful for understanding the characteristics of a specific scenario, such as market segments and factors impacting customer satisfaction. Descriptive research addresses the who, when, what, why, where and how questions. It tends to 'paint a picture' of the situation that is under study (Zikmund and Babin 2010). It is also conducted when the researcher needs to identify relationships between variables or determine whether there are differences between variables (Hair *et al.* 2017).

While conducting research of a descriptive nature, the researcher may take measurements at a particular point in time, which is known as a cross-sectional study, or he may take repeated measurements of the same sample over a period of time, which is known as a longitudinal study (Burns, Veeck and Bush 2017). For a descriptive study, quantifiable data are collected by means of surveys, observations or questionnaires (Gray 2018: 197). Sample sizes for this type of study are typically large. Data analysis is done by means of statistical tools. The researcher can use descriptive research to generalise the results of a study based on the characteristics of the sample population (Burns, Veeck and Bush 2017). It has a broad range of applications in the scientific study of the natural and physical environment. However, it is utilised more frequently in the social sciences, such as in economic surveying and job or activity analysis. For instance, a descriptive study could be conducted on industrial workers, their age distribution, their culture, their educational level, their physical health, and other factors to adequately depict the characteristics of a specified group or setting (Akhtar 2016).

The aim of this study was to investigate relationships among variables: customer experience, service quality, customer satisfaction and customer loyalty in the retail banking sector. Based on the objectives of this study, a descriptive research design was applied. The research utilised the survey method to collect data by using self-administered questionnaires. A substantial amount of quantitative data was collected from bank customers with the purpose of describing, measuring, and determining correlations between the research's main constructs, which are customer experience, service quality, customer satisfaction, and customer loyalty. Descriptive research is associated with large numbers of respondents and is also used to explain relationships between variables (Hair *et al.* 2011: 78). Hence, this approach was the most appropriate for this study.

## 5.2 Research paradigm

Research paradigms are adopted based on how the researcher addresses the research questions. They are a set of common beliefs, agreements and assumptions made about how a research problem is understood and addressed by the researchers in their work (Kuhn 1970; Saunders, Lewis and Thornhill 2019). Lincoln, Guba and Pilotta (1985) characterised research paradigms using three philosophical concepts known as ontology, epistemology and methodology. Ontology is the nature of reality and determines what to research. Epistemology is about knowledge—its nature, validity and legitimacy—and how this knowledge can be acquired and communicated to others. Methodology is a term used to refer to the research design, methods, procedures and approaches used to produce knowledge (Lincoln, Guba and Pilotta 1985; Kivunja and Kuyini 2017; Saunders, Lewis and Thornhill 2019). Ontology and epistemology give a holistic view of knowledge and provide the methodology used to discover this knowledge.

Research paradigms can be further explained in terms of positivism, realism, interpretivism, post-modernism and pragmatism (Saunders, Lewis and Thornhill 2019). This research adopted an epistemological viewpoint with a positivist approach. Positivism is focused on objective methods of quantitative data collection. This viewpoint focuses on discovering observable and measurable phenomena that lead to the production of credible and meaningful data. In addition, positivist research places more emphasis on quantifiable information that leads to statistical analysis (Saunders, Lewis and Thornhill 2019). This paradigm was most appropriate for this study because the main objective was to explain relationships between variables and how they could have contributed to the respondents' behaviour.

### 5.3 Research approach

The research approach is determined by the research objectives. It could be either a quantitative, qualitative or mixed methods approach. The quantitative research approach is associated with positivism, especially when data collection involves highly structured techniques and objective ratings (Hair *et al.* 2011). It examines the corelations between variables that are numerically measured and analysed using statistical techniques (Saunders, Lewis and Thornhill 2019). This approach has a higher concern for representativeness and places emphasis on the reliability and validity of information. It involves the use of large samples and provides objective results because of its use of statistical methods of analysis. The researcher's opinion does not influence the outcome of the research (Hair *et al.* 2011). The quantitative research approach is precise and not ambiguous.

According to Akhtar (2016), the qualitative technique of research is an investigation of individuals' ideas, attitudes, experiences, beliefs, and other elements that affect them without using numerical values. This suggests that the qualitative technique places its emphasis on the interpretations and meanings of the events that are the subject of the investigation that are made by both the researchers and the participants. It aids in understanding ideas, experiences, or concepts and can be used to gain in-depth knowledge about subjects that are not well known. Common qualitative research methods consist of conducting interviews with open-ended questions, making observations and describing them in written form, and conducting literature studies that examine various concepts and ideas (Burns, Veeck and Bush 2017). Qualitative data are analysed by means of content analysis, thematic analysis and discourse analysis.

A mixed methods approach is a combination of both quantitative and qualitative research approaches. It is most appropriate when each separate method is not sufficient to answer the research question and address the research problem (Creswell and Creswell 2018). Two types of mixed methods research exist based on the nature and purpose of the research. These are concurrent and sequential mixed methods (Sekaran and Bougie 2016). A concurrent mixed technique involves using qualitative and quantitative approaches separately throughout a single data collection period. A concurrent mixed technique allows qualitative and quantitative findings to be analysed and interpreted simultaneously to provide a more holistic response to the research topic (Nkwei 2019). On the other hand, a sequential mixed approach involves the distinct use of quantitative and qualitative methods in more than one phase of data collection. In this technique, one (qualitative or quantitative) method informs the design of the other (qualitative or quantitative) research (Saunders, Lewis and Thornhill 2019).

This study adopted a quantitative research approach to test and confirm relationships among variables. Relationships between customer experience, customer satisfaction, service quality and customer loyalty were examined and analysed. Large samples of bank customers were used to collect quantitative data about their perceptions of the above variables in their banks. The data was collected in the form of self-administered questionnaires. This method will be discussed in more detail in this section.

### 5.3.1 Quantitative research methodology

Quantitative research methodologies involve the use and analysis of numerical data using specific techniques to describe and interpret a phenomenon. Quantitative methods can be categorised into survey research, correlational research, experimental research and causal-comparative research (Apuke 2017; Creswell and Creswell 2018). Survey research tests for associations among variables and provides a quantitative description of the trends, attitudes and opinions of a population. Correlational research involves the use of correlational statistics to describe and measure the relationship between two or more variables. Experimental research is used to determine whether a specific treatment influences the outcome. In causal-comparative research, the research compares two or more groups in terms of a cause that has already happened (Creswell and Creswell 2018; Saunders, Lewis and Thornhill 2019). This study employed the survey research methodology as explained in the section below.

#### 5.3.1.1 Survey research methodology

Survey research is used to quantitatively describe specific aspects of a given population by examining relationships among variables (Glasow 2005). It provides a quantitative description of trends, attitudes and opinions of a population by studying a sample of that population. It helps the researcher to answer descriptive questions, relationship questions and predictive relationship questions (Creswell and Creswell 2018). Survey research is one of the most popular forms of marketing research, as its results can be used to describe situations, thereby leading to good decision-making by companies. The quantitative nature of information gathered through surveys is fundamental to making optimal marketing decisions. It remains an effective means of answering the who, what, where, when and why questions (Clow and James 2013, 2014; Saunders, Lewis and Thornhill 2019). Surveys allow for the collection of standardised data from large numbers of respondents, thereby enhancing the generalisation of findings to a larger population. It allows the researcher to collect data that is, in turn, analysed using descriptive and inferential statistics (Saunders, Lewis and Thornhill 2019).

Survey research can be cross-sectional or longitudinal in nature. Cross-sectional research means that data are collected at one point in time, while longitudinal research means that data are collected over a period of time (Creswell and Creswell 2018). Saunders, Lewis and Thornhill (2019) describe cross-sectional research as a 'snapshot' and longitudinal research as a 'diary' perspective. Cross-sectional research has a number of attractive features: it is relatively easy and quick to conduct, data are collected once for all variables, and the prevalence of all factors under investigation is measurable. It is common for most marketing survey research to use cross-sectional research because it seeks to solve a specific problem and develop particular strategies (Clow and James 2014).

Due to the descriptive nature of this study, the researcher needed to gather and analyse large amounts of data to successfully make inferences and meet the study's objectives. Hence, this research study used survey research of a cross-sectional nature. Quantitative data from bank customers was collected to determine their attitudes and perceptions towards the services they receive from their banks. The cross-sectional survey was appropriate in helping the researcher to answer descriptive questions on the characteristics of the respondents, such as their demographics and their banks and choice of bank channels used. It also helped the researcher to determine and predict relationships between customer experience, customer satisfaction, service quality and customer loyalty. This method also made it possible for the data collected to be statistically analysed and inferences drawn. It further enables the researcher to conduct the study in a timely and cost-effective manner.

## 5.4 Sampling strategy

Bradley (2013) defines sampling as the process of choosing parts of a population for the purposes of studying these parts. The sampling strategy is an approach taken to answer research questions in light of the research design. It involves careful planning and execution of the sampling process. The sampling process involves taking measurements from a portion of the population and drawing conclusions about the entire population (Zikmund and Babin 2010; Clow and James 2014). The sampling process involves defining the target population, choosing a sampling frame, selecting the sampling method and determining the sample size. The subsequent sections discuss the sampling process used for this study.

## 5.5 Target population

Gray (2018: 147) defines population as the entire number of potential units that are included in the study. It is the full set of elements that share a common set of characteristics and from which a sample is taken (Hair *et al.* 2011; Saunders, Lewis and Thornhill 2019). The target population is representative of the pool of cases that the researcher intends to study, and therefore, the study should be clear on the elements being sampled and the geographical scope of the research (Neuman 2014: 252). The population from which the respondents were drawn for this study was the customer of various banks in Durban. It is estimated that Durban has a population of 3.2 million people, of whom 68% are over the age of 18 (Stats 2022). The population was delineated in this area based on convenience, suitability and practicality to meet the objectives of the study.

## 5.6 Sampling frame

A sampling frame is a list of all the units in a population from which the sample is drawn. It provides a working definition for a target population (Zikmund and Babin 2010; Hair *et al.* 2011). It may be easier to identify a sampling frame in some cases, but it may be difficult in other instances, such as in cases where a researcher wants to survey customers of a specific business, as there may be no listing of all individuals who have purchased items from the business (Clow and James 2014). For probability sampling, it is essential to have a sampling frame to give each element the chance of being included in the sample. However, a sampling frame may not always exist or may be outdated, in which case the researcher may rely on nonprobability sampling (Ghauri, Grønhaug and Strange 2020). Unfortunately, a list of bank customer names and contact details could not be obtained due to the general nature of the information. There is no particular custodian of this type of information because it relates to the public. Therefore, this study did not have a sampling frame.

## 5.7 Sampling technique

There are two broad categories of sampling techniques or approaches that researchers can choose from: probability and nonprobability sampling. Probability sampling allows for each member of the target population to have a known but not necessarily equal chance of being selected. The sampling elements are randomly selected in probability sampling (Hair *et al.* 2011; Clow and James 2014; Saunders, Lewis and Thornhill 2019). With nonprobability sampling, the probability of selecting a member is not known. The elements of a sample are arbitrarily selected based on convenience or personal judgement. A reasonable representative sample is skilfully selected based on the researcher's judgement of what he/she wants (Zikmund and Babin 2010; Hair *et al.* 2011; Clow and James 2014).

There are no statistical techniques appropriate for measuring the random sampling error from a nonprobability sample; hence, generalising the results is not statistically appropriate. Nonetheless, nonprobability sampling may be best suited for some specific research purposes, and as such, it is pragmatic in nature and mostly used in market research (Zikmund and Babin 2010). In cases where a sampling frame may not exist, the researcher may be obliged to use nonprobability sampling (Ghauri, Grønhaug and Strange 2020). Nonprobability sampling can be categorised into four major forms: convenience sampling: judgemental (purposive) sampling, quota sampling and snowball sampling (Hair *et al.* 2011; Burns and Veeck 2017; Ghauri, Grønhaug and Strange 2020).

Convenience sampling entails drawing samples from the most readily available elements that can provide the required information. It is used to draw samples at the convenience of the researcher. This could be done to save on time and effort and includes drawing a sample from high-traffic areas such as a shopping mall or pedestrian crossing intersection (Burns and Bush 2014: 226). Judgemental sampling involves selecting elements subjectively in an attempt to obtain a sample that is believed to represent the target population. The researcher is required to make an 'educated guess' as to who should represent the target population. Quota sampling is similar to stratified sampling and aims at selecting a sample that reflects the characteristics of the population. It ensures that the various subgroups within a population are represented. Snowball sampling is a referral sampling where the respondents are initially selected using probability sampling. These elements are then used to refer the researcher to other elements within the target population (Zikmund and Babin 2010; Hair *et al.* 2011; Burns and Veeck 2017; Ghauri, Grønhaug and Strange 2020).

In this study, convenience sampling was used to select 500 respondents across the five major shopping malls and an online survey in Durban. This choice of sampling technique was the most appropriate since there was no sampling frame of the bank customers. To be eligible, the respondents had to be over the age of 18 years and have an active bank account with any bank. Convenience sampling offered the researcher an effective way of gathering data from high-traffic locations, in this case shopping malls (The Pavilion, LaLucia Mall, City View Mall), other busy places and online, and enabled the researcher to collect a large number of questionnaires in a timely and cost-effective manner. Due to the pandemic, the researcher ensured that Covid-19 safety measures were in place during data collection. This was done by adhering to social distancing, sanitizing regulations and wearing of masks at all times.

### 5.8 Sample size

A sample is a part of a population, and the procedure for selecting the correct individuals for a study is known as sampling (Sekaran and Bougie 2010). A very large sample size can cause problems in research. For populations ranging from 75 000 to 1 000 000, Sekaran and Bougie (2010) suggest that a sufficient sample size would be 384. This suggestion is in line with the general scientific guidelines that ensure a good decision model, as indicated by Kejcie and Morgan (1970 cited in (Sekaran and Bougie 2010). A sample size of 500 will suffice in understanding the opinions of a 15 million target population, as will a sample size of 100 000. The sample size can also be influenced by the average sample size of similar previous research studies (Hair *et al.* 2011). The sample included both males and females, who are 18 years and above, had bank accounts and were willing to participate. Those without bank accounts were excluded from the study. The large sample size was used to account for non-responses, to minimise errors and provide accurate and reliable results.

The sample size criteria that were used for this research were based on the level of precision, the level of confidence or risk, and the degree of variability (Miaoulis and Michener 1976; Hair *et al.* 2011). With a population size of more than 1 000 000, a precision level of ±5%, a confidence level of 95% and a maximum variability, P of 0.5 (large population but variability in the proportion that responds is not known), a target sample size of 500 bank customers was considered. The large sample size was used to account for non-responses, to minimise errors and provide accurate and reliable results.

## 5.9 Research instrument

A questionnaire is a document that is used to present the researcher's questions to respondents. It translates the objectives into questions that aid the researcher in soliciting answers from the respondents. It should be carefully designed, as it affects the quality of the data collected (Burns and Bush 2014: 186). Data was collected through the use of a structured questionnaire that comprised closed-ended questions, dichotomous questions and scale-based questions. When designing the questionnaire, technical components such as the nature and sequence of the questions and the length and layout of the questionnaire were taken into consideration. The questionnaire comprised groups of questions that were designed to collect responses for both independent and dependent variables. The content of the questions in the questionnaire was developed from some pre-existing variables for customer experience and customer loyalty developed by Brun *et al.* (2017), research objectives and knowledge gained through a literature review. The questionnaire included two sections: the first section measured customer characteristics, demographics and to which bank they have an account with, while the second section measured customer experience, service quality, customer satisfaction and loyalty constructs.

In line with previous studies (Verhoef *et al.* 2009; Schmitt 2010; Maklan and Klaus 2011; Molinillo *et al.* 2019; Pekovic and Rolland 2020a), the questionnaire consisted of questions about the five dimensions of customer experience as follows: emotional, behavioural, social, sensory and cognitive. Existing parameters adapted from previous studies were modified to suit this study on customer satisfaction (Huang and Cheng 2016; Zungu and Mason 2017b; Rukuni 2018; Zeithaml, Bitner and Gremler 2018) and service quality (Parasuraman, Zeithaml and Berry 1985; Brun *et al.* 2017; Zungu and Mason 2017a). Several authors recommend that customer loyalty measures include both behavioural and attitudinal measures. Behavioural measures include repetitious purchase intentions and future purchase intentions, while attitudinal measures include willingness to recommend others (Bowen and Chen 2001; Oliver 2014). Hence, this study measured the customer loyalty variable based on these two items. Table 5.1 reflects the constructs together with their corresponding measurement items used in this study and the adaptive sources.

**Table 5.1: Instrument constructs with measurement items and adapted sources**

| Construct | Items | Measurement Items | Adapted sources |
|---|---|---|---|
| **Feel (emotional)** (CXF) | CXF1 | I get a nice feeling when dealing with the bank | Molinillo *et al.* (2019), Pekovic and Rolland (2020a), Brakus, Schmitt and Zarantonello (2009), (Rajaobelina *et al.* 2018) |
| | CXF2 | The ambience of the bank is pleasant | |
| | CXF3 | I feel secure when dealing with bank employees | |
| | CXF4 | Employees in the bank show commitment to satisfy my needs | |
| | CXF5 | I feel at ease when performing transactions | |
| | CXF6 | I feel happy with the bank's services | |
| | CXF7 | I am content with the bank | |
| **Behavioural** (CXB) | CXB1 | I tend to check my bank accounts | Pekovic and Rolland (2020a), Chan, Yim and Lam (2010), Brakus, Schmitt and Zarantonello (2009),(Rajaobelina *et al.* 2018) |
| | CXB2 | I tend to take an active part in managing my personal finances | |
| | CXB3 | I tend to compare the financial institutions products or services | |
| | CXB4 | I tend to have high level of participation in the service process | |
| | CXB5 | I tend to express my personal needs during the service process | |
| **Social** (CXSo) | CXSo1 | I find employees to be warm | Pekovic and Rolland (2020a), (Rajaobelina *et al.* 2018) |
| | CXSo2 | I develop relationships with staff | |
| | CXSo3 | I identify myself with other bank customers | |
| | CXSo4 | I find employees competent | |
| | CXSo5 | I feel part of a community at my bank | |
| | CXSo6 | Employees' behaviour instil confidence in me | |
| **Sensory** (CXSe) | CXSe1 | The overall lighting at the bank is pleasant | Pekovic and Rolland (2020a), Brakus, Schmitt and Zarantonello (2009), (Rajaobelina *et al.* 2018) |
| | CXSe2 | The colours are fine | |
| | CXSe3 | The temperature is adequate | |
| | CXSe4 | The interaction points are pleasant | |
| **Cognitive** (CXC) | CXC1 | It is quick to the get services | Molinillo *et al.* (2019) Pekovic and Rolland (2020a), Brakus, Schmitt and Zarantonello (2009), |
| | CXC2 | I can trust the bank | |
| | CXC3 | I can rely on the bank for good services | |
| | CXC4 | The bank's charges are reasonable | |
| | CXC5 | I enjoy the banks services | |

| Construct | Items | Measurement Items | Adapted sources |
|---|---|---|---|
| | CXC6 | The services provided by the bank are superior quality | (Rajaobelina *et al.* 2018) |
| **Customer satisfaction** (CS) | CS1 | Bank infrastructure is visually appealing | (Huang and Cheng 2016; Zungu and Mason 2017b; Rukuni 2018; Zeithaml, Bitner and Gremler 2018) |
| | CS2 | The bank gives me individual attention. | |
| | CS3 | The environment is neat and tidy | |
| | CS4 | Tellers are available at the counters | |
| | CS5 | I am treated as a valued customer | |
| | CS6 | I feel satisfied with the overall experience of using this bank | |
| **Service quality** (SQ) | SQ1 | When the bank promises to do something, it does so | (Parasuraman, Zeithaml and Berry 1985; Brun *et al.* 2017; Zungu and Mason 2017a). |
| | SQ2 | The bank provides accurate information | |
| | SQ3 | The bank performs the service right the first time. | |
| | SQ4 | The bank has operating hours convenient to all its customers. | |
| | SQ5 | The bank is accessible through various channels | |
| | SQ6 | The queuing system is effective | |
| **Customer loyalty** (CL) | CL1 | I consider this bank as my bank of choice | Molinillo *et al.* (2019), Bowen and Chen (2001); Oliver (2014) |
| | CL2 | I intend to continue being a customer of the bank for a long time to come | |
| | CL3 | I will say positive things about the bank to other people | |
| | CL4 | I am willing to share my banking experience with relative and friends | |
| | CL5 | I will recommend the bank to others | |

**Source: Author's construct**

In addition, the researcher gathered customer experience and satisfaction information based on different banking channels: bank branches, ATMs, mobile banking, mobile apps and internet banking. A 5-point Likert scale was used in the measurement of all the above variables with, 1 = strongly agree and 5 = strongly disagree. Data gathered using this questionnaire helped to ascertain relationships among variables.

The questionnaire was accompanied by an introduction letter that outlined the goal of the study and informed respondents of their freedom to withdraw from the research at any time. It also contained a formal statement of assurance that the respondents' anonymity and confidentiality would be maintained. At the end of the introduction letter, responders were asked to sign a consent form to guarantee their full approval of the information that was obtained from them.

The questionnaire was self-administered and distributed to the respondents through a mall intercept and online surveys. Five (5) fieldworkers were recruited to distribute and collect the questionnaires from bank customers who were willing to participate in the survey. Questionnaires were distributed by setting up tables at Mall entrances while others were distributed to willing customers at the major taxi ranks in Durban City Centre. Respondents were given thirty minutes to complete the questionnaire with the help of the field workers. Online questionnaires were distributed with the support of friends and relatives through emails and social media platforms such as WhatsApp and Facebook. An online message containing a link to the questionnaire was sent to the respondents requesting their voluntary participation in the research. This message was sent to individuals via email and groups on both WhatsApp and Facebook for a period of two weeks. In total, 500 questionnaires were distributed, and the researcher received 466 responses (295 self-administered and 171 online responses).

### 5.10 Measurement and scaling

During the process of collecting data, a 5-point Likert scale was utilised, with 1 representing strong agreement and 5 representing strong disagreement. The Likert scale is one of the most commonly used scales in marketing research. It is simple, both in terms of comprehension and application (Zikmund and Babin 2010). The respondents are given a variety of well-thought-out statements regarding attitudes, and they are asked to indicate the degree to which they agree or disagree with each statement. When measuring the numerous responses from the respondents, the scores are computed, and a total score is obtained. Likert scales are best for research designs that use online surveys, personal interviews and self-administered surveys (Hair *et al.* 2017). Statements used to measure the various dimensions of customer experience, customer satisfaction, service quality and customer loyalty were rated on a five-point Likert scale ranging from strongly agree (1) to strongly disagree (5). A 5-point Likert scale was used because it is flexible for measuring constructs and is amenable to sophisticated statistical analysis that has the potential to reveal important relationships or associations among the constructs (Burns, Veeck and Bush 2017).

### 5.10.1 Central tendency measures of the constructs

Constructs in this study were measured using a 5-point Likert scale ranging from strongly agree (1) to strongly disagree (5). In this scenario, the middle point should equate to half the arithmetic length of the scale, or 2.5 (5/2) (Nkwei 2019; Nunan, Malhotra and Birks 2020). All the constructs were measured on a five-point Likert scale, where 1 denotes ‘strongly agree’ and 5 denotes ‘strongly disagree’. Each item under all the constructs was analysed separately. The mean was tested against a neutral point of 3 using a one-sample t test. Mean values equal to or below 2.5 suggest that most respondents tend to agree with the statements. Because this range only includes options 1 and 2, which fall under the agreement side of the Likert scale, any value below 2.5 would therefore suggest that the majority of respondents tend to agree with the assertions made by the respective construct (Nkwei 2019). This is because the agreement side of the Likert scale only includes those two options.

Subsequently, mean values equal to or above 3.5 suggest that most respondents tend to disagree with the statement. This is because this range includes options 4 and 5 on the Likert scale, which correspond to the disagreement side of the scale, suggesting that the majority of respondents tend to disagree with the assertions (Nkwei 2019). In the same vein, any number between 2.5 and 3.4 would imply that respondents are likely to be indifferent towards the assertions because this range only contains one option, 3. This approach served as a guide for interpreting the central tendency analysis for this study.

## 5.11 Pilot study

Reliability is the ability to obtain the same results repeatedly. It measures the ability of the data collection instrument to obtain accurate and consistent results. A pilot study was carried out to assess the reliability of the survey instrument using Cronbach’s alpha coefficient (α). The Cronbach's alpha coefficient is the most common and widely used test for determining the reliability of multipoint scale items. It is recommended that a scale have a value greater than 0.8 for it to be regarded as reliable; however, values ranging from 0.6 to 0.8 are equally acceptable (Wiid and Diggines 2013; Sekaran and Bougie 2016).

A pilot study is a small-scale study that collects and analyses data from a small number of respondents that represent the target population. It serves as a guide to examine specific aspects of research to see if the selected procedures work as specified or if amendments need to be made before the main study is conducted (Zikmund and Babin 2010; Hair *et al.* 2017). A pilot study was conducted with a sample of 20 respondents who were similar as possible to the target population. Some were laypersons whilst others were deemed to be specialists through their credentials and experience within the field of research. These respondents were only used for the purposes of ascertaining the reliability of the survey instrument and were not used in the final study. Respondents evaluated the items for content and face validity. The results of the pilot study indicated that the survey instrument was consistent and reliable. The overall Cronbach's alpha showed that the questionnaire reached a high degree of consistency and hence was reliable, $\alpha = 0.972$. The table below presents the results of the pilot study by showing the Cronbach's alpha scores for each construct that was used in the questionnaire. The results indicate that all the constructs had a Cronbach's alpha score above 0.870 except for the behavioural experience construct, which had the lowest Cronbach's alpha score of 0.790, which is considered acceptable (Table 5.2).

**Table 5.2: Pilot study reliability results**

| Classification | Construct | Cronbach's Alpha | No. of items |
|---|---|---|---|
| **Customer experience** | Behavioural experience | 0.790 | 5 |
| | Cognitive experience | 0.894 | 6 |
| | Emotional experience | 0.922 | 7 |
| | Sensorial experience | 0.908 | 4 |
| | Social experience | 0.876 | 6 |
| **Service Quality** | Service Quality | 0.882 | 6 |
| **Customer loyalty** | Customer loyalty | 0.949 | 5 |
| **Customer satisfaction** | Customer satisfaction | 0.888 | 6 |
| **Overall Cronbach Alpha** | | **0.972** | |

## 5.12 Data analysis

The data was analysed using SPSS (Version 24) to perform a variety of relevant statistical analyses based on the study objectives. The data in this study were analysed using descriptive and inferential statistics. Descriptive analysis constitutes brief (descriptive) coefficients that summarise a given data set, which can either be a representation of the entire population or a sample of it. Descriptive analysis is broken down into measures of central tendency and measures of variability (spread). Measures of central tendency include mean, median and mode, while measures of variability include standard deviation, variance, range, kurtosis and skewness. These are used by researchers to describe responses collected by the measuring instrument (data) (Burns and Bush 2014). Inferential statistics, on the other hand, are an attempt to draw conclusions about a particular population by analysing information gathered from a specific sample and basing those conclusions on probability theory. Inferential statistics go beyond describing the data and help reveal if a certain claim may be erroneous (Nunan, Malhotra and Birks 2020).

The data was further analysed using structural equation modelling (SEM). Structural equation modelling is useful to assess relationships between latent variables (Cooper and Schindler 2014: 667). Partial least squares structural equation modelling (PLS-SEM) was adopted as the data analysis method. Smart-PLS 4 software was used to test the proposed conceptual model. PLS-SEM was adopted due to its ability to handle complex relationships (Hair Jr *et al.* 2014). PLS-SEM is appropriate for this study because of the complex nature of the conceptual model, which is a combination of both reflective and formative constructs. Customer experience is a reflective higher-order construct (HOC), while customer satisfaction, service quality and customer loyalty are reflective lower-order constructs (LOCs). In addition, the model has a reflective-reflective type of hierarchical component model (HCM) for customer experience and its dimensions.

### 5.12.1 Structural Equation Modelling (SEM)

Structural equation modelling (SEM) is a statistical technique that measures structural relationships between variables and latent constructs (Hair Jr *et al.* 2017). It is a multivariate method of data analysis that is used to test multivariate causal relationships. The SEM consists of two stages: the measurement model and structural model assessments (Anderson and Gerbing 1988). In the first stage, a confirmatory factor analysis (CFA) is conducted to test the reliability and validity of the constructs. This is followed by the assessment of the structural model, which tests the stated associations between variables and examines the validity of the structural model (Hoyle 1995).

### 5.12.2 Higher order constructs (HOC)

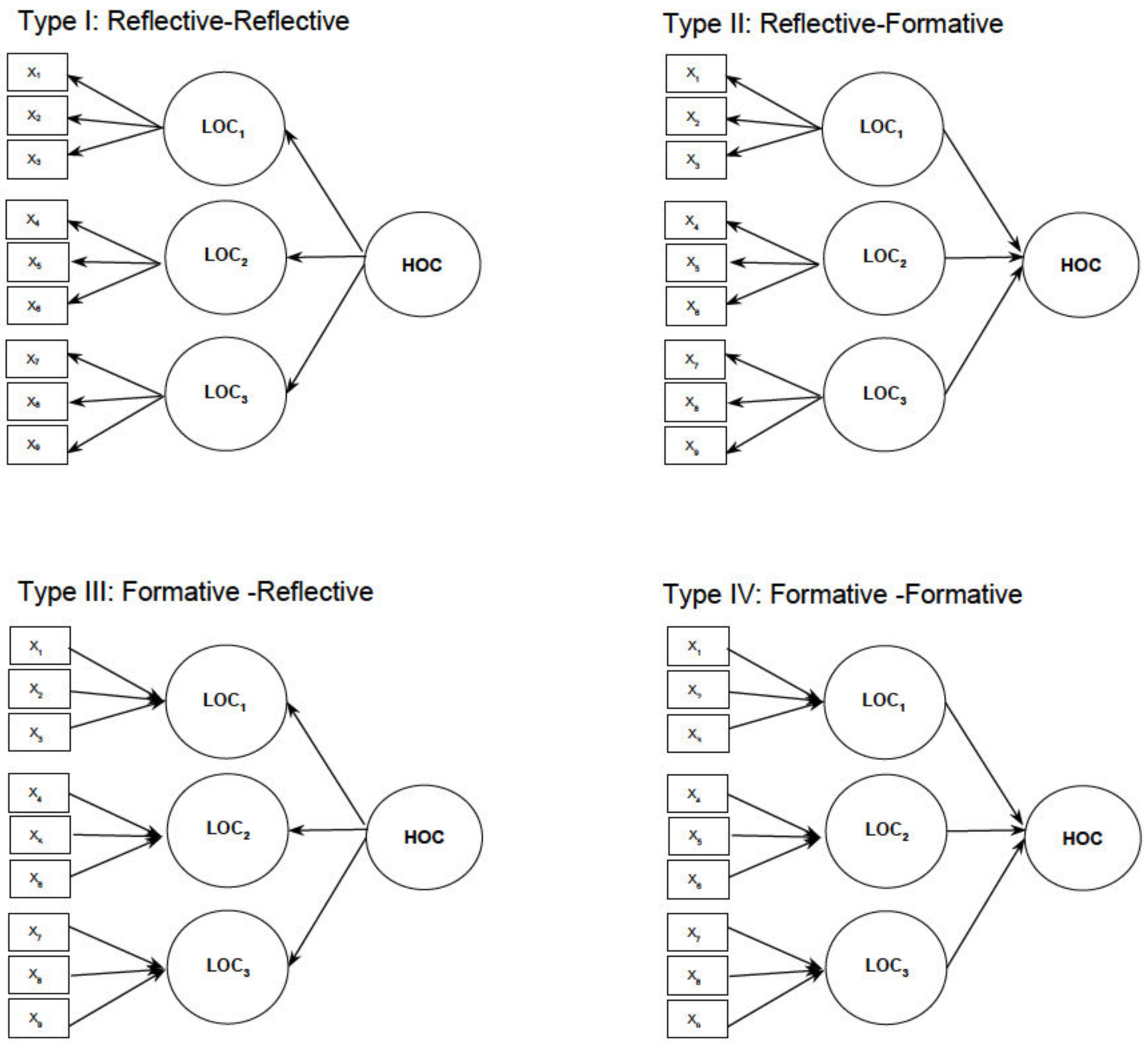
A higher-order model, also known as a hierarchical component model, consists of at least one latent variable with indicators as other latent variables in the model (Garson 2016). In the context of PLS-SEM, higher-order constructs, also referred to as hierarchical components, allow researchers to concurrently model a construct by using a more abstract dimension (known as a higher-order component, or HOC), along with its more concrete subdimensions (referred to as lower-order components or LOCs) (Becker *et al.* 2022). This study's model is a hierarchical construct model or higher-order model with customer experience (CX) as a higher-order construct (HOC) or second-order construct and its dimensions (latent variables); behavioural, cognitive, felt, sensorial and social are its indicators.

An HOC is a representation of multidimensional constructs that exist at a higher level of abstraction and relates to other constructs at a similar level of abstraction (Chin 2010; Becker, Klein and Wetzels 2012), in this case customer satisfaction, service quality and customer loyalty. An HOC is a concept that constitutes dimensions that form the lower-order construct (LOC) or first-order construct in a model (Law, Wong and Mobley 1998). HOC models are characterised by the number of levels in the model and the different relationships between constructs, both HOCs and LOCs (Becker, Klein and Wetzels 2012). The relationships could be reflective or formative relationships (Crocetta *et al.* 2021).

For this study, dimensions of customer experience are exogenous variables, while customer satisfaction, service quality and customer loyalty are endogenous variables. Customer experience is a higher-order construct composed of five lower-order constructs called customer experience dimensions. A higher-order construct model enables the testing of patterns of relationships between first-order constructs and second-order constructs. These patterns can be tested using the model. In addition, it provides a comprehensive explanation for the correlations among the first-order constructs. Moreover, it offers an estimation of particular elements that is free from theoretical inaccuracy and significantly reduces the number of variables that need to be estimated while maintaining the precision of the measurements (De Leon, Atienza and Susilo 2020).

### 5.12.3 Types of higher-order constructs

Researchers must choose the measurement model specification for the lower-order components and the relationship between the higher-order component and its lower-order components when developing a higher-level construct (Sarstedt *et al.* 2019). Thus, four major types of higher-order models emerge, as shown in Figure 5.1, each depicting a specific relationship between HOC and LOC: formative-formative, formative-reflective, reflective-formative and reflective-reflective (Ringle, Wende and Becker 2015). In reflective-reflective and formative-reflective models, the HOC represents a more general construct that explains all underlying LOCs, whereas the HOC is formed by the LOCs in reflective-formative and formative-formative models (Ringle, Wende and Becker 2015).




Key: HOC – Higher order construct; LOC – Lower-order construct; X - Indicators

**Figure 5. 1: Types of higher-order constructs**

**Source: Sarstedt *et al.* (2019)**

Studies have revealed that reflective-reflective and formative-reflective models are predominantly used in different fields of research (Becker, Klein and Wetzels 2012; Ringle, Wende and Becker 2015; Sarstedt *et al.* 2019; Becker *et al.* 2022). This study utilised the reflective-reflective higher-order construct for customer experience and its dimensions.

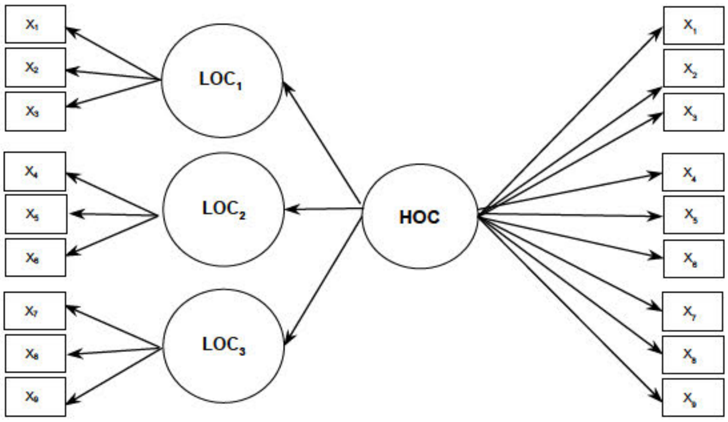
### 5.12.4 Specifying higher-order constructs

Several approaches are used by researchers for estimating and specifying higher-order constructs in PLS-SEM: the repeated indicator approach, the extended repeated indicator approach, the embedded two-stage approach, and the disjointed two-stage approach (Becker, Klein and Wetzels 2012; Ringle, Wende and Becker 2015; Sarstedt *et al.* 2019; Becker *et al.* 2022). According to Becker *et al.* (2022), all approaches yield the same results, and therefore there is no compelling reason to choose one over the other. The two most common approaches are the repeated indicators approach and the two-stage approach.

Becker, Klein and Wetzels (2012) conducted a study using a large-scale simulation to evaluate the approaches for higher-order reflective and formative constructs. According to their findings, using the repeated indicators approach resulted in smaller biases in the estimation of the measurement model for the higher-order construct (i.e., the relations between lower- and higher-order components). The two-stage approach, on the other hand, provides a better parameter recovery of paths in the path model that point from exogenous constructs to the higher-order construct and from the higher-order construct to an endogenous construct. In most cases, when the sample sizes are large enough, the results from the repeated indicators approach and the two-stage approach are quite similar to each other (Sarstedt *et al.* 2019).

In the repeated indicators method, the HOC uses the manifest indicators of the LOCs. All indicators of the lower-order constructs are also assigned to the higher-order construct (Sarstedt *et al.* 2019). For instance, if a HOC is made up of five LOCs, each of which has four manifest variables, then each of the 20 variables is used again as an indicator for the second-order construct, as depicted in Figure 5.2. When using the repeated indicator approach, researchers must determine how the HOC is measured using repeated indicators (Cheah *et al.* 2019).

Reflective-Reflective higher order construct




Key: HOC – Higher order construct; LOC – Lower-order construct; X - Indicators

**Figure 5. 2: Repeated indicator approach**

**Source: Sarstedt *et al.* (2019)**

The model for this study is a reflective hierarchical construct model, and the repeated indicators approach was used to assess the model.

### 5.12.5 Confirmatory Factor analysis

The measurement model was assessed using confirmatory factor analysis (CFA). CFA is a multivariate technique used to test whether the measures of the constructs are consistent with the prespecified constructs (Hair *et al.* 2014; Hazen, Overstreet and Boone 2015). It is used to ascertain the reliability and validity of the constructs in the measurement model (Hazen, Overstreet and Boone 2015; Nkwei 2019). The study contained eight constructs containing four to eight measurement items that were measured using a five-point Likert scale. The CFA conducted involved measurement of reliability and validity. The model under investigation was a reflective measurement model. Hence, reliability was assessed using indicator reliability and internal consistency reliability, which were assessed using Cronbach's alpha and composite reliability (rho_c).

#### 5.12.5.1 Indicator reliability

Indicator reliability is used to assess how much of each indicator's variance is explained by its construct. It is the first step in assessing the reflective measurement model. Indicator reliability is one of the bases for assessing reflective measurement models (Hair Jr *et al.* 2021b). To verify that the associated indicators describe the same latent construct, the reliability of the indicators was evaluated to first confirm their reliability.

#### 5.12.5.2 Internal consistency reliability

Internal consistency reliability is the degree to which indicators that measure the same thing are related to each other. Composite reliability, rho_c, is considered one of the most significant measures used in PLS-SEM. Values higher than 0.7 are generally acceptable to demonstrate satisfactory composite reliability. Higher values signify a high level of reliability (Wong 2016; Hair and Alamer 2022). Another indicator of internal consistency reliability is Cronbach’s alpha, which is used to measure the reliability of the various constructs, and composite reliability, which is used to estimate the consistency of the responses for the items used in the measurement scale (Sarstedt *et al.* 2019). Cronbach's alpha, which uses the same thresholds as the composite reliability (rho_c).

### 5.12.6 Validity

Burns and Bush (2014: 186) define validity as the assessment of the accuracy of the measurement in comparison to what it should actually measure. It is the ability of the instrument to measure what it is supposed to measure. Three types of validity for quantitative studies exist as follows: face validity, construct validity and concurrent validity (Kumar 2019: 271). The questionnaire was scrutinised by a statistician and selected marketing experts and academics to assess face validity. A pilot study was also conducted to further assess the validity of the measures. Construct validity was assessed by using standardised measuring instruments and constructs and matching questionnaires to the literature. Content validity was assessed by ensuring that the objectives of the study were synced to the respective constructs in the survey instrument.

#### 5.12.6.1 Convergent validity

Convergent validity is used to assess the ability of the model to explain the indicator’s variance. The average variance extracted (AVE) is used to provide evidence of convergent validity as recommended by (Hair Jr *et al.* 2014). AVE should be greater than or equal to 0.50 for the items to be valid and convergent validity to be established (Fornell and Larcker 1981).

#### 5.12.6.2 Discriminant validity

Discriminant validity is used to assess the differences in constructs in a conceptual model. It is used to determine the correlation among the constructs in the model (Hair Jr *et al.* 2017; Dakduk, González and Portalanza 2019). To establish the discriminant validity of the constructs, the square root of AVE of a specific construct is compared with the correlation between that construct and other constructs. The square root of AVE must be greater than the variance between the proposed factors and all other factors (Fornell and Larcker 1981; Dakduk, González and Portalanza 2019; Nkwei 2019). The Fornell-Larker technique and the heterotrait-monotrait (HTMT) ratio were used to measure the discriminant validity of the constructs.

### 5.12.7 Assessment of Structural Model

Having established the validity of the measurement model, the next step involves the examination of the structural model to determine the structural relationships. This involves specifying the model, examining the model fit and assessing the validity of the specified relationships. The structural model shows the potential causal dependencies between exogenous and endogenous variables. It is assessed with respect to the estimates and hypothesis tests of these relationships as specified in the path diagrams (Dakduk, González and Portalanza 2019). In analysing the structural model, structural paths are drawn between constructs to represent a suggested structural relationship between one construct and another. Test statistics and standard errors for the relevant parameters are assessed in SmartPLS using the bootstrapping option (Hoyle 1995; Dakduk, González and Portalanza 2019). The bootstrapping resampling procedure with an iteration of 5 000 subsamples was used to test the significance of the path coefficient in the structural model. Structural path coefficients (loadings) usually illustrated in the path diagram after computation are the path weights connecting the factors to each other. The path loadings vary from 0 to 1; the larger the loadings are, the stronger the path in the structural model (Garson 2016; Hair and Alamer 2022).

In assessing the goodness-of-fit, Kline (2015) recommends the use of the following fit indices: chi square test, root mean square error of approximation (RMSEA), the standard root mean square residual (SRMR) and the Comparative Fit Index (CFI). The model is said to be a good fit if the fit indices meet the predetermined criteria. The principles used to evaluate measurement model fit are applicable in examining the structural model as well (Hair Jr *et al.* 2014). In other words, the structural model's fit indices are compared to their corresponding thresholds. If the fit indices are not adequate, additional adjustments are made to improve the structural model fit (Nkwei 2019). Malhotra et al. (2017), on the other hand, suggest that a good fit does not necessarily indicate that the proposed model best explains the summary statistics. They suggest comparing the suggested model to competing models to show that its estimations are preferable.

For this study, various tests are conducted in SmartPLS to examine the structural model validity: the chi-square test, incremental fit index (CFI, GFI, AGFI), and the badness of fit index (RMR, RMSEA, SRMR) (Garson 2016; Hair Jr *et al.* 2021a). Specifically, the standardised root square residual (SRMR) was used to examine the model fit. This is a relevant model fit assessment for reflective models. The threshold is suggested to be 0.08 for a good fit to be established (Hair *et al.* 2019). Since the study's model was a reflective hierarchical model, it was deemed necessary to assess it using the SRMR.

After testing and establishing the validity of both the measurement model and structural model, the researcher can proceed to draw conclusions and offer recommendations based on the major findings of the study (Nkwei 2019). This was accomplished for this study, and the final chapter provides a summary of the results of this research.

#### 5.12.8 Importance-performance map analysis (IPMA)

Importance-performance map analysis (IPMA) helps to identify predictor constructs that have relatively high importance in predicting the target construct (i.e., total effect) but relatively lower performance (i.e., average latent variable scores) to identify and suggest areas for improvement. This is done by looking at predictor constructs that have relatively high importance but relatively lower performance (Hair et al. 2018). IPMA was performed to determine the relative importance and performance of the constructs in the model in predicting the target construct.

## 5.13 Anonymity and confidentiality

Anonymity means that the identity of the respondent is not known. This is done to resolve any anxiety related to privacy (Burns and Bush 2014: 196). Respondents feel more comfortable when they are assured of anonymity. In addition to ensuring anonymity, the researcher should ensure that the information obtained from the respondents is not shared with third parties. This is known as confidentiality. This study maintained anonymity by ensuring non-disclosure of the respondent's names, and confidentiality was maintained by not sharing any information about the respondents with third parties during the research process.

Prior to data collection, the researcher provided a consent form and an explanation of the content to the respondents. The researcher obtained consent from the respondents by requesting that they sign the consent form. In addition, the researchers conducted themselves in an honest and truthful manner to ensure integrity during the research process. The respondents were notified that they could withdraw from the study at any point in time. Personal details were also not obtained from the respondents to ensure anonymity and confidentiality.

## 5.14 Ethical considerations

This research adhered to the ethical requirements of the institution by obtaining any relevant approvals that may be required from the institution's Ethics Committees. The proposal went through a rigorous review by the Cluster Research Committee (CRC) and the Faculty Research Committee (FRC), and ethical clearance was provided (Ethical Clearance number IREC 008/21). Prior to data collection, a consent form and an explanation of the content was provided to the respondents by the researcher. The researcher then obtained consent from the respondents by requesting that they sign the consent form. The respondents were recruited based on the code of conduct as stipulated by Durban University of Technology's Ethics Committee. In addition, the researchers ensured an honest and truthful process to uphold the integrity during the research process.

## 5.15 Summary

This chapter outlined the research methodology and design that were used in this study. It highlighted the research design, research paradigm, research approach, sampling strategy and measuring instrument used in this study. The research paradigm adopted by this study was an epistemological positivist approach. In terms of research design, the study adopted cross-sectional descriptive research, which is quantitative in nature. The questionnaire was the main instrument of data collection, and the chapter highlighted how it was designed and administered. The chapter further highlighted how data was analysed using statistical models. Data was analysed using descriptive statistics and SEM. The SEM analysis outlined the two main assessments of the measurement model and the structural model. CFA was highlighted as a measure of reliability and validity for SEMs. The chapter concluded by providing explanations of anonymity and confidentiality and the ethical considerations followed during the research process.

The outcomes of the data analysis are analysed and discussed in the next chapter. The descriptive statistics are presented in the first section of the chapter utilising graphs, tables, charts, and measures of central tendency. The descriptive statistics were then examined using SPSS 27.0, Statistical Package for the Social Sciences. The results of these descriptive statistics are discussed in light of the literature and prior studies undertaken. Next, the results of the structural equation modelling (SEM) analysis are discussed. This highlights the use of confirmatory factor analysis (CFA) to ascertain the reliability and validity of the measurement model. Later, a presentation of the assessment of the structural model is done. The chapter proceeds to discuss the relationships between variables as established in the structural model, paying close attention to the mediating effect of some selected variables. Finally, the results of the model fit assessments are presented. The findings are discussed based on the literature and previous studies.

# CHAPTER SIX

# DATA ANALYSIS AND DISCUSSION

## 6.0 Introduction

The preceding chapter outlined the research methodology and design of the current study, in which the research design, research paradigm, research approach, sampling strategy and measuring instruments used were highlighted. The empirical data provided by 466 respondents was statistically analysed, and the findings are discussed in this chapter. The results obtained from the data analysis are presented and discussed. The first section of this chapter presents the descriptive statistics using graphs, tables, charts and measures of central tendency. Statistical Package for the Social Sciences (SPSS) 27.0 was then used to analyse the descriptive statistics, and thereafter, structural equation modelling (SEM) analysis was performed to determine the fitness of the research instruments and examine the suggested relationships among variables.

In an attempt to evaluate the relationship between customer experience and customer loyalty in retail multichannel banking in the Durban area, the research instrument consisted of 65 items that were divided into seven sections: demographics, bank details, customer experience dimensions, customer satisfaction, service quality, customer loyalty and banking channels. Descriptive and inferential statistics were used to present the results for the different sections. The inferential techniques used included correlation analysis interpreted using *p* values.

## 6.1 Demographic characteristics of the respondents

This section summarises the demographic characteristics of the respondents in terms of gender, age and education level. A total of 500 questionnaires were distributed, of which 466 were returned, constituting a 93.2% response rate.

### 6.1.1 Gender of respondents

The results shown in Figure 6.1 indicate that female respondents dominated the study, constituting 69% of the sample respondents, with males constituting 31%. This implies a high rate of female respondents, which may be attributed to the fact that females are generally more likely to contribute to surveys and tend to be highly engaged consumers and participants (Smith 2008; Silverstein and Sayre 2009; Nkwei 2019). These results are consistent with the results of other similar studies (Kamath, Pai and Prabhu 2019a).

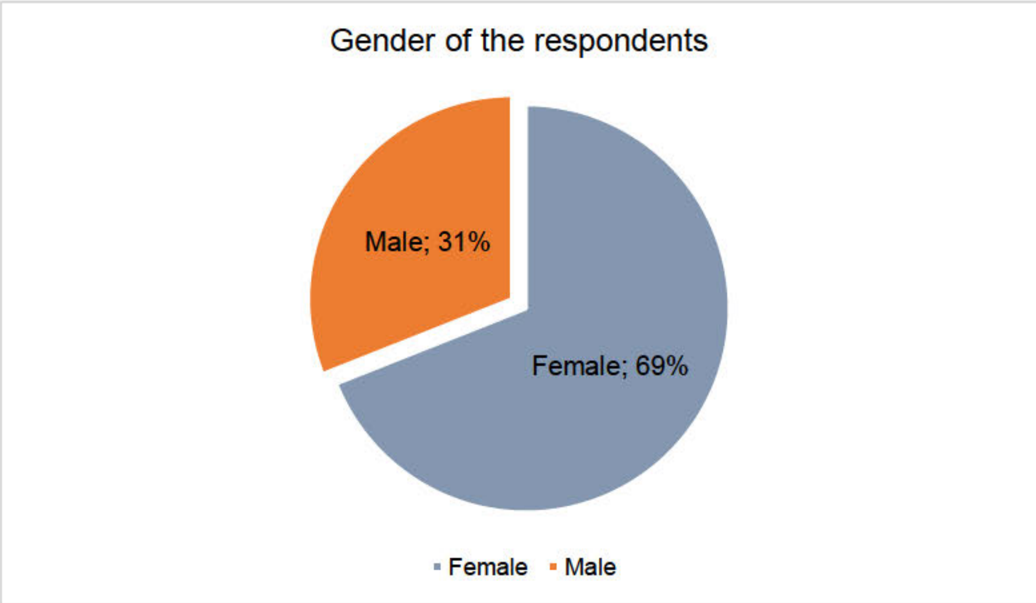



**Figure 6. 1: Gender of the respondents**

### 6.1.2 Age group distribution of the respondents

Figure 6.2 displays the age categories of the respondents. Most respondents (33%) were between the ages of 18 and 24 years, followed closely by ages 25 to 34 years (32%); 22% were between the ages of 35 and 44 years; 11% were between the ages of 45 and 54 years and 2% were between the ages of 55 and 64 years. These results may be attributed to the enthusiasm of young people becoming involved in behavioural research (Issock Issock, Mpinganjira and Duh 2017).

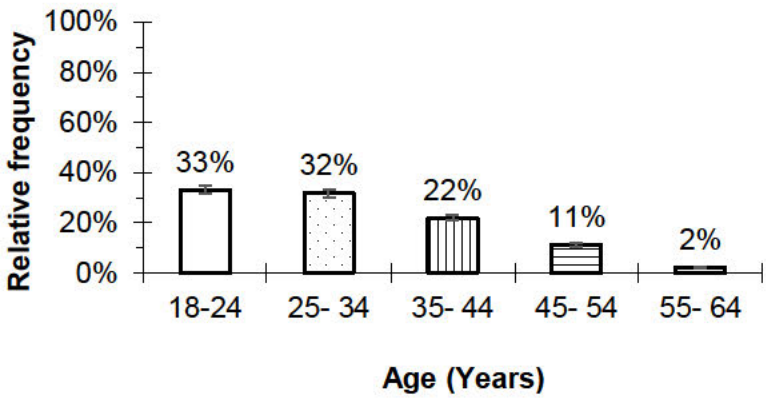



**Figure 6. 2: Age group of the respondents**

### 6.1.3 Level of education

With regard to the level of education, Figure 6.3 indicates that the respondents were well spread between those without matric qualifications to those with doctoral degrees. The findings indicated that 7% of the respondents had not matriculated, while 6% had attained doctorate degrees. The majority of the respondents had a matric qualification at 36%. 7% of the respondents had a national diploma, 21% had a bachelor's degree, 8% had an honours degree, and 14% had a master's degree. It can be concluded that the majority of bank customers in the greater Durban area have a matric qualification, a bachelor's or an honours degree.

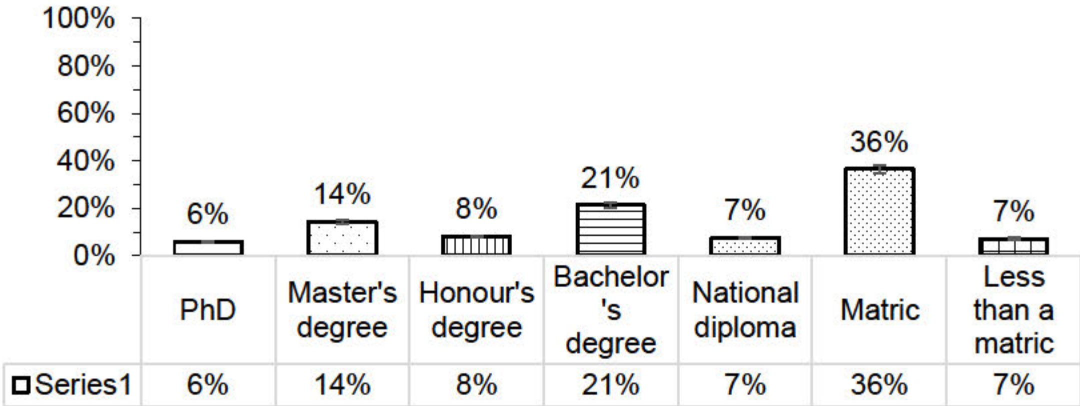



**Figure 6. 3: Level of education**

### 6.1.4 Bank details

The respondents were requested to indicate their banking institutions, the channels offered by these respective banks, the various banking channels they used and the frequency with which they used those channels. Table 6.1 shows the banks with which the sample respondents bank. The majority of the respondents banked with Capitec (29%) and FNB (27%). 20% of the respondents banked with Standard Bank, 11.2% with Nedbank, and 8.2% with Absa. Tyme Bank constituted 2.1% of the respondents. The remainder of the respondents banked with what was classified as 'other banks', namely Investec and Garanti, and these constitute 0.6% each of the respondents, while Albaraka, Foreign and Postbank, were used by 0.4% of the respondents.

**Table 6.1: Banks used by respondents**

| Bank | Frequency | Percent (%) |
|---|---|---|
| Absa | 38 | 8.2 |
| Albaraka Bank | 2 | 0.4 |
| Capitec | 135 | 29.0 |
| FNB | 126 | 27.0 |
| Foreign Bank | 2 | 0.4 |
| Garanti Bank | 3 | 0.6 |
| Investec | 3 | 0.6 |
| Nedbank | 52 | 11.2 |
| Postbank | 2 | 0.4 |
| Standard Bank | 93 | 20.0 |
| TymeBank | 10 | 2.1 |
| **Total** | **466** | **100.0** |

**Source: Researcher's own**

Respondents were requested to indicate the channels they used and the frequency with which they used these channels. According to the selected results for discussion, 45.9% of the respondents indicated that they rarely use branch banking, while 6% indicated that they always use branch banking. Mobile apps were the most popular banking channel among the respondents, with 57.1% of the respondents indicating that they always used them, while 3.2% cited never using them. ATMs are used by all respondents, with a high number of them indicating that they sometimes (36.3%) used ATMs, while 27.9% often and 26.6% always use ATMs. A total of 28.3% of the respondents indicated that they always use mobile banking; 25.1% often use it; 26.8% sometimes use it; 15.9% rarely use it, and 3.9% never use it. Of the respondents, 33.5% indicated that they sometimes use internet banking, while 9% never use it. A total of 35.8% of the respondents indicated never using any other channels.

These results are compelling evidence of the proliferation of technical improvements in the banking business, which has been a forerunner to innovations that give meaning to self-service technologies where customers can access and complete transactions without any assistance from bank employees (Chauhan, Akhtar and Gupta 2022). The frequency of use of the banking channels is summarised in Table 6.2 and Figure 6.4 below.

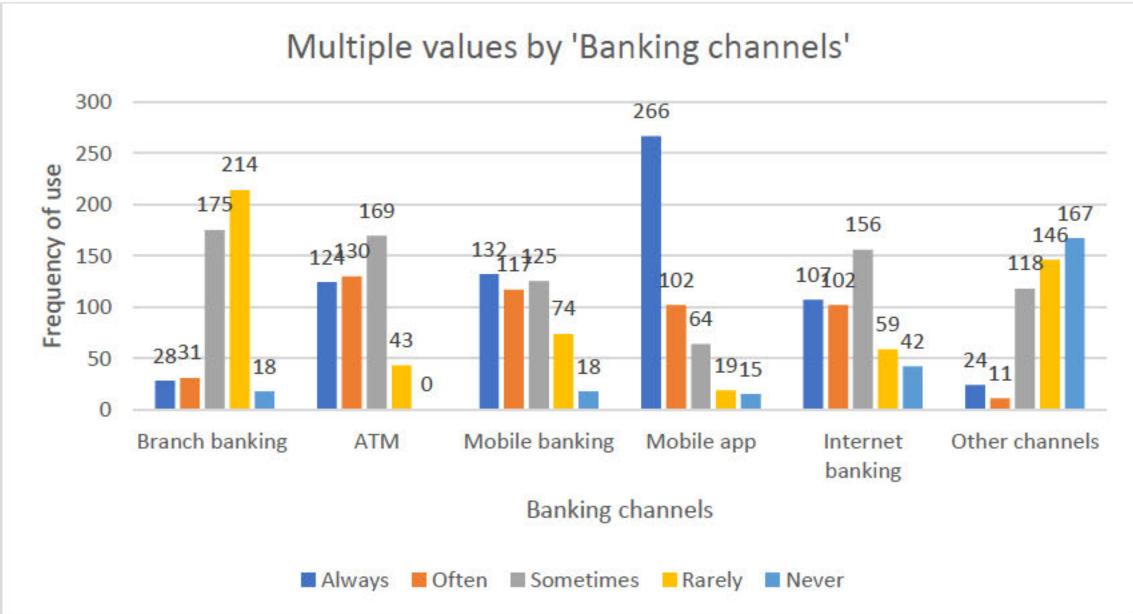



**Figure 6. 4: Banking channel usage**

With a mean value of 1.74, the respondents indicated that they used mobile apps more frequently than any other banking channel. The next most popular method of banking was ATM, with an average score of 2.28, followed by mobile banking and internet banking, with average scores of 2.41 and 2.63, respectively. The use of branch banking was not preferred by many respondents according to the responses they provided, with a mean value of 3.34, which means that most of the respondents rarely and/or never used the branch for their banking. These results may be attributed to the growth in technology, which has spurred the banking sector to move its operations from physical to digital. Moreover, this study was conducted during the global COVID-19 pandemic, which led to lockdowns in most parts of the world, including South Africa, where the study was conducted. The requirements for social distancing and global lockdowns may have influenced these results. Many people may have opted to stay away from the bank branches and transact online.

**Table 6.2: Banking channel usage**

| How often do you use these channels? | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Banking Channels** | | **Always** | **Often** | **Sometimes** | **Rarely** | **Never** | **Total** | **Mean** | **Std Dev** |
| Branch banking | Frequency | 28 | 31 | 175 | 214 | 18 | 466 | 3.34 | 0.894 |
| | Percent | 6 | 6,7 | 37,6 | 45,9 | 3,9 | 100 | | |
| ATM | Frequency | 124 | 130 | 169 | 43 | 0 | 466 | 2.28 | 0.960 |
| | Percent | 26,6 | 27,9 | 36,3 | 9,2 | 0 | 100 | | |
| Mobile Banking | Frequency | 132 | 117 | 125 | 74 | 18 | 466 | 2.41 | 1.167 |
| | Percent | 28,3 | 25,1 | 26,8 | 15,9 | 3,9 | 100 | | |
| Mobile App | Frequency | 266 | 102 | 64 | 19 | 15 | 466 | 1.74 | 1.048 |
| | Percent | 57,1 | 21,9 | 13,7 | 4,1 | 3,2 | 100 | | |
| Internet banking | Frequency | 107 | 102 | 156 | 59 | 42 | 466 | 2.63 | 1.221 |
| | Percent | 23 | 21,9 | 33,5 | 12,7 | 9 | 100 | | |
| Other channels | Frequency | 24 | 11 | 118 | 146 | 167 | 466 | 3.90 | 1.079 |
| | Percent | 5,2 | 2,4 | 25,3 | 31,3 | 35,8 | 100 | | |
| Please note the five point Likert Scale means: 1 = Always; 2=Often; 3=Sometime; 4=Rarely; 5=Never | | | | | | | | | |

### 6.1.5 Discussion – demographic characteristics of respondents

Demographics provide a broad understanding of the different characteristics of a population. From the data and results presented in this section, it can be seen that women tend to be highly engaged consumers and participants in surveys, among other activities. This level of engagement is because they feel vastly underserved, despite the remarkable strides in market power and social position that they have made in the past century. They therefore tend to be more engaged in pursuit of opportunities (Narula and Desore 2016).

## 6.2 Customer experience

This section presents the findings related to customer experience dimensions of feeling, behavioural, social, sensory and cognitive. Customer experience statements were divided into five categories based on the literature on the dimensions of customer experience. Respondents were requested to rate their experiences based on each dimension of CX on a Likert scale ranging from strongly agree (1) to strongly disagree (5). An evaluation of items under each CX dimension will be presented below.

### 6.2.1 Feel (emotional)

#### 6.2.1.1 I get a nice feeling when dealing with the bank

Respondents were asked to rate their feelings when dealing with the bank. As indicated in Table 6.3, most of the respondents tend to agree with the statement. A total of 28.5% and 32.4% strongly agreed and agreed, respectively, that they felt nice when dealing with the bank. A total of 33.9% of the respondents indicated that they were neutral, which means that they were indifferent with regard to having a nice feeling when dealing with the bank. Furthermore, 4.7% of the respondents disagreed with the statement, while a minority of 0.4% strongly disagreed that they get a nice feeling when dealing with the bank. The mean value of 2.16 with a standard deviation of 0.910 suggests that the respondents largely get a nice feeling when dealing with the bank.

#### 6.2.1.2 The ambience of the bank is pleasant

For this item, respondents were asked to rate their feelings about the ambience of the bank. As depicted in Table 6.3, the majority of the respondents felt that the ambience was pleasant, with 24.2% strongly agreeing and 47.4% agreeing with the statement. Very few respondents felt that the ambience of the bank was unpleasant, with 4.7% disagreeing and none of the respondents strongly disagreeing with the statement. With a mean of 2.09 and a standard deviation of 0.813, it is suggested that the majority of the respondents find the ambience of the bank to be pleasant.

#### 6.2.1.3 I feel secure when dealing with bank employees

The respondents were asked to rate their feelings of security when dealing with bank employees. The results indicated in Table 6.3 show that most of the respondents felt secure; 32% strongly agreed with the statement, while 45.7% agreed with the statement. A minority of the respondents did not feel secure, with 3.4% and 0.4%

disagreeing and strongly disagreeing with the statement. This indicates that the employees of the banks make their customers feel secure in most cases. This item had a mean of 1.95 with a standard deviation of 0.824, which suggested a strong feeling of security among bank employees.

#### 6.2.1.4 Employees in the bank show commitment to satisfy my needs

As shown in Table 6.3, the overall result of this item indicates a mean of 1.86 and a standard deviation of 0.879, which suggests that most of the respondents feel that employees in the bank show commitment to satisfying their needs. A total of 74.2% agreed or strongly agreed that they felt that they were committed to satisfying their needs, while only 3.4% disagreed with this statement. None of the respondents strongly disagreed with the statement. The fact that respondents generally agreed with this item may suggest that employees play an important role in enhancing the emotional customer experience.

#### 6.2.1.5 I feel at ease when performing transactions

For this item, respondents were asked to rate their feelings of ease when performing transactions. Table 6.3 shows the results, which indicate a mean of 1.87 and a standard deviation of 0.869, suggesting that most of the respondents felt at ease when transacting with the banks. A total of 80.3% of respondents agreed or strongly agreed with the statement, while 5% disagreed or strongly disagreed.

#### 6.2.1.6 I feel happy with the bank's services

The feelings of the respondents regarding their happiness with the bank's services are shown in Table 6.3. The results showed that 77.3% of the respondents agreed or strongly agreed, 6.4% disagreed or strongly disagreed, and 16.3% were neutral. Furthermore, the results indicate a mean of 1.90 and a standard deviation of 0.910, which suggests that the majority of the respondents feel happy with the bank's services.

#### 6.2.1.7 I am content with the bank

The respondents were asked whether they were content with their bank. The findings shown in Table 6.3 indicate that at 79.1%, the majority of the respondents agree or strongly agree, 16.5% are neutral, and 4.2% disagree or strongly disagree. The mean and standard deviation for this item were 1.91 and 0.842, respectively, suggesting that most respondents were content with their banks.

**Table 6.3: Emotional (feel) customer experience**

| Customer Experience; Feel (CX) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Feel** | **CXF** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| I get a nice feeling when dealing with the bank | CXF1 | Frequency | 133 | 151 | 158 | 22 | 2 | 466 | 2,16 | 0,910 | .000 |
| | | Percent | 28,5 | 32,4 | 33,9 | 4,7 | 0,4 | 100,0 | | | |
| The ambience of the bank is pleasant | CXF2 | Frequency | 113 | 221 | 110 | 22 | 0 | 466 | 2,09 | 0,813 | .000 |
| | | Percent | 24,2 | 47,4 | 23,6 | 4,7 | 0,0 | 100,0 | | | |
| I feel secure when dealing with bank employees | CXF3 | Frequency | 149 | 213 | 86 | 16 | 2 | 466 | 1,95 | 0,824 | .000 |
| | | Percent | 32,0 | 45,7 | 18,5 | 3,4 | 0,4 | 100,0 | | | |
| Employees in the bank show commitment to satisfy my needs | CXF4 | Frequency | 200 | 146 | 104 | 16 | 0 | 466 | 1,86 | 0,879 | .000 |
| | | Percent | 42,9 | 31,3 | 22,3 | 3,4 | 0,0 | 100,0 | | | |
| I feel at ease when performing transactions | CXF5 | Frequency | 178 | 196 | 69 | 19 | 4 | 466 | 1,87 | 0,869 | .000 |
| | | Percent | 38,2 | 42,1 | 14,8 | 4,1 | 0,9 | 100,0 | | | |
| I feel happy with the bank's services | CXF6 | Frequency | 184 | 176 | 76 | 28 | 2 | 466 | 1,90 | 0,910 | .000 |
| | | Percent | 39,5 | 37,8 | 16,3 | 6,0 | 0,4 | 100,0 | | | |
| I am content with the bank | CXF7 | Frequency | 161 | 208 | 77 | 17 | 3 | 466 | 1,91 | 0,842 | .000 |
| | | Percent | 34,5 | 44,6 | 16,5 | 3,6 | 0,6 | 100,0 | | | |
| **Overall mean** | | | | | | | | | **1,96** | **0,864** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

An emotional experience can be characterised by a number of attributes, including arousal and pleasure, enjoyment, hedonic value, emotional value and feel experience (Izogo and Jayawardhena 2018). The service encounter offers the organisation an opportunity to engage customers emotionally (Schmitt 2010). The results are consistent with those of (Loureiro and Sarmento 2018), who found that emotions play an essential role in fostering customer loyalty. From the results obtained above, the overall mean score of 1.96 for the construct indicates that respondents generally have a positive experience with banking services. Favourable emotional experiences will generate favourable associations in consumers' minds in the form of feelings of pleasure, ease of performing transactions, a sense of security, pleasure and contentment with the bank.

### 6.2.2 Behavioural

#### 6.2.2.1 I tend to check my bank accounts

Respondents were asked whether they checked their bank accounts. As indicated in Table 6.4, an overwhelming majority strongly agreed (47.9%) and 42.3% agreed that they check their bank accounts. Of the respondents, 7.7% were neutral, while 2.1% did not check their bank accounts. The results of this item, with a mean of 1.64 and a standard deviation of 0.717, show that respondents generally check their bank balances.

#### 6.2.2.2 I tend to take an active part in managing my personal finances

The results depicted in Table 6.4 show that most of the respondents strongly agree (45.1%) or agree (42.3%) that they take an active part in managing their personal finances. The results further show that 9.4% were neutral, while 2.8% and 0.4% disagreed and strongly disagreed, respectively. The results indicate a mean of 1.71 and a standard deviation of 0.784, which suggest that most respondents are actively involved in managing their personal finances.

#### 6.2.2.3 I tend to compare the financial institutions' products or services

Respondents were asked whether they tend to compare financial institution products or services. The findings depicted in Table 6.4 show that 27.7% of the respondents agreed with the statement, 27.3% were neutral, 26.4% strongly agreed, 16.1% disagreed, and 2.6% strongly disagreed. With a mean of 2.41 and a standard deviation of 1.117, the results suggest that respondents tend to compare financial institution products and services.

#### 6.2.2.4 I tend to have a high level of participation in the service process

As reflected in Table 6.4, regarding the tendency to have a high level of participation in the service process, 34.8% of the respondents were neutral, 32.8% agreed with the statement, 22.5% strongly agreed, 9.4% disagreed, and 0.4% strongly disagreed. These results indicate that most respondents have some level of participation in the service process, as evidenced by a mean of 2.32 and a standard deviation of 0.941.

#### 6.2.2.5 I tend to express my personal needs during the service process

This item sought to determine the tendency of the respondents to express their personal needs during the service process. Table 6.4 indicates that at 45.3%, the majority of the respondents tend to express their personal needs. A total of 26.2% strongly agreed with this statement, 22.5% were neutral, 4.9% disagreed, and 1.1% strongly disagreed. This item had a mean of 2.09 and a standard deviation of 0.880, which imply that most respondents tend to express their needs during the service process.

**Table 6.4: Behavioural customer experience**

| Customer Experience; Behavioural (CXB) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Behavioural** | **CXB** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| I tend to check my bank accounts | CXB1 | Frequency | 223 | 197 | 36 | 10 | 0 | 466 | 1.64 | 0.717 | .000 |
| | | Percent | 47,9 | 42,3 | 7,7 | 2,1 | 0,0 | 100,0 | | | |
| I tend to take an active part in managing my personal finances | CXB2 | Frequency | 210 | 197 | 44 | 13 | 2 | 466 | 1.71 | 0.784 | .000 |
| | | Percent | 45,1 | 42,3 | 9,4 | 2,8 | 0,4 | 100,0 | | | |
| I tend to compare the financial institutions products or services | CXB3 | Frequency | 123 | 129 | 127 | 75 | 12 | 466 | 2.41 | 1.117 | .000 |
| | | Percent | 26,4 | 27,7 | 27,3 | 16,1 | 2,6 | 100,0 | | | |
| I tend to have high level of participation in the service process | CXB4 | Frequency | 105 | 153 | 162 | 44 | 2 | 466 | 2.32 | 0.941 | .000 |
| | | Percent | 22,5 | 32,8 | 34,8 | 9,4 | 0,4 | 100,0 | | | |
| I tend to express my personal needs during the service process | CXB5 | Frequency | 122 | 211 | 105 | 23 | 5 | 466 | 2.09 | 0.880 | .000 |
| | | Percent | 26,2 | 45,3 | 22,5 | 4,9 | 1,1 | 100,0 | | | |
| **Overall** | | | | | | | | | **2.04** | **0.888** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

The results presented above indicate the respondents' overall positive perception of their behavioural experience with their bank products. In general, respondents tend to agree with the items that are used to measure this construct, as indicated by the overall mean score of 2.04 for the behavioural CXB. Rajaobelina *et al.* (2018) posited that the behavioural dimension (act) includes all of the parts of consumption that have to do with how people act. Customers may have some behavioural experiences during the service production and delivery process. Participation or coproduction can make people feel less uncertain, which can change how they feel about the quality of their interactions. In the context of airline passengers, behavioural experience was found to have the highest impact on relationship quality when compared to other dimensions of experience (sensory, affective, and cognitive) (Xie, Poon and Zhang 2017). This is contrary to the findings of Rajaobelina *et al.* (2018), who found that behavioural experience has no impact on commitment and trust in the case of mobile banking.

### 6.2.3 Social

#### 6.2.3.1 I find employees warm

With regard to whether the respondents found employees warm towards them, 42.7% agreed, 33.7% strongly agreed, 21.2% were neutral, and 1.9% and 0.4% disagreed and strongly disagreed, respectively. Furthermore, as shown in Table 6.5, a mean of 1.93 and a standard deviation of 0.813 suggest that most respondents find bank employees to be warm towards them.

#### 6.2.3.2 I develop relationships with staff

The results depicted in Table 6.5 show that 30.5% of the respondents are neutral and agree with the statement, 17.4% disagree, 16.1% strongly agree and 5.6% strongly disagree. These results indicate that the respondents were neutral in their relationships with bank staff. A mean of 2.66 and a standard deviation of 1.110 suggest this to be the case.

#### 6.2.3.3 I identify myself with other bank customers

The results shown in Table 6.5 indicate that the majority of the respondents are neutral at 45.5%, 23.4% agree with the statement, 15.2% strongly agree, 11.8% disagree and 4.1% strongly disagree. The mean for this item was 2.66, and the standard deviation was 1.006, which indicates that most respondents were neutral in identifying themselves with other bank customers.

#### 6.2.3.4 I find employees competent

The respondents were asked whether they find the employees of the banks competent. As shown in Table 6.5, the majority of the respondents agreed with the statement at 48.1%, 29.8% strongly agreed with the statement, 17.8% were neutral and 4.3% disagreed or strongly disagreed. This item had a mean of 1.97 and a standard deviation of 0.832, which suggests that most of the respondents found the employees to be competent.

#### 6.2.3.5 I feel part of a community at my bank

This item required the respondents to rate their feelings of being part of a community at their bank. The results shown in Table 6.5 indicate that the majority of the respondents were neutral, 36.5% were part of a community, 28.8% and 25.5% agreed and strongly agreed with the statement, respectively, while 9.3% disagreed or strongly disagreed with it. With a mean of 2.30 and a standard deviation of 0.971, the results suggest that most of the respondents feel part of a community at their bank.

#### 6.2.3.6 Employees' behaviour instill confidence in me

Table 6.5 depicts respondents' perceptions with respect to their confidence as instilled by the employees' behaviour. The results show that 39.5%, representing the majority of the respondents, agree, 32.2% strongly agree, 23.6% are neutral, while 4.3% and 0.4% disagree and strongly disagree, respectively. The central tendency measures indicate a mean of 2.01, and the standard deviation was 0.877, which suggests that employees' behaviour instils confidence in their customers.

**Table 6.5: Social customer experience**

| Customer Experience; Social (CXSo) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Social** | **CXSo** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard** | **p value** |
| I find employees to be warm | CXSo1 | Frequency | 157 | 199 | 99 | 9 | 2 | 466 | 1.93 | 0.813 | .000 |
| | | Percent | 33,7 | 42,7 | 21,2 | 1,9 | 0,4 | 100,0 | | | |
| I develop relationships with staff | CXSo2 | Frequency | 75 | 142 | 142 | 81 | 26 | 466 | 2.66 | 1.110 | .000 |
| | | Percent | 16,1 | 30,5 | 30,5 | 17,4 | 5,6 | 100,0 | | | |
| I identify myself with other bank customers | CXSo3 | Frequency | 71 | 109 | 212 | 55 | 19 | 466 | 2.66 | 1.006 | .000 |
| | | Percent | 15,2 | 23,4 | 45,5 | 11,8 | 4,1 | 100,0 | | | |
| I find employees competent | CXSo4 | Frequency | 139 | 224 | 83 | 16 | 4 | 466 | 1.97 | 0.832 | .000 |
| | | Percent | 29,8 | 48,1 | 17,8 | 3,4 | 0,9 | 100,0 | | | |
| I feel part of a community at my bank | CXSo5 | Frequency | 119 | 134 | 170 | 39 | 4 | 466 | 2.30 | 0.971 | .000 |
| | | Percent | 25,5 | 28,8 | 36,5 | 8,4 | 0,9 | 100,0 | | | |
| Employees' behaviour instil confidence in me | CXSo6 | Frequency | 150 | 184 | 110 | 20 | 2 | 466 | 2.01 | 0.877 | .000 |
| | | Percent | 32,2 | 39,5 | 23,6 | 4,3 | 0,4 | 100,0 | | | |
| **Overall** | | | | | | | | | **2,26** | **0,935** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

The mean score of 2.26 and a standard deviation of 0.935 for this construct indicate that most respondents agreed with the items measuring the social dimension of customer experience (CXSo). Social experience is formed in the context of interactions with other people and involves sharing information and feelings and perceiving a sense of belonging to a community. The social dimension of customer experience, also described as "relate," is intrinsically linked to a person's social identity as well as their relationships with other people (Rajaobelina *et al.* 2018). Customers have positive perceptions of both the website and the online relationship when they believe there is a social presence present in the e-services they use. However, Rajaobelina *et al.* (2018) found that the social dimension does not influence either trust or loyalty when using mobile banking services.

### 6.2.4 Sensory

#### 6.2.4.1 The overall lighting at the bank is pleasant

As shown in Table 6.6, 47.4% agree and 36.1% strongly agree that the overall lighting at the bank is pleasant, 14.2% are neutral, and 1.9% and 0.4% disagree and strongly disagree, respectively. A mean of 1.93 and a standard deviation of 0.813 suggest that most respondents are pleased with the overall lighting at the bank.

#### 6.2.4.2 The colours are fine

Respondents were asked whether they are fine with the colours at their banks. As reflected in Table 6.6, the overwhelming majority agreed and strongly agreed with this statement at 45.7% and 40.6%, respectively, while 13.7% were neutral. None of the respondents disagreed or strongly disagreed. There is a strong indication that respondents find the colours at their banks appealing, as shown by the mean of 1.73 and a standard deviation of 0.687.

#### 6.2.4.3 The temperature is adequate

As indicated in Table 6.6, 48.7% of the respondents agree that the temperature at the bank is adequate, 32.4% strongly agree and 16.5% are neutral, while 1.9% and 0.4% disagree and strongly disagree, respectively. The result for this item show a mean of 1.89 and a standard deviation of 0.771, indicating that majority of the respondents find the temperature at the bank adequate.

#### 6.2.4.4 The interaction points are pleasant

The overall result of this item shows a mean of 1.92 and a standard deviation of 0.816, which suggests that most respondents find the points of interaction with their banks pleasant. This is further indicated by the 48.5% and 32.4% of respondents who agree and strongly agree, respectively. A total of 14.6% are neutral, while 4.1% and 0.4% disagree and strongly disagree, respectively.

**Table 6.6: Sensory customer experience**

| Customer Experience; Sensory (CXSe) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sensory** | **CXSe** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| The overall lighting at the bank is pleasant | CXSe1 | Frequency | 168 | 221 | 66 | 9 | 2 | 466 | 1,83 | 0,769 | .000 |
| | | Percent | 36,1 | 47,4 | 14,2 | 1,9 | 0,4 | 100,0 | | | |
| The colours are fine | CXSe2 | Frequency | 189 | 213 | 64 | 0 | 0 | 466 | 1,73 | 0.687 | .000 |
| | | Percent | 40,6 | 45,7 | 13,7 | 0,0 | 0,0 | 100,0 | | | |
| The temperature is adequate | CXSe3 | Frequency | 151 | 227 | 77 | 9 | 2 | 466 | 1,89 | 0.771 | .000 |
| | | Percent | 32,4 | 48,7 | 16,5 | 1,9 | 0,4 | 100,0 | | | |
| The interaction points are pleasant | CXSe4 | Frequency | 151 | 226 | 68 | 19 | 2 | 466 | 1,92 | 0.816 | .000 |
| | | Percent | 32,4 | 48,5 | 14,6 | 4,1 | 0,4 | 100,0 | | | |
| **Overall mean** | | | | | | | | | **1,84** | **0,761** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

The overall mean of 1.84 and a standard deviation of 0.761 of the construct suggest that respondents had a high perception of their sensorial experience. These results are consistent with those of (Farhana, Mohsin and Ariffin 2021), who stated that a customer's first sensory impression of the bank will influence their perception of its aesthetic attractiveness. For customers to have a satisfying sensory experience, it is believed that sight, touch, and scent are the most important variables to take into account. A satisfying sensory experience will reduce discomfort while promoting feelings of satisfaction, motivation, delight, and contentment. Similarly, Rajaobelina *et al.* (2018) also found that sense dimensions exert an impact on commitment and trust in mobile banking.

### 6.2.5 Cognitive

To measure this construct, six items were used. The aim of the construct was to evaluate the cognitive experience of the customers. This section presents the results of each item used to measure this construct, and the descriptive statistics are presented in Table 6.7.

#### 6.2.5.1 It is quick to get the services

The aim of this item was to measure the speed with which respondents get the services. The results indicate a mean of 2.31 and a standard deviation of 1.041, suggesting that most respondents find it quick to get the services from their banks. As presented in Table 6.7, 46.8% agree, 32.0% strongly agree, 19.1% are neutral, 1.7% disagree and 0.4% strongly disagree that that the services at their banks are quick.

#### 6.2.5.2 I can trust the bank

The results presented in Table 6.7 indicate that 46.8% and 32.0% agree and strongly agree that they can trust the bank. A total of 19.1% are neutral, 1.7% disagree and 0.4% strongly disagree. Overall, these results indicate a mean of 1.92 and a standard deviation of 0.783, which suggest that the respondents can trust their banks.

#### 6.2.5.3 I can rely on the bank for good services

The respondents were asked whether they could rely on their banks for good services. The descriptive results shown in Table 6.7 indicate that 42.7% agree, 32.4% strongly agree, 21.2% are neutral and 3.6% disagree. For this item, the mean and a standard deviation of the reliability of the bank services were 1.96 and 0.826, respectively. This suggests that respondents can rely on the bank for good services.

#### 6.2.5.4 The bank's charges are reasonable

The respondents were asked whether the bank charges were reasonable. The results depicted in Table 6.7 indicate that 30.9% agree, 25.5% strongly agree, 26.2% are neutral, 12.0% disagree and 5.4% strongly disagree. The mean of the item is 2.41, and its standard deviation is 1.148, implying that the majority of the respondents find the bank charges to be reasonable.

#### 6.2.5.5 I enjoy bank services

The result for this item indicates a mean of 2.06 and a standard deviation of 0.902. Table 6.7 displays the descriptive statistics of this item. According to the results, 39.1% and 30.5% of respondents agree or strongly agree, respectively, that they enjoy the bank's services, 24.7% are neutral, 5.2% disagree and 0.6% strongly disagree. These results suggest that respondents enjoy the bank's services.

#### 6.2.5.6 The services provided by the bank are of superior quality

The respondents were asked whether the services provided by the bank were of superior quality. The findings, as depicted in Table 6.7, indicate that 36.7% agree, 27.7% strongly agree, 30.0% are neutral, 4.9% disagree and 0.6% strongly disagree with the statement. With a mean of 2.01 and a standard deviation of 0.902, the results imply that the majority of the respondents find that the services provided by the bank are of superior quality.

**Table 6.7: Cognitive customer experience**

| Customer Experience; Cognitive (CXC) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cognitive** | **CXC** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| It is quick to get the services | CXC1 | Frequency | 115 | 166 | 120 | 54 | 11 | 466 | 2.31 | 1.041 | .000 |
| | | Percent | 24,7 | 35,6 | 25,8 | 11,6 | 2,4 | 100,0 | | | |
| I can trust the bank | CXC2 | Frequency | 149 | 218 | 89 | 8 | 2 | 466 | 1.92 | 0.783 | .000 |
| | | Percent | 32,0 | 46,8 | 19,1 | 1,7 | 0,4 | 100,0 | | | |
| I can rely on the bank for good services | CXC3 | Frequency | 151 | 199 | 99 | 17 | 0 | 466 | 1.96 | 0,826 | .000 |
| | | Percent | 32,4 | 42,7 | 21,2 | 3,6 | 0,0 | 100,0 | | | |
| The bank's charges are reasonable | CXC4 | Frequency | 119 | 144 | 122 | 56 | 25 | 466 | 2.41 | 1.148 | .000 |
| | | Percent | 25,5 | 30,9 | 26,2 | 12,0 | 5,4 | 100,0 | | | |
| I enjoy the banks services | CXC5 | Frequency | 142 | 182 | 115 | 24 | 3 | 466 | 2.06 | 0.902 | .000 |
| | | Percent | 30,5 | 39,1 | 24,7 | 5,2 | 0,6 | 100,0 | | | |
| The services provided by the bank are superior quality | CXC6 | Frequency | 129 | 171 | 140 | 23 | 3 | 466 | 2.01 | 0.902 | .000 |
| | | Percent | 27,7 | 36,7 | 30,0 | 4,9 | 0,6 | 100,0 | | | |
| **Overall mean** | | | | | | | | | **2,13** | **0,934** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

The results in Table 6.7 show an overall mean of 2.13 and a standard deviation of 0.934, which indicate that the majority of the respondents generally agreed with the statements that were used to measure the cognitive experience construct. This implies that cognitive experience was positive among the respondents. Cognitive experience illustrates how customers think. It describes the ability of financial institutions to provide customers with new and helpful information and to present them with a different perspective (Barbu *et al.* 2021). These results aligned with the study of Ugwuanyi, Uduji and Oraedu (2021), who found that cognitive experience influences customer satisfaction. Customers prefer fewer complex systems and processes that have clear information that does not stretch their cognitive state. Customers who easily access bank services have higher cognitive experiences (Babin and Attaway 2000).

## 6.3 Customer satisfaction

The customer satisfaction construct aimed at evaluating respondents' satisfaction levels with the services received from the banks. Six items were used to measure this construct, and the results of the descriptive statistics are shown in Table 6.8.

### 6.3.1 Bank infrastructure is visually appealing

This item aimed at measuring the visual appeal of the bank infrastructure. As depicted in Table 6.8, 45.5% agree, 39.7% strongly agree and 14.8% are neutral. None of the respondents disagreed or strongly disagreed with the statement. The results indicate a mean of 1.75 and a standard deviation of 0.696, suggesting that most respondents find the bank infrastructure visually appealing.

### 6.3.2 The bank gives me individual attention

Respondents were asked whether the banks give them individual attention. The results indicate a mean of 2.05 and a standard deviation of 0.898, suggesting that most respondents agree that the bank gives them individual attention. Table 6.8 presents the results as follows: 40.8% agree, 30.5% strongly agree, 22.3% are neutral, 6.0% disagree and 0.4% strongly disagree that the bank gives them individual attention.

### 6.3.3 The environment is neat and tidy

As presented in Table 6.8, the results show that 47.9% strongly agree, 41.8% agree, 9.0% are neutral, 0.9% disagree and 0.4% strongly disagree that the bank environment is neat and tidy. These results mean that the majority of the respondents were happy with the environment at the bank. A mean of 1.64 and a standard deviation of 0.717 are indicative of these findings.

### 6.3.4 Tellers are available at the counters

The aim of this item was to measure the availability of tellers at the counters. The findings in Table 6.8 indicate that 41.4% agree, 31.8% strongly agree, 21.9% are neutral, 3.9% disagree and 1.1% strongly disagree that the tellers are available. The results indicate a mean of 2.01 and a standard deviation of 0.888, suggesting that most respondents are satisfied with the availability of tellers at the counters in the banks.

### 6.3.5 I am treated as a valued customer

The results in Table 6.8 depict that 38.6% agree that they are treated as valued customers at their banks, 35.4% strongly agree, 21.0% are neutral, 3.2% disagree and 1.7% strongly disagree. The results show a mean of 1.97 and a standard deviation of 10.921, which suggest that most respondents are satisfied with the treatment they receive from bank employees.

### 6.3.6 I feel satisfied with the overall experience of using the bank

The aim of this item was to measure the respondents' overall satisfaction with their experience. As depicted in Table 6.8, the results indicate that 44.6% agree, 33.3% strongly agree, 17.2% are neutral, 4.1% disagree and 0.9% strongly disagree that they feel satisfied with the overall experience of using the bank. The results indicate a mean of 1.95 and a standard deviation of 0.862, suggesting that most respondents are satisfied with their overall experience at the bank.

**Table 6.8: Customer satisfaction**

| Customer satisfaction (CS) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customer satisfaction** | **CS** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| Bank infrastructure is visually appealing | CS1 | Frequency | 185 | 212 | 69 | 0 | 0 | 466 | 1.75 | 0,696 | .000 |
| | | Percent | 39,7 | 45,5 | 14,8 | 0,0 | 0,0 | 100,0 | | | |
| The bank gives me individual attention | CS2 | Frequency | 142 | 190 | 104 | 28 | 2 | 466 | 2.05 | 0,898 | .000 |
| | | Percent | 30,5 | 40,8 | 22,3 | 6,0 | 0,4 | 100,0 | | | |
| The environment is neat and tidy | CS3 | Frequency | 223 | 195 | 42 | 4 | 2 | 466 | 1.64 | 0.717 | .000 |
| | | Percent | 47,9 | 41,8 | 9,0 | 0,9 | 0,4 | 100,0 | | | |
| Tellers are available at the counters | CS4 | Frequency | 148 | 193 | 102 | 18 | 5 | 466 | 2.01 | 0.888 | .000 |
| | | Percent | 31,8 | 41,4 | 21,9 | 3,9 | 1,1 | 100,0 | | | |
| I am treated as a valued customer | CS5 | Frequency | 165 | 180 | 98 | 15 | 8 | 466 | 1.97 | 0.921 | .000 |
| | | Percent | 35,4 | 38,6 | 21,0 | 3,2 | 1,7 | 100,0 | | | |
| I feel satisfied with the overall experience of using this bank | CS6 | Frequency | 155 | 208 | 80 | 19 | 4 | 466 | 1.95 | 0.862 | .000 |
| | | Percent | 33,3 | 44,6 | 17,2 | 4,1 | 0,9 | 100,0 | | | |
| **Overall** | | | | | | | | | **1,90** | **0,830** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

The overall results indicate that respondents generally agreed with the statements used to measure the customer satisfaction construct with a mean value of 1.90 and a standard deviation of 0.830. These results are consistent with those of (Redda and van Deventer 2020), whose study on the antecedents of trust in retail banking and found that consumers were satisfied with and trusted their bank. Furthermore, De Bruin, Roberts-Lombard and De Meyer-Heydenrych (2020) found that the majority of bank employees have the ability to provide perceived customer satisfaction. Their results further indicated that service quality is a strong enabler of customer satisfaction. Satisfied customers are more likely to make a repeat purchase from the same company, tell others about their experiences and thus engage in positive word-of-mouth advertising. Kamath, Pai and Prabhu (2019a) posit that customer satisfaction is a mediator between customer experience and customer loyalty. They further found that the mediating impact of customer satisfaction on loyalty was higher than that of brand equity.

## 6.4 Service quality

The aim of the service quality construct was to appraise the service received by the respondents from their respective banks against their expectations. This construct was measured using six items, and the results of the descriptive statistics are shown in Table 6.9.

### 6.4.1 When the bank promises to do something, it does so

As depicted in Table 6.9, at 50%, the majority of the respondents agree that the bank is reliable in meeting its promises, 25.5% strongly agree and 20% are neutral. A total of 3.9% disagree, while 0.9% strongly disagree with the statement. With a mean of 2.04 and a standard deviation of 0.816, the results suggest that most respondents find the bank reliable in meeting its promises.

### 6.4.2 The bank provides accurate information

This item aimed at measuring the accuracy of the information provided by the bank. Table 6.9 shows that 48.9% agree, 29.8% strongly agree and 17.8% are neutral. None of the respondents disagreed or strongly disagreed with the statement. This is indicative that the majority of the customers find the information provided by the banks to be accurate. The mean and standard deviation for this item were 1.96 and 0.817, respectively.

### 6.4.3 The bank performs the service right the first time

As shown in Table 6.9, 44.4% agree that the services performed by the bank are right the first time, 30.3% strongly agree, 20.4% are neutral, and 4.4% disagree. None of the respondents strongly disagreed with the statement. These results indicate that the bank is efficient in-service provision. A mean of 2.00 and a standard deviation of 0.840 support this result.

### 6.4.4 The bank has operating hours convenient to all its customers

Respondents were asked to rate the convenience of the bank's operating hours. A total of 36.5% and 32.6% agree and strongly agree, respectively, that banking hours are convenient for them. A total of 24.0% are neutral, while 6.0% and 0.9% disagree and strongly disagree, respectively. The results indicate a mean of 2.06 and a standard deviation of 0.939, as shown in Table 6.9. These scores imply that the respondents tend to agree that the bank's operating hours are convenient for customers.

### 6.4.5 The bank is accessible through various channels

This item aimed at measuring the accessibility of the bank through various channels. The majority of the respondents agree (43.3%) and strongly agree (41.4%) that their banks have various channels that they can use to access services. A total of 11.2% were neutral, while 2.6% and 1.5% disagreed and strongly disagreed, respectively. As depicted in Table 6.9, the results indicate a mean score of 1.79 and a standard deviation of 0.850, which imply that respondents generally agreed with the statement.

### 6.4.6 The queuing system is effective

With regard to the effectiveness of the queuing system, Table 6.9 indicates that most of the respondents agree (29.8%), strongly agree (27.7%) or are neutral (26.8%). 10.3% and 5.4% disagree and strongly disagree with the statement. These results indicate a mean of 2.36 and a standard deviation of 1.146, which suggest that customers generally agree that the queuing system is effective.

**Table 6.9: Service quality**

| Service quality (SQ) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Service quality** | **SQ** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| When the bank promises to do something, it does so | SQ1 | Frequency | 119 | 233 | 93 | 18 | 3 | 466 | 2.04 | 0.816 | .000 |
| | | Percent | 25,5 | 50,0 | 20,0 | 3,9 | 0,6 | 100,0 | | | |
| The bank provides accurate information | SQ2 | Frequency | 139 | 228 | 83 | 11 | 5 | 466 | 1.96 | 0,817 | .000 |
| | | Percent | 29,8 | 48,9 | 17,8 | 2,4 | 1,1 | 100,0 | | | |
| The bank performs the service right the first time | SQ3 | Frequency | 141 | 207 | 95 | 23 | 0 | 466 | 2.00 | 0.840 | .000 |
| | | Percent | 30,3 | 44,4 | 20,4 | 4,9 | 0,0 | 100,0 | | | |
| The bank has operating hours convenient to all its customers | SQ4 | Frequency | 152 | 170 | 112 | 28 | 4 | 466 | 2.06 | 0,939 | .000 |
| | | Percent | 32,6 | 36,5 | 24,0 | 6,0 | 0,9 | 100,0 | | | |
| The bank is accessible through various channels | SQ5 | Frequency | 193 | 202 | 52 | 12 | 7 | 466 | 1.79 | 0.850 | .000 |
| | | Percent | 41,4 | 43,3 | 11,2 | 2,6 | 1,5 | 100,0 | | | |
| The queuing system is effective | SQ6 | Frequency | 129 | 139 | 125 | 48 | 25 | 466 | 2.36 | 1.146 | .000 |
| | | Percent | 27,7 | 29,8 | 26,8 | 10,3 | 5,4 | 100,0 | | | |
| **Overall** | | | | | | | | | **2.04** | **0.902** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

An overall mean of 2.04 and a standard deviation of 0.902 indicate that respondents agreed with the statements that were used to measure the service quality construct. These results confirm those of De Bruin, Roberts-Lombard and De Meyer-Heydenrych (2020), who found that the majority of bank employees have confidence in their ability to deliver quality service to their customers. Their results further indicated that service quality is a strong enabler of customer satisfaction.

## 6.5 Customer loyalty

This construct was aimed at measuring the commitment of the respondents to stay with their banks. Five items were used to measure the customer loyalty construct, and the results of the descriptive statistics are shown in Table 6.10.

### 6.5.1 I consider this bank as my bank of choice

As shown in Table 6.10, with regard to considering the bank as the bank of choice, most respondents strongly agree and agree at 43.1% and 37.6%, respectively. A total of 16.5% were neutral, while 2.8% disagreed. The mean for this item is 1.79, and the standard deviation is 0.816, suggesting that most respondents consider their respective banks to be their banks of choice.

### 6.5.2 I intend to continue being a customer of the bank for a long time to come

As depicted in Table 6.10, the majority of the respondents strongly agree (41.4%) and agree (40.3%) that they intend to continue being customers of their respective banks in the future. 13.9% are neutral, while 3.9% and 0.4% disagree and strongly disagree, respectively. With a mean of 1.83 and a standard deviation of 0.845, the results suggest that most customers intend to be loyal to their banks in the future.

### 6.5.3 I will say positive things about the bank to other people

The respondents were asked to rate whether they would say positive things about their bank to other people. Table 6.10 shows that 39.5% strongly agree, 38.6% agree, 18.2% are neutral, while 3.0% and 0.6% disagree and strongly disagree, respectively. The results indicate that the majority of the respondents said positive things about their bank to other people, with a mean of 1.87 and a standard deviation of 0.860.

### 6.5.4 I am willing to share my banking experience with relatives and friends

The aim of this item was to measure the willingness of the respondents to share their banking experiences with relatives and friends. The findings in Table 6.10 indicate that 44.2% agree, 39.5% strongly agree, 14.2% are neutral and 2.1% disagree with the statement. The results indicate a mean of 1.79 and a standard deviation of 0.761, suggesting that most respondents are willing to share their banking experiences.

### 6.5.5 I will recommend the bank to others

Respondents were asked whether they would recommend their bank to others. The results indicate a mean of 1.93 and a standard deviation of 0.943, suggesting that most respondents agree that they will recommend the bank to others. Table 6.10 presents the results as follows: 39.5% strongly agree, 35.6% agree, 19.1% are neutral, 4.3% disagree and 1.5% strongly disagree with the statement.

**Table 6.10: Customer loyalty**

| Customer Loyalty (CL) | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Customer Loyalty** | **CL** | | **1** | **2** | **3** | **4** | **5** | **Total** | **Mean** | **Standard Deviation** | **p value** |
| I consider this bank as my bank of choice | CL1 | Frequency | 201 | 175 | 77 | 13 | 0 | 466 | 1.79 | 0.816 | .000 |
| | | Percent | 43,1 | 37,6 | 16,5 | 2,8 | 0,0 | 100,0 | | | |
| I intend to continue being a customer of the bank for a long time to come | CL2 | Frequency | 193 | 188 | 65 | 18 | 2 | 466 | 1.82 | 0.845 | .000 |
| | | Percent | 41,4 | 40,3 | 13,9 | 3,9 | 0,4 | 100,0 | | | |
| I will say positive things about the bank to other people | CL3 | Frequency | 184 | 180 | 85 | 14 | 3 | 466 | 1.87 | 0.860 | .000 |
| | | Percent | 39,5 | 38,6 | 18,2 | 3,0 | 0,6 | 100,0 | | | |
| I am willing to share my banking experience with relative and friends | CL4 | Frequency | 184 | 206 | 66 | 10 | 0 | 466 | 1.79 | 0.761 | .000 |
| | | Percent | 39,5 | 44,2 | 14,2 | 2,1 | 0,0 | 100,0 | | | |
| I will recommend the bank to others | CL5 | Frequency | 184 | 166 | 89 | 20 | 7 | 466 | 1.93 | 0.943 | .000 |
| | | Percent | 39,5 | 35,6 | 19,1 | 4,3 | 1,5 | 100,0 | | | |
| **Overall** | | | | | | | | | **1.84** | **0.845** | |
| Please note the five point-Likert scale means: 1= Strongly agree; 2= Agree; 3= Neutral; 4= Disagree; 5= Strongly disagree. | | | | | | | | | | | |

Based on the findings, overall, the customer loyalty construct has a mean value of 1.84 and a standard deviation of 0.845. This suggests that the respondents generally agreed with the statements that were used to measure this construct. The overall mean is slightly less than 2, which implies that respondents are loyal to their banks. This is reiterated when evaluating statements such as "I am willing to share my banking experience with relatives and friends" and “I consider this bank as my bank of choice”, which had a mean value of 1.79 each.

## 6.6 Central tendency measures of the constructs

The central tendency measures of the various constructs were considered and are presented in Table 6.11. The results indicate that the majority of the constructs had average mean values below 2.5, which suggests that most respondents tend to agree with the statements measuring the constructs.

**Table 6.11: Central tendency measures of the constructs**

| Construct | Abbreviation | Mean | Standard Deviation |
|---|---|---|---|
| Customer Experience; Feel | CXF) | 1.96 | 0.864 |
| Customer Experience; Behavioural | CXB | 2.04 | 0.888 |
| Customer Experience; Social | CXSo | 2.26 | 0.935 |
| Customer Experience; Sensory | CXSe | 1.84 | 0.761 |
| Customer Experience; Cognitive | (CXC | 2.13 | 0.934 |
| Customer satisfaction | CS | 1.90 | 0.830 |
| Service quality | SQ | 2.04 | 0.902 |
| Customer Loyalty | CL | 1.84 | 0.845 |

## 6.7 Structural Equation Modelling (SEM)

Structural equation modelling (SEM) is a statistical technique that measures structural relationships between variables and latent constructs (Hair Jr *et al.* 2017). It is a multivariate method of data analysis that is used to test multivariate causal relationships. The SEM consists of two stages: the measurement model and structural model assessments (Anderson and Gerbing 1988). In the first stage, a confirmatory factor analysis (CFA) is conducted to test the reliability and validity of the constructs. This is followed by the assessment of the structural model, which tests the stated hypotheses and examines the validity of the structural model (Hoyle 1995).

A higher-order model, also known as a hierarchical component model, consists of at least one latent variable with indicators as other latent variables in the model (Garson 2016). This study's model is a reflective hierarchical construct model or higher-order model with customer experience (CX) being a higher-order construct (HOC) or second-order construct and its dimensions (latent variables); behavioural, cognitive, felt, sensorial and social are its indicators. HOC is a representation of multidimensional constructs that exist at a higher level of abstraction and relates to other constructs at a similar level of abstraction (Chin 2010; Becker, Klein and Wetzels 2012), in this case customer satisfaction, service quality and customer loyalty.

HOC is a concept that constitutes dimensions that form the lower-order construct (LOC) or first-order construct in a model (Law, Wong and Mobley 1998). HOC models are characterised by the number of levels in the model and the different relationships between constructs, both HOCs and LOCs (Becker, Klein and Wetzels 2012). The relationships could be reflective or formative relationships (Crocetta *et al.* 2021). There are four major types of higher-order models, each depicting a specific relationship between HOC and LOC: formative-formative, formative-reflective, reflective-formative and reflective-reflective (Ringle, Wende and Becker 2015).

In reflective-reflective and formative-reflective models, HOC represents a more general construct that explains all underlying LOCs, whereas in reflective-formative and formative-formative models HOC is formed by the LOCs (Ringle, Wende and Becker 2015). Researchers have proposed the repeated indicators approach and the two-stage approach, the embedded and disjoint approach, for the assessment of these types of models (Becker, Klein and Wetzels 2012; Ringle, Wende and Becker 2015; Sarstedt *et al.* 2019). The model for this study is a reflective hierarchical construct model, and the repeated indicators approach was used to assess the model.

### 6.7.1 Confirmatory Factor analysis

The validity of the measurement scale was assessed using confirmatory factor analysis (CFA). CFA is a multivariate technique used to test whether the measures of constructs are consistent with the prespecified constructs (Hair *et al.* 2014; Hazen, Overstreet and Boone 2015). It is used to ascertain the reliability and validity of the constructs in the measurement scale (Hazen, Overstreet and Boone 2015; Nkwei 2019). The study contained eight constructs, each with items ranging from four to seven, measured using a five-point Likert scale. The CFA conducted involved measurement of reliability, which was done through composite reliability and validity of the measurement items, which was assessed through convergent and discriminant validity.

### 6.7.2 Measurement Model assessment

As stated, the model in this study is a reflective hierarchical model. The CX construct is a reflective-reflective HOC, and its dimensions of feeling, behavioural, sensorial, cognitive and social are the LOCs; hence, a repeated indicator approach was used to assess the measurement model, as depicted in Figure 6.5. In this approach, all LOC indicators are also used as indicators for the second-order construct or HOC (Becker, Klein and Wetzels 2012). When using a repeated indicator approach, the measurement model of higher-order constructs (HOCs) is assessed using internal consistency, convergent validity and discriminant validity (Sarstedt *et al.* 2019). This is similar for LOCs since they represent the indicators for the HOC.

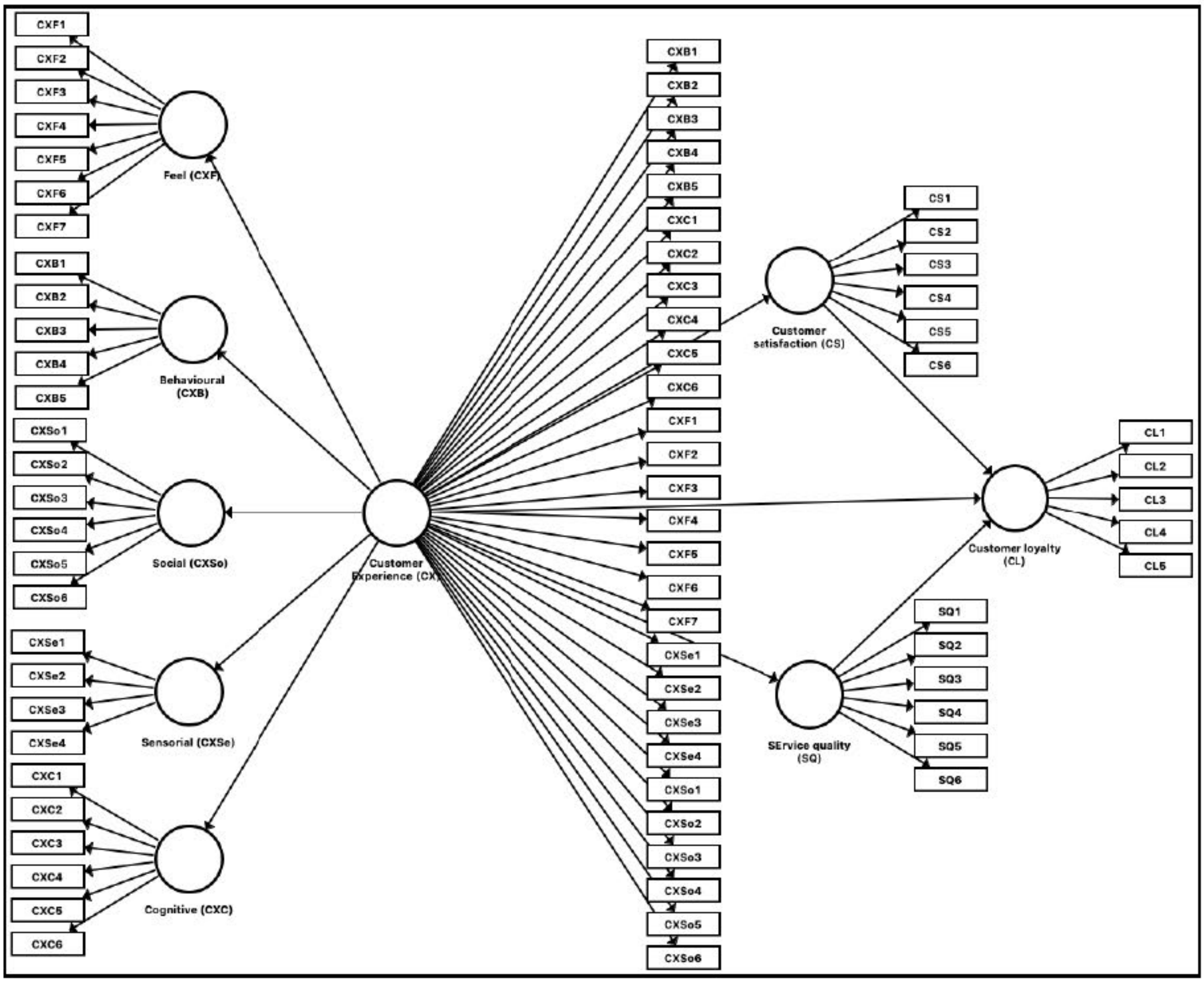



**Figure 6. 5: Higher-order model of customer experience in PLS using repeated indicators**

**Source: Authors' own**

### 6.7.3 Confirmatory factor analysis for the higher-order model of customer experience

The higher-order model assessed the multidimensionality of CX using the five dimensions. When analysing reflective measurement models, it is necessary to evaluate the reliability of measures, both on an indicator level, referred to as indicator reliability, as well as a construct level (internal consistency reliability). AVE is used to assess the convergent validity of each measure, and the heterotrait–monotrait (HTMT) ratio of correlations is used to evaluate the discriminant validity of a reflectively assessed construct in comparison to other construct measures that are contained within the same model (Hair Jr *et al.* 2021b). To assess the CX construct, the study tested the second-order model to assess whether it fits the data well. SRMR was used to calculate the model fit indices as proposed by (Hair Jr *et al.* 2017). Convergent validity was tested using factor loadings, AVE and composite reliability (CR). For higher-order constructs, the path coefficients between lower-order constructs and higher-order constructs represent the loadings of the higher-order latent variable (Becker, Klein and Wetzels 2012). As shown in Table 6.12 and Figure 6.5, the results for CFA for higher-order construct CX indicate that AVE (0.549) and CR (0.958) meet the required threshold; hence, the convergent validity for this construct is established.

**Table 6.12: CFA for the higher-order model**

| Second order construct | First order construct | Factor loading | Composite Reliability (CR) | Average variance extracted (AVE) |
|---|---|---|---|---|
| Customer experience (CX) | Behavioural | 0.606 | | |
| | Cognitive | 0.887 | | |
| | Feel | 0.910 | **0.958** | **0.549** |
| | Sensorial | 0.776 | | |
| | Social | 0.886 | | |

### 6.7.4 Reliability analysis

The reliability of the reflective measurement model was assessed using indicator reliability, Cronbach’s alpha and composite reliability (rho_c). Cronbach’s alpha is used to measure the reliability of the various constructs, and composite reliability was used to estimate the consistency of the responses for the items used in the measurement scale as suggested by Nkwei (2019); Sarstedt *et al.* (2019). The researcher used indicator reliability to assess how much of each indicator's variance is explained by its construct.

### 6.7.5 Indicator reliability

The first step in assessing the reflective measurement model involves analysing how much of each indicator's variance is explained by its construct, which shows indicator reliability. Indicator reliability is one of the bases for assessing reflective measurement models (Hair Jr *et al.* 2021b). To verify that the associated indicators describe the same latent construct, the reliability of the indicators is evaluated to first confirm their reliability. To do this, the loadings for each indicator are squared. A value of 0.5 is good enough to show that the items and the construct share at least 50% of the variance (Hair and Alamer 2022). Indicators with loadings between 0.4 and 0.7 are generally acceptable, while indicators with very low loadings below 0.40 should be eliminated from the measurement model (Hair Jr *et al.* 2021b).

In view of this, the outer loadings for all latent variables in the model, which are customer experience, customer satisfaction, service quality and customer loyalty, were examined. For customer experience, the outer loadings for the higher-order construct, CX, instead of the lower-order constructs (CXF, CXB, CXSe, CXSo and CXC), were examined. After examining the outer loadings, all the indicators that formed the dimensions of customer experience were above the acceptable threshold of 0.4. The factor loadings for all the items used to measure the constructs were above 0.5, except two indicators, CXB2 and CXB3, which were used to measure behavioural dimension of customer experience. These indicators had factor loadings of 0.493 and 0.456 respectively, as presented in Table 6.13.

**Table 6.13: Indicator loadings of measurement scale items**

| Construct | Items | Measurement Statements | Indicator Loading |
|---|---|---|---|
| Feel (emotional) (CXF) | CXF1 | I get a nice feeling when dealing with the bank | 0.746 |
| | CXF2 | The ambience of the bank is pleasant | 0.809 |
| | CXF3 | I feel secure when dealing with bank employees | 0.703 |
| | CXF4 | Employees in the bank show commitment to satisfy my needs | 0.784 |
| | CXF5 | I feel at ease when performing transactions | 0.819 |
| | CXF6 | I feel happy with the bank's services | 0.796 |
| | CXF7 | I am content with the bank | 0.814 |
| Behavioural (CXB) | CXB1 | I tend to check my bank accounts | 0.509 |
| | CXB2 | I tend to take an active part in managing my personal finances | 0.493 |
| | CXB3 | I tend to compare the financial institutions products or services | 0.456 |
| | CXB4 | I tend to have high level of participation in the service process | 0.565 |
| | CXB5 | I tend to express my personal needs during the service process | 0.441 |
| Social (CXSo) | CXSo1 | I find employees to be warm | 0.789 |
| | CXSo2 | I develop relationships with staff | 0.597 |
| | CXSo3 | I identify myself with other bank customers | 0.603 |
| | CXSo4 | I find employees competent | 0.721 |
| | CXSo5 | I feel part of a community at my bank | 0.746 |
| | CXSo6 | Employees' behaviour instil confidence in me | 0.776 |
| Sensory (CXSe) | CXSe1 | The overall lighting at the bank is pleasant | 0.768 |
| | CXSe2 | The colours are fine | 0.796 |
| | CXSe3 | The temperature is adequate | 0.685 |
| | CXSe4 | The interaction points are pleasant | 0.770 |
| Cognitive (CXC) | CXC1 | It is quick to the get services | 0.683 |
| | CXC2 | I can trust the bank | 0.743 |
| | CXC3 | I can rely on the bank for good services | 0.769 |
| | CXC4 | The bank's charges are reasonable | 0.669 |
| | CXC5 | I enjoy the banks services | 0.746 |

| Construct | Items | Measurement Statements | Indicator Loading |
|---|---|---|---|
| | **CXC6** | The services provided by the bank are superior quality | 0.896 |
| **Customer satisfaction (CS)** | CS1 | Bank infrastructure is visually appealing | 0.749 |
| | CS2 | The bank gives me individual attention. | 0.767 |
| | CS3 | The environment is neat and tidy | 0.763 |
| | CS4 | Tellers are available at the counters | 0.792 |
| | CS5 | I am treated as a valued customer | 0.86 |
| | CS6 | I feel satisfied with the overall experience of using this bank | 0.864 |
| **Service quality (SQ)** | SQ1 | When the bank promises to do something, it does so | 0.802 |
| | SQ2 | The bank provides accurate information | 0.842 |
| | SQ3 | The bank performs the service right the first time. | 0.849 |
| | SQ4 | The bank has operating hours convenient to all its customers. | 0.781 |
| | SQ5 | The bank is accessible through various channels | 0.78 |
| | SQ6 | The queuing system is effective | 0.704 |
| **Customer loyalty (CL)** | CL1 | I consider this bank as my bank of choice | 0.892 |
| | CL2 | I intend to continue being a customer of the bank for a long time to come | 0.901 |
| | CL3 | I will say positive things about the bank to other people | 0.934 |
| | CL4 | I am willing to share my banking experience with relative and friends | 0.889 |
| | CL5 | I will recommend the bank to others | 0.942 |

### 6.7.6 Internal consistency reliability

Internal consistency reliability is the degree to which indicators that measure the same thing are related to each other. Composite reliability, rho_c, is considered one of the most significant measures used in PLS-SEM. Values higher than 0.7 are generally acceptable to demonstrate satisfactory composite reliability. Higher values signify a high level of reliability (Wong 2016; Hair and Alamer 2022). The composite reliability for all the constructs in this study indicated a high level of internal consistency reliability, as shown in Table 6.12.

Another indicator of internal consistency reliability is Cronbach's alpha, which uses the same thresholds as composite reliability (rho_c). As presented in Table 6.14, the results for both Cronbach's alpha and composite reliability indicate that all the items met the required threshold of 0.7 (Hair *et al.* 2014) for both. The Cronbach's alpha ranged from 0.790 to 0.949, whereas composite reliability ranged from 0.857 for behavioural experience to 0.951 for the customer loyalty construct, thereby meeting the required threshold of 0.70 (Fornell and Larcker 1981). This study confirmed reliability through internal consistency.

**Table 6.14: Construct reliability and validity**

| | Cronbach's alpha | Composite reliability (rho_a) | Composite reliability (rho_c) |
|---|---|---|---|
| Customer Experience (CX) | 0,954 | 0,951 | 0,958 |
| Customer Loyalty (CL) | 0,929 | 0,931 | 0,950 |
| Customer Satisfaction (CS) | 0,888 | 0,900 | 0,914 |
| Service Quality (SQ) | 0,882 | 0,886 | 0,911 |

### 6.7.7 Convergent validity

Convergent validity is used to assess the ability of the model to explain the indicator's variance. The average variance extracted (AVE) is used to provide evidence of convergent validity as recommended by Hair Jr *et al.* (2014). AVE should be greater than or equal to 0.50 for the items to be valid and convergent validity to be established (Fornell and Larcker 1981). This study achieved the AVE threshold for all items where all values were greater than the 0.50 threshold for AVE, as shown in Table 6.13. These results indicate that convergent validity was established.

### 6.7.8 Discriminant validity

Discriminant validity is used to assess the differences in constructs in a conceptual model. It is used to determine the correlation among the constructs in the model (Hair Jr *et al.* 2017; Dakduk, González and Portalanza 2019). To establish the discriminant validity of the constructs, the square root of AVE of a specific construct is compared with the correlation between that construct and other constructs. The square root of AVE must be greater than the variance between the proposed factors and all other factors (Fornell and Larcker 1981; Dakduk, González and Portalanza 2019). The Fornell-Larker technique and the heterotrait-monotrait (HTMT) ratio were used to assess the discriminant validity of the constructs. The results shown in Table 6.15 indicate that the square root of the AVE value of each construct (shown diagonally across constructs) is greater than the variance between constructs. All the constructs and items loaded well. Therefore, discriminant validity is confirmed according to the Fornell and Larcker (1981) technique.

**Table 6.15: Fornell Larker discriminant validity criterion and AVE**

| | **Customer Experience (CX)** | **Customer Loyalty (CL)** | **Customer Satisfaction (CS)** | **Service Quality (SQ)** | **AVE** |
|---|---|---|---|---|---|
| Customer Experience (CX) | ***0.822*** | | | | ***0.676*** |
| Customer Loyalty (CL) | 0.776 | ***0.912*** | | | ***0.831*** |
| Customer Satisfaction (CS) | 0.738 | 0.750 | ***0.827*** | | ***0.684*** |
| Service Quality (SQ) | 0.749 | 0.740 | 0.801 | ***0,794*** | ***0.631*** |

The HTMT ratio is the geometric mean of the correlations of indicators across constructs divided by the correlations of indicators within the same construct (Garson 2016). The HTMT test provides ratios that examine the extent to which any two constructs have a common variance; these ratios are expected to be below 1.0 in a well-fitting model for discriminant validity to be established (Garson 2016; Nkwei 2019). However, other researchers suggest that these ratios are not expected to be greater than 0.9 (Ringle, Wende and Becker 2015; Sarstedt *et al.* 2019) or 0.85 (Kline 2015) respectively, which are more stringent thresholds. Accordingly, the results depicted in Table 6.16 show HTMT ratios below 0.9 for all the constructs, except for the correlation between service quality and customer experience, at 0.903, and between service quality and customer satisfaction, at 0.912. However, these ratios were acceptable, according to Garson (2016). This is indicative that discriminant validity has been established for this study.

**Table 6.16: HTMT ratio discriminant validity criterion**

| | Customer Experience (CX) | Customer loyalty (CL) | Customer satisfaction (CS) | Service quality (SQ) |
|---|---|---|---|---|
| *Customer Experience (CX)* | | | | |
| *Customer loyalty (CL)* | 0.810 | | | |
| *Customer satisfaction (CS)* | 0.894 | 0.800 | | |
| *Service quality* | 0.903 | 0.808 | 0.912 | |

In addition to the above assessments of the measurement model, the multicollinearity of the indicators was tested to check for replication problems among the variables of the study. Multicollinearity is a statistical concept that involves intercorrelations among two or more independent variables in a model. To detect and measure the amount of multicollinearity among a set of variables, a statistical technique known as the variance inflation factor (VIF) is used (Dakduk, González and Portalanza 2019). The maximum allowed threshold value for the VIF is 5 in the strictest sense (Hair Jr *et al.* 2014). However, Dakduk, González and Portalanza (2019) suggest that values greater than 5 and less than 10 (>5 and <10) are acceptable, while those greater than 10 are considered to have problematically high multicollinearity. According to Fernandes and Pinto (2019), when there is an enormous amount of multicollinearity between the constructs, such that two constructs are almost the same (highly correlated) in terms of meaning and construct scores, the PLS-SEM algorithm has difficulty estimating models. Hence, there is a need to ensure that the correlations between the constructs are not too high by using the variance inflation factor (VIF) (Hair and Alamer 2022).

The model was examined for the degree of multicollinearity among the predictor constructs: customer satisfaction, service quality and customer loyalty. The variance inflation factor (VIF) test was conducted for all the indicators in the study, and VIF was computed for each construct. VIF values above 5 are an indication of probable collinearity issues among predictor constructs (Hair Jr *et al.* 2021b). The results generated, as exhibited in Table 6.17, indicate VIF values range from 1.676 to 3.117 for almost all the indicators, which is lower than the typical cut-off criterion of 5 with the exception of two indicators for customer loyalty (CL3, 5.315 and CL5, 6.046). These two were accepted according to Alin (2010); Kline (2015); Tay (2017), who suggested that a value of less than 10 is acceptable. This is indicative that there were no severe multicollinearity issues and therefore no need to adjust the model. In the case of this study, the VIF indicates that the components are not substantially connected to one another. As a result, each dimension was kept in the final measurement model.

**Table 6.17: Collinearity Statistics (VIF)**

| | **VIF** |
|---|---|
| **CL1** | 3.444 |
| **CL2** | 4.000 |
| **CL3** | **5.315** |
| **CL4** | 3.361 |
| **CL5** | **6.046** |
| **CS1** | 2.005 |
| **CS2** | 1.851 |
| **CS3** | 2.009 |
| **CS4** | 2.056 |
| **CS5** | 2.910 |
| **CS6** | 2.808 |
| **CXB1** | 1.287 |
| **CXB1** | 1.503 |
| **CXB2** | 1.392 |
| **CXB2** | 1.613 |
| **CXB3** | 1.576 |
| **CXB3** | 1.913 |
| **CXB4** | 2.223 |
| **CXB4** | 2.855 |
| **CXB5** | 1.919 |
| **CXB5** | 2.241 |
| **CXC1** | 1.748 |
| **CXC1** | 2.240 |
| **CXC2** | 2.605 |
| **CXC2** | 3.080 |
| **CXC3** | 3.046 |
| **CXC3** | 3.971 |
| **CXC4** | 1.697 |
| **CXC4** | 2.080 |

| | VIF |
|---|---|
| **CXC5** | 3.843 |
| **CXC5** | 4.537 |
| **CXC6** | 4.063 |
| **CXC6** | 4.898 |
| **CXF1** | 2.623 |
| **CXF1** | 2.908 |
| **CXF2** | 2.603 |
| **CXF2** | 3.147 |
| **CXF3** | 2.156 |
| **CXF3** | 2.739 |
| **CXF4** | 2.437 |
| **CXF4** | 3.743 |
| **CXF5** | 2.484 |
| **CXF5** | 2.882 |
| **CXF6** | 3.948 |
| **CXF6** | 4.988 |
| **CXF7** | 3.614 |
| **CXF7** | 4.492 |
| **CXSe1** | 3.178 |
| **CXSe1** | 4.277 |
| **CXSe2** | 3.142 |
| **CXSe2** | 3.478 |
| **CXSe3** | 2.257 |
| **CXSe3** | 2.862 |
| **CXSe4** | 2.633 |
| **CXSe4** | 3.668 |
| **CXSo1** | 2.257 |
| **CXSo1** | 3.218 |
| **CXSo2** | 1.962 |
| **CXSo2** | 2.121 |
| **CXSo3** | 1.661 |
| **CXSo3** | 2.254 |
| **CXSo4** | 2.268 |
| **CXSo4** | 2.796 |
| **CXSo5** | 2.039 |
| **CXSo5** | 2.663 |
| **CXSo6** | 2.737 |
| **CXSo6** | 3.762 |

| | VIF |
|---|---|
| **SQ1** | 2.300 |
| **SQ2** | 2.812 |
| **SQ3** | 2.645 |
| **SQ4** | 1.903 |
| **SQ5** | 1.953 |
| **SQ6** | 1.684 |
| CL (Customer Loyalty), CS (Customer Satisfaction), CXB (Behavioural Experience), CXC (Cognitive Experience), CXF (Feel experience), CXSe (Sensorial Experience), CXSo (Social Experience), SQ (Service Quality) | |

In conclusion, the CFA application on the measurement model revealed that the proposed model was acceptable and did not require any modifications. The measurement model was subjected to different tests for reliability, convergent and discriminant validity. All the measurement indicators used for all the constructs were consistent and reliable, and all were valid according to the criteria used. The researcher then proceeded to the second step of analysis, which is the assessment of the structural model.

## 6.8 Structural model analysis

Having established the validity of the measurement model, the structural model was examined to determine whether the structural relationships are valid. The structural model shows the potential causal dependencies between exogenous and endogenous variables. In analysing the structural model, structural paths were drawn between the study constructs to represent a suggested structural relationship between one construct and another. Test statistics and standard errors for the relevant parameters are assessed in SmartPLS using the bootstrapping option (Hoyle 1995; Dakduk, González and Portalanza 2019).

The bootstrapping resampling procedure with an iteration of 5 000 subsamples was used to test the significance of the path coefficient in the structural model. Structural path coefficients (loadings) usually illustrated in the path diagram after computation, are the path weights connecting the factors to each other. The path loadings vary from 0 to 1; the larger the loadings are, the stronger the path in the structural model (Garson 2016; Hair and Alamer 2022). The bootstrapping output shows the results of the structural path coefficients coupled with their statistical significance, as shown in Table 6.18. The results indicate that all the structural relationships are significant.

**Table 6.18: Results for structural model test**

| | Path Coefficient (β) | T statistics (\|O/STDEV\|) | P values | Result |
|---|---|---|---|---|
| Customer Experience (CX) -> Customer loyalty (CL) | 0.425 | 6.330 | 0.000 | Supported |
| Customer Experience (CX) -> Customer satisfaction (CS) | 0.462 | 8.192 | 0.000 | Supported |
| Customer Experience (CX) -> Service quality (SQ) | 0.841 | 57.121 | 0.000 | Supported |
| Customer satisfaction (CS) -> Customer loyalty (CL) | 0.254 | 4.106 | 0.000 | Supported |
| Service quality (SQ) -> Customer loyalty (CL) | 0.173 | 2.563 | 0.005 | Supported |
| Service quality (SQ) -> Customer satisfaction (CS) | 0.438 | 8.108 | 0.000 | Supported |

These findings imply that banks should focus their initiatives on improving customer satisfaction, service quality and experience to increase customer loyalty. This is not surprising given how the banking services were rated by customers. Since retail banking offerings are intangible, emotive judgements play a considerably larger role in developing consumer loyalty than cognitive judgements.

### 6.8.1 The final customer experience and customer loyalty model

After the assessment of the model for structural relationships was done and the relationships were ascertained, the next step was to validate these relationships and present the final model. This was done by means of the coefficient of determination, R-square ($R^2$) and estimation of the paths showing relationships between variables. The coefficient of determination, R-square ($R^2$) is the overall effect size measure for the structural model. It indicates the portion of the endogenous variable that is explained by the exogenous variables (Dakduk, González and Portalanza 2019). R-square is not shown for exogenous latent factors. The results range from 0 to 1, where values closer to 1 are considered a better fit and those closer to 0 a poor fit (values above 0.67 are strong, while 0.33 is considered moderate and 0.19, weak) (Garson

2016; Dakduk, González and Portalanza 2019). R-square ($R^2$) was used to examine the explanatory power of the structural relationships. The $R^2$ results for the structural model were above 0.65 for all variables, which is considered a substantially good fit.

The PLS path model estimation and significance of individual paths for the proposed model indicate that it accounts for 70.7% of the variance explained in service quality and 74.6% of the variance explained in customer satisfaction. Customer loyalty, which is the main construct of interest, had an overall $R^2$ of 65.1%, which suggests that the three constructs, customer experience, customer satisfaction and service quality, can jointly explain 65.1% of the variance of the endogenous construct, customer loyalty. The inner model suggests that customer experience has the strongest effect on customer loyalty (0.425), followed by customer satisfaction (0.254) and service quality (0.173). All the path relationships between CX and SQ (0.841), SQ and CS (0.438), CS and CL (0.254), SQ and CL (0.173) and CX and CL (0.425) are statistically significant. This is because their standardised path coefficients are above 0.1. Thus, it can be concluded that CX, CS and SQ are all predictors of CL. Figure 6.12 shows the final model for this study after all the assessments were done and validated. The high variances explained by endogenous constructs in the structural model coupled with the statistical support of the relationships confirm that the proposed model is robust and therefore acceptable.

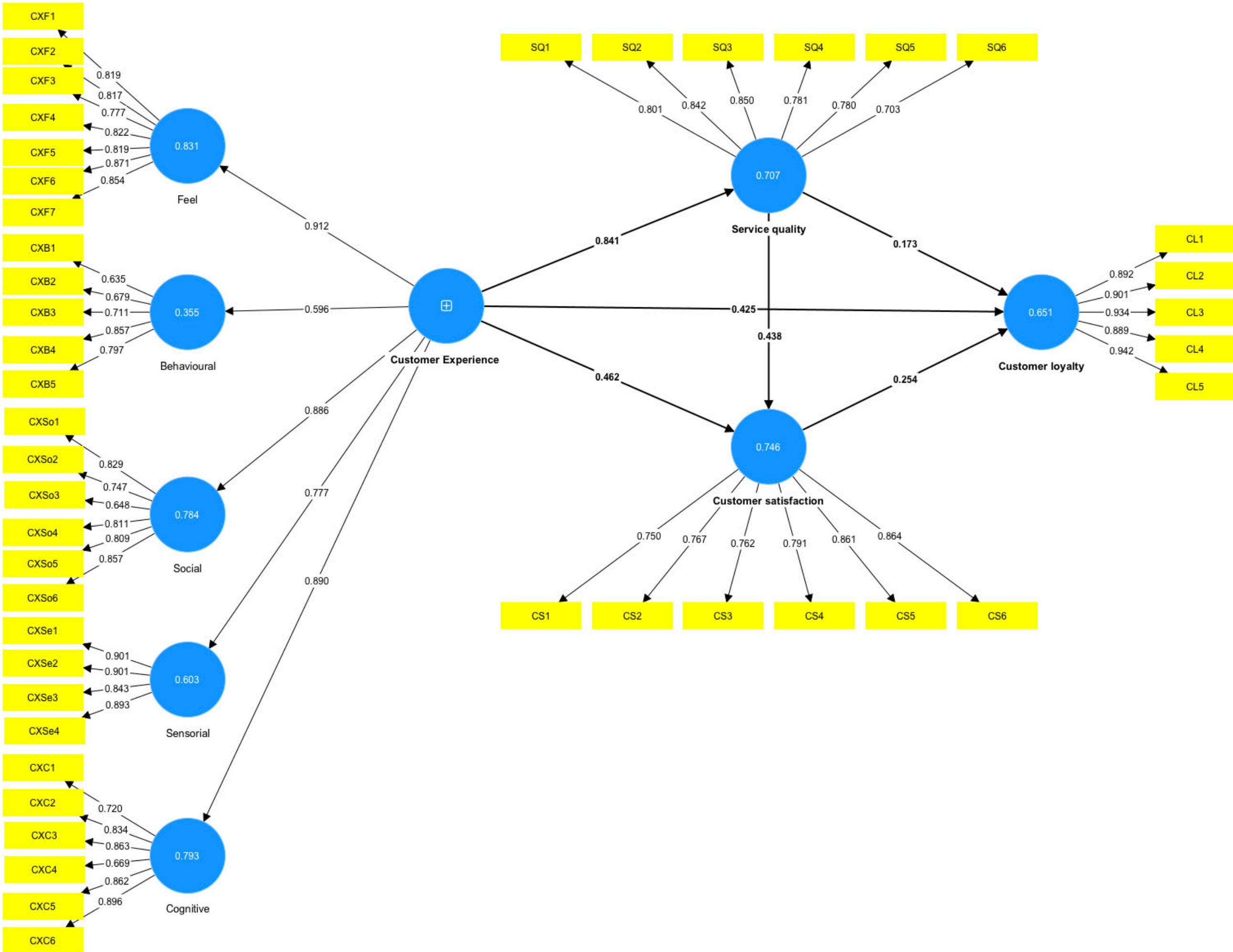



**Figure 6. 6: The final customer experience and customer loyalty model for the retail banking sector**

**Source: Author (2022)**

### 6.8.2 Predictive relevance (Q2):

The predictive power of a model refers to the model's ability to predict additional or future observations. The PLS path model is assessed for predictive power by computing the $Q^2$ value (Hair Jr *et al.* 2021b). An evaluation of predictive relevance ($Q^2$) is necessary because it establishes whether the data points of indicators in the reflective measurement model of an endogenous construct can be accurately predicted (Wong 2016). This can be achieved by making use of $PLS_{predict}$ in SmartPLS. As a general rule, the $Q^2$ value for an endogenous construct should be greater than zero to show that the structural model is capable of correctly predicting that construct. $Q^2$ values of 0, 0.25, and 0.50 show that the PLS-path model has small, medium, or large predictive power (Shmueli *et al.* 2019). $PLS_{predict}$ was run for endogenous constructs customer loyalty, customer satisfaction and service quality. The results summarised in Table 6.19 indicate that the proposed customer experience and customer loyalty model has good predictive power for all endogenous constructs.

**Table 6.19: Results of predictive power of endogenous variables (SQ, CS, CL)**

| | **$Q^2$ predict** |
|---|---|
| Customer loyalty (CL) | 0.616 |
| Customer satisfaction (CS) | 0.694 |
| Service quality (SQ) | 0.712 |

## 6.9 Reflective hierarchical constructs model

The customer experience is a second-order factor that is made up of five first-order components that describe the different aspects of the customer experience. The model for this study is a reflective hierarchical construct model. Examining the patterns of relationships that exist between first-order factors and second-order factors can be done through the use of a second-order factor model. In addition, it explains the covariance among the first-order constructs in a comprehensive way. Additionally, it reduces the number of variables that need to be estimated without compromising measurement accuracy (De Leon, Atienza and Susilo 2020). The repeated indicator approach was used to assess the model, as depicted in Figure 6.3 below.

### 6.9.1 Reflective-reflective specification

The HOC customer experience has a reflective relationship with its LOCs (feel, cognitive, behavioural, sensorial, and social dimensions), which are measured by reflective indicators that hang well together. This relationship is measured by reflective indicators that hang well together. This structure for the model is consistent with a previous study regarding the corporate reputation model by Hair Jr *et al.* (2021b).

A repeated indicators approach was used to establish the reflective-reflective higher-order construct for customer experience. The dimensions of Feel (CXF), Behavioural (CXB), Social (CXSo), Sensorial (CXSe), and Cognitive (CXC) formed the lower-order constructs of the more general higher-order construct, Customer Experience (CX).

These constructs are evaluated by the indicators CXF1, CXF2, CXF3, CXF4, CXF5, CXF6, CXF7, CXB1, CXB2, CXB3, CXB4, CXB5, CXC1, CXC2, CXC3, CXC4, CXC5, CXC6, CXSe1, CXSe2, CXSe3, CXSe4, CXSo1, CXSo2, CXSo3, CXSo4, CXSo5 and CXSo6. These consist of all indicators of measured lower-order constructs that are similarly assigned to the reflective measurement model of the higher-order construct, namely customer experience (CX), as depicted in Figure 6.7 below.

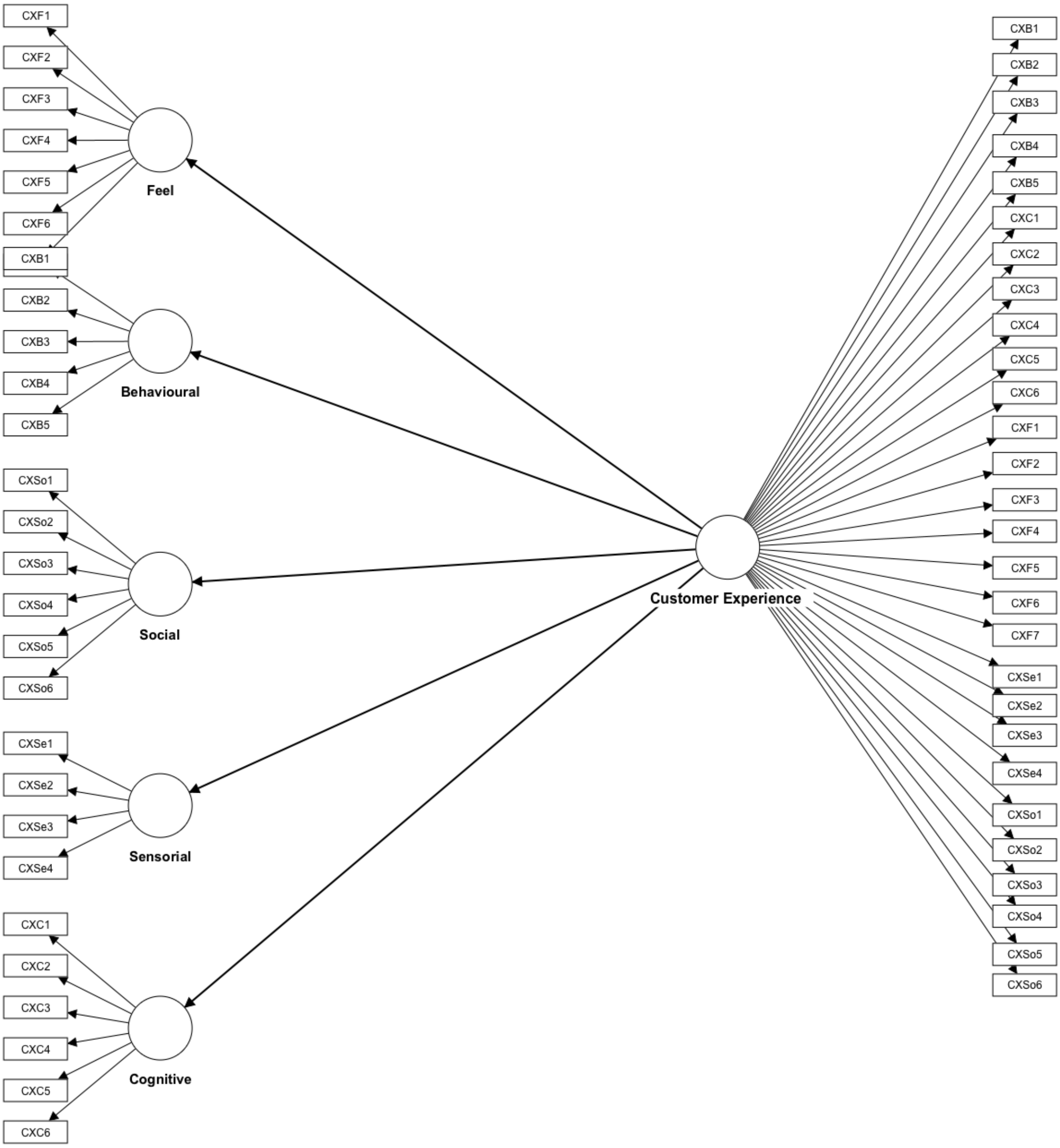



**Figure 6. 7: HOC customer experience model with repeated indicators**

**Source: Author’s own (2022)**

In terms of structural model specification, the higher-order construct CX is directly related to the three variables customer satisfaction (CS), service quality (SQ) and customer loyalty (CL), as indicated in Figure 6.8.

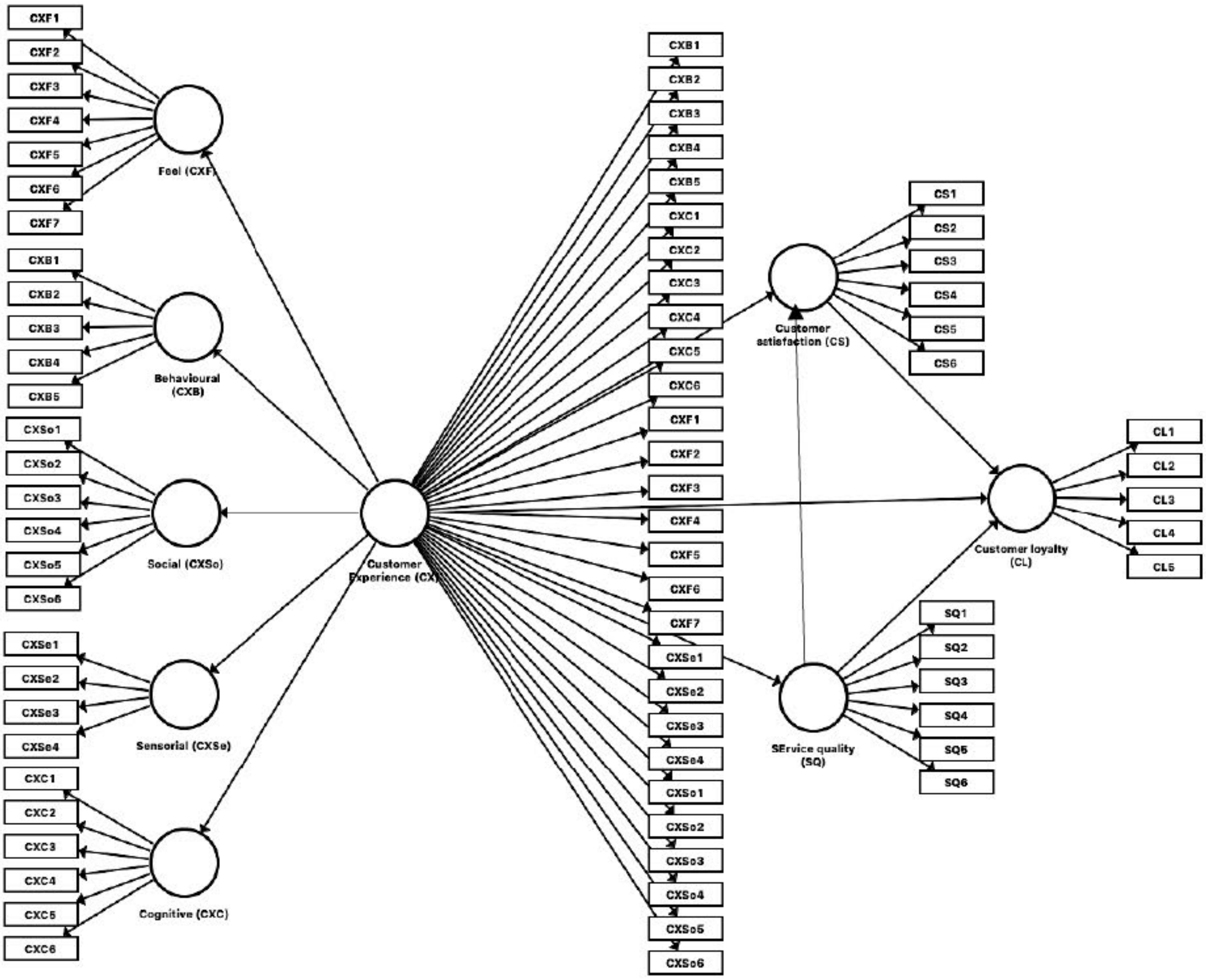



**Figure 6. 8: Structural model with repeated indicators**

**Source: Author's own (2022)**

## 6.10 Structural Model analysis of relationships between variables

This section discusses the results of the analysis of the relationships that were evaluated by the study. Several relationships between variables are explained in detail.

### 6.10.1 Relationship between customer experience dimensions

A higher-order model, also known as a hierarchical component model, consists of at least one latent variable with indicators as other latent variables in the model (Garson 2016). This study's model is a reflective hierarchical construct model or higher-order model with customer experience (CX) being a higher-order construct (HOC) or second-order construct and its dimensions (latent variables); behavioural, cognitive, felt, sensorial and social are its indicators. This study sought to assess the relationship between these variables.

The outer loadings are the correlation between the indicator and the estimated latent variable. The outer loadings were above 0.6 for all dimensions of CX, which indicates a higher correlation between CX and its dimensions (indicators and the resulting latent variable), as depicted in Appendices 1 and 2. These results indicate that the construct (CX) explains its underlying indicators (CXF, CXB, CXC, CXSe and CXSo).

These findings are consistent with those of earlier studies, whose results showed that the affective dimension has a positive effect on the cognitive dimension (Molinillo *et al.* 2019). Prior studies have assessed the customer experience dimensions in the online environment (Mbama and Ezepue 2018a; Kamath, Pai and Prabhu 2019a). However, most of the dimensions have shown themselves to be independent of each other (Bilgihan, Kandampully and Zhang 2016; Kumar and Balaramachandran 2018; Xiao and Kumar 2021). These findings help to increase the understanding of the interrelationships between the customer experience dimensions. They make a significant contribution to the existing knowledge on customer experience literature.

### 6.10.2 Relationship between customer experience and customer satisfaction

The structural model was examined for the relationship between customer experience and customer satisfaction. The results presented in Table 6.18 indicate that there is a positive and significant relationship between customer experience and customer satisfaction, with a $\beta$ value of 0.462 and $p<0.05$. These results suggest that customers with positive experiences are more likely to be satisfied with the services provided by their banks.

These results are consistent with the assertions of Meyer and Schwager (2007) that customer satisfaction is the culmination of a series of experiences, where the difference between all the good and bad experiences results in the degree of satisfaction. This assertion was further supported by Chen, Chang and Fan (2008), who remarked that customer experience is a function of customer satisfaction derived at different points of the transaction. Therefore, the actual experience coupled with expectation are viewed as predictors of satisfaction. Kumar, Mokha and Pattnaik (2021b) together with Ugwuanyi, Uduji and Oraedu (2021) found the same results for the banking sector, that customer experience influences satisfaction, in their recent studies. Thus, it can be concluded that customer experience is a significant factor that influences consumer satisfaction.

### 6.10.3 Relationship between customer experience and service quality

The results of tests done to assess the relationship between customer experience and service quality revealed that there is a positive and significant correlation between the two variables ($\beta=0.841$, $p<0.05$). This means that positive customer experiences enhance customers' perceptions of the bank's service quality. These results are consistent with the assertions made by Sorooshian *et al.* (2013) that customers may measure their experience based on their service interactions and hence form ideas of a firm's service quality from these interactions. (Salehi, Salimi and Haque 2013) found that online customer experience dimensions (pragmatic experience, hedonic experience, sociability experience and usability experience) lead to better service quality in an online environment.

On the other hand, Ali *et al.* (2019) found that both customer experience and service quality have a positive correlation with customer satisfaction; therefore, they are both antecedents of customer satisfaction. There are few studies on customer experience and service quality. Thus, this study's results on this relationship contribute substantially to the existing knowledge on the relationship between customer experience and service quality, especially in the retail banking sector.

### 6.10.4 Relationship between customer experience and customer loyalty

The model was tested to examine the relationship between customer experience and customer loyalty. The results indicate that a positive and significant relationship ($\beta=0.425$, $p<0.05$) exists between customer experience and customer loyalty. The findings are consistent with the literature that posits that customer loyalty is a behaviour built on positive experiences and value (Kufakunesu, Kapesa and

Takundwa 2018). In the marketing literature, previous studies have shown that customer experience and customer loyalty enable organisations to develop profitable and lasting relationships with their customers (Kamath, Pai and Prabhu 2019a). Thus, it can be concluded that customer experience plays a key role in creating and maintaining customer loyalty.

Thus, this study sought to contribute to the existing knowledge by developing a theoretical model that shows the relationship between customer experience and customer loyalty. More specifically, the model integrates service quality and customer satisfaction as mediator variables in the relationship between customer experience and loyalty.

### 6.10.5 Relationship between service quality and customer satisfaction

The results relating to the relationship between customer satisfaction and service quality reveal that there is a positive and significant relationship between these two constructs, with a $\beta$ value of 0.438 and $p<0.05$. These findings imply that customers whose banks provide a high quality of service tend to be more satisfied with their banks and as a result may become loyal customers. Numerous researchers have found similar results in their studies: that service quality is a key predictor of customer retention and customer satisfaction. A notable number of researchers, for instance, discovered a significant correlation between customer service quality and customer satisfaction (Agyapong 2011; Arokiasamy and Abdullah 2013; Khan and Fasih 2014; Boonlertvanich 2019; Azman *et al.* 2021).

### 6.10.6 Relationship between customer satisfaction and customer loyalty

As established in the literature and empirically, customer satisfaction has been found to have a positive and significant relationship with customer loyalty (Chen, Chang and Fan 2008; Pleshko and Heiens 2015; Amin 2016; Omoregie *et al.* 2019). The results presented in Table 6.18 in this study indicate that this relationship is positive and significant ($\beta=0.254$, $p<0.05$). These results imply that satisfied customers are more likely to be loyal to their banks. These results are consistent with those of Tweneboah-Koduah and Farley (2016), who showed that there is a positive and significant relationship between customer satisfaction and customer loyalty. They found that customer satisfaction is a key determinant or precursor for customers' natural tendency or willingness to remain loyal to their banks. More studies have supported these findings that customer satisfaction has a positive and significant relationship with customer loyalty (Kaura, Prasad and Sharma 2015; van Deventer and Redda 2021; Vinnarasi *et al.* 2022). These results, coupled with extant studies, indicate that it is still crucial for banks to focus their marketing efforts on enhancing customer satisfaction to ensure customer loyalty.

### 6.10.7 Relationship between service quality and customer loyalty

The results of the relationship between service quality and customer loyalty indicate a positive and significant relationship ($\beta=0.173$, $p<0.05$). The results suggest that customers who score a bank highly on service quality are likely to be loyal to the bank. The results of this study both support and contradict some of these previous studies that found that service quality had a direct effect on customer loyalty, while others found no direct effect on customer loyalty but had an indirect effect through customer satisfaction. Omoregie *et al.* (2019) had the same findings when assessing this relationship for banks in Ghana. van Deventer and Redda (2021) had similar results when modelling the factors that explain customer loyalty in retail banking. Several other studies came to the same conclusion (Zungu and Mason 2017b; Viljoen, Gavaza and Cilliers 2019; Raza *et al.* 2020; Shava 2021; Vinnarasi *et al.* 2022). In contrast, it was found that service quality has no effect on customer loyalty, but through customer satisfaction as an intermediary in banking (Supriyanto, Wiyono and Burhanuddin 2021).

This implies that service quality is an important factor that influences customer loyalty directly and indirectly, hence the need for banks to ensure that the performance of all components of the bank meets customers' expectations to achieve loyalty from their customers. Moreover, with intense competition within the banking industry, an understanding of customer needs and paying attention to the quality of services delivered enhance loyalty.

## 6.11 Mediating effect

The relationships among different constructs in the structural model can be complex and not always straightforward (Wong 2016). When a construct known as the mediator construct comes in between two other related constructs, mediation takes place. In the PLS path model, a change in the mediator construct leads to a change in the endogenous construct, or, to put it more accurately, a change in the mediator construct results in a change in the exogenous construct (Hair Jr *et al.* 2021b). As indicated by the literature, the relationship between customer experience and customer loyalty is not straightforward and is linked by customer satisfaction and service quality; hence, mediation is a valuable statistical analysis in this case. Some studies have shown some indirect relationships through mediators such as brand reputation, trust, corporate image, brand equity and customer satisfaction (Iglesias, Singh and Batista-Foguet 2011; Zhou and Lu 2011; Khan and Rahman 2016; Kamath, Pai and Prabhu 2019a).

For the mediating effect in this study, the impact of customer experience on loyalty varies depending on the mediating variable; hence, the results of the indirect effects are shown in Table 6.20.

**Table 6.20: Mediation results**

| **Total effect (CX->CL)** | | **Direct effect (CX->CL)** | | **Indirect Effect** | | |
|---|---|---|---|---|---|---|
| Coefficient | P values | Coefficient | P values | | Coefficient | P values |
| 0.785 | 0.000 | 0.438 | 0.000 | CX->CS->CL | 0.120 | 0.000 |
| | | | | CX->SQ->CL | 0.139 | 0.011 |
| | | | | CX->SQ->CS->CL | 0.087 | 0.000 |

### 6.11.1 The impact of customer experience on loyalty is mediated by customer satisfaction

A mediation analysis was performed to assess the mediating role of CS. The results reveal a significant complementary partial mediation role of CS ($\beta=0.120$, $p<0.05$). The total effect of CX on CL was significant ($\beta=0.785$, $p<0.05$) with the inclusion of the mediator. The direct effect was still significant ($\beta=0.438$, $p<0.05$). Hence, customer satisfaction partially mediates the relationship between customer experience and customer loyalty. This is depicted in Table 6.18 and Figure 6.9, which show the positive and significant relationship in the specific indirect effects results, namely customer experience (CX) -> customer satisfaction (CS) -> customer loyalty (CL).

Previous research has demonstrated that customer satisfaction is the primary driver of customer loyalty (Saleem *et al.* 2016). These findings resonate with those of Kamath, Pai and Prabhu (2019a) that customer satisfaction positively and significantly mediates the relationship between customer experience and customer loyalty.

Therefore, customer satisfaction is expected to mediate the relationship between customer experience and customer loyalty.

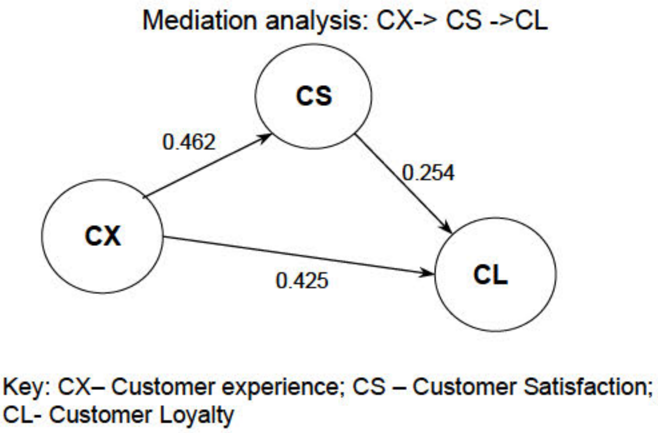


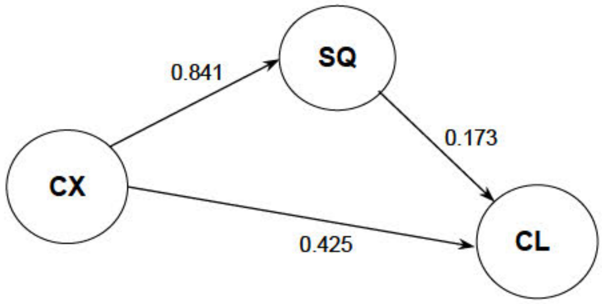

**Figure 6. 9: Mediation analysis: CX-> CS ->CL**

**Source: Author's own**

### 6.11.2 The impact of customer experience on loyalty is mediated by service quality

The mediation effect of service quality (SQ) on the relationship between CX and CL was examined. SQ was found to have a significant partial mediation role ($\beta=0.139$, $p<0.05$) in the relationship between CX and CL. The total effect of CX on CL was significant ($\beta=0.785$, $p<0.05$) with the inclusion of the mediator. The direct effect was still significant ($\beta=0.438$, $p<0.05$). These results are presented in Table 6.18 and Figure 6.10. These findings are consistent with the literature and the findings of Supriyanto, Wiyono and Burhanuddin (2021) that service quality has indirect effects on customer loyalty. However, their study focused on the relationship between customer satisfaction and customer loyalty, not customer experience and customer loyalty. This mediated relationship between customer experience and customer loyalty through service quality has not been studied before in the retail banking sector. Thus, this study makes a contribution to the literature based on these findings.

Mediation analysis: CX-> SQ->CL




Key: CX– Customer experience; SQ – Service quality;
CL- Customer Loyalty

**Figure 6. 10: Mediation analysis: CX-> SQ ->CL**

**Source: Author’s own**

### 6.11.3 The impact of customer experience on loyalty is mediated by service quality and customer satisfaction

Furthermore, as depicted in Table 6.18, the mediating role of both CS and SQ is supported ($\beta=0.087$, $p<0.05$). Service quality correlates with both satisfaction and loyalty, showing a direct relationship with loyalty ($\beta=0.173$, $p<0.05$) and satisfaction ($\beta=0.438$, $p<0.05$), as shown in Figure 6.11. These results are an indication that both service quality and customer satisfaction serve as complementary partial mediators in the relationship between customer experience and customer loyalty. These findings are in line with those of Kamath, Pai and Prabhu (2019a), who found brand equity and customer satisfaction to be mediators in the relationship between customer experience and loyalty.

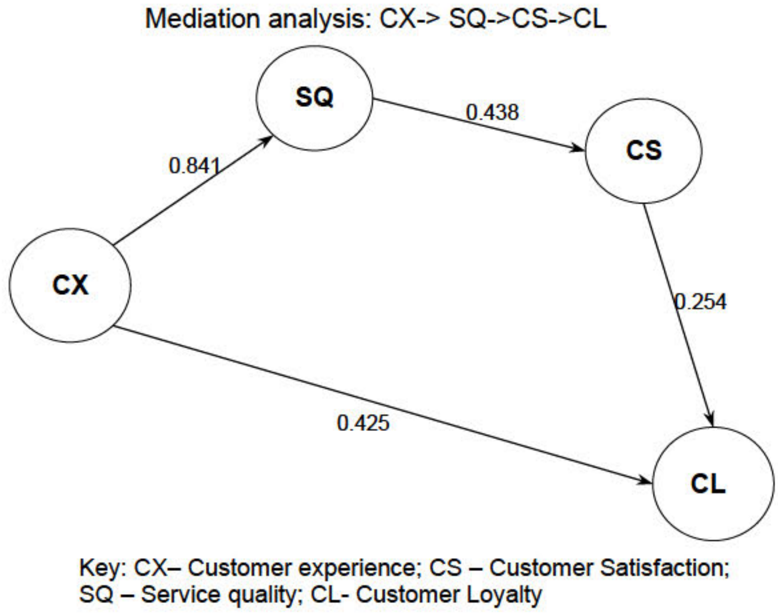



**Figure 6. 11: Mediation analysis: CX-> SQ->CS->CL**

**Source: Author's own**

## 6.12 Model fit

Various tests were conducted to examine the structural model validity: This include the chi-square test, incremental fit index (CFI, GFI, TLI, AGFI) and badness of fit index (RMR, RMSEA, SRMR) (Garson 2016; Hair Jr *et al.* 2021a). A model is said to be a good fit if the values of the chi-square test are insignificant and at least one of the incremental fit index and one badness of fit index meet the predefined set threshold (Hair Jr *et al.* 2016). This study examined the model fit using the standardised root square residual (SRMR) in PLS. This is a relevant model fit assessment for reflective models. The threshold is suggested to be 0.08 for a good fit to be established (Hair *et al.* 2019). Since the study's model was a reflective hierarchical model, it was deemed necessary to assess it using the SRMR. The results indicated an SRMR value of 0.074 for the model, which was below the recommended threshold. This is an indication of a good fit for the proposed model. Although PLS-SEM suggests a goodness-of-fit measure, the global goodness-of-fit for PLS-SEM does not represent a fit measure and should not be considered for goodness-of-fit tests (Ringle, Wende and Becker 2015). However, Henseler and Sarstedt (2012) also show that the goodness-of-fit may be useful for a PLS multi-group analysis (PLS-MGA) when researchers compare the PLS-SEM results of different data groups for the same PLS path model.

**Table 6.21: Model fit**

| | Saturated Model | Estimated Model | Threshold |
|---|---|---|---|
| SRMR | 0.074 | 0.078 | <0.08 |
| d_ULS | 4.897 | 4.979 | |
| d_G | 2.689 | 2.689 | |
| Chi-Square | 6038.152 | 6098.511 | |
| NFI | 0.837 0.682 | 0.833 0.682 | 0.8 |

## 6.13 Importance-performance map analysis (IPMA)

IPMA compares the importance of the predictor constructs in predicting the target construct with their performance (Figure 6.12). All constructs were analysed for IPMA, and the results show that customer experience exhibits the highest performance (32.52). Customer satisfaction and service quality exhibited moderate performance at 27.02 and 25.21, respectively. This implies that customer experience should be a priority for banks.

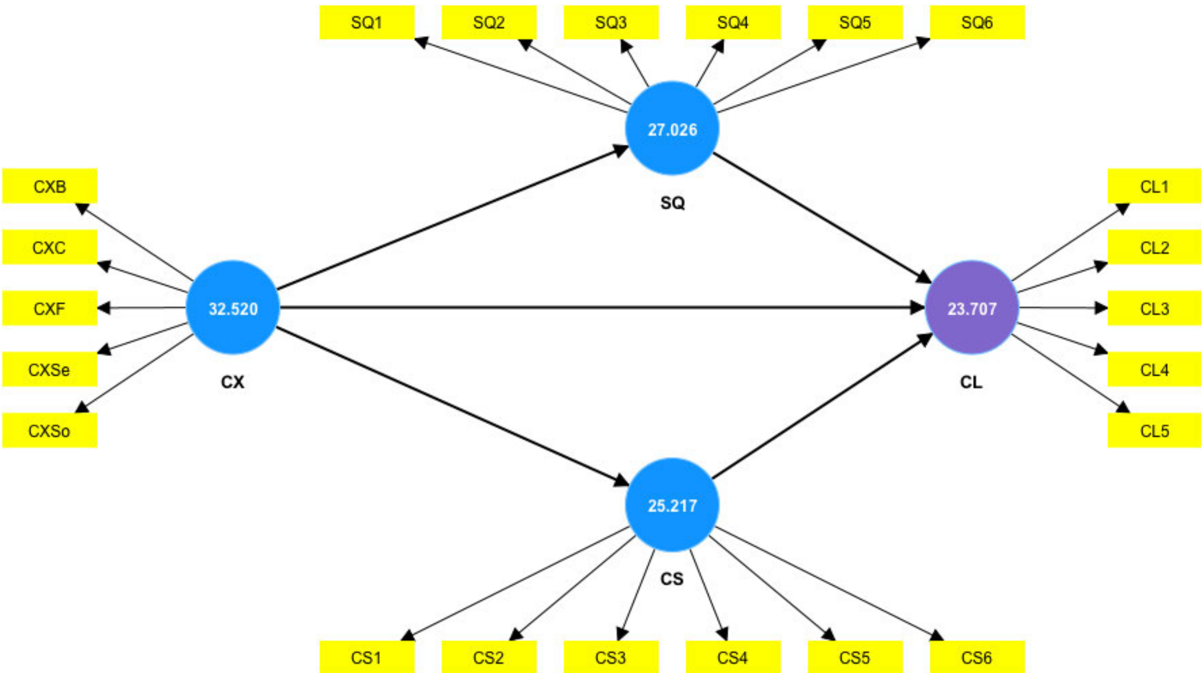



**Figure 6. 12: IPMA for the proposed structural model**

**Source: Author's own**

## 6.14 Summary of data analysis

This chapter presented the results of data analysis. A descriptive analysis of the data, which outlined the demographic details using tables was presented first. The results of descriptive statistics indicated an overall mean below 2.5. The presentation then progressed to the SEM analysis, which was done in two stages. The first stage examined the measurement model. As stated, the model in this study is a reflective hierarchical model. The CX construct is a reflective-reflective HOC, and its dimensions of feeling, behavioural, sensorial, cognitive and social are the LOCs; hence, a repeated indicator approach was used to assess the measurement model. The reliability of the reflective measurement model was assessed using indicator reliability, Cronbach's alpha and composite reliability (rho_c).

The convergent validity of the constructs was examined using AVE, while the Fornell-Larker technique and the heterotrait-monotrait (HTMT) ratio were used to assess the discriminant validity of the constructs. Thus, using CFA, the validity by means of convergent and discriminant validity as well as the reliability of the model were established. After the measurement model was deemed fit, the structural model was examined by means of path coefficients, variance explained ($R^2$) and predictive relevance ($Q^2$). The model was found to be satisfactory for both measurement and structural models, after which relationships among variables were tested for significance. All relationships were found to be positive and significant. Finally, the mediating role of service quality and customer satisfaction was confirmed.

The next chapter presents the conclusions and recommendations of the study.

# CHAPTER SEVEN

# CONCLUSIONS AND RECOMMENDATIONS

## 7.0 Introduction

This preceding chapter presented the results of the data analysis. A descriptive analysis of the data, which outlined the demographic details using tables, charts and graphs was presented first. The presentation then progressed to the SEM analysis of the measurement model and the structural model. The relationships among variables were tested for significance. All relationships were found to be positive and significant. Finally, the mediating role of service quality and customer satisfaction was confirmed.

This chapter presents the conclusions and recommendations of the study. It draws conclusions from the study based on the empirical findings and in relation to the literature review. It begins with a brief overview of the study, highlighting the research problem and the objectives. Based on the objectives of the study, the chapter further presents a summary of the major findings. Recommendations are then made to various stakeholders such as managers and marketing practitioners in the banking sector. Finally, the contributions of the study to the body of knowledge are presented as well as its limitations and suggestions for future research.

## 7.1 Overview of the study

The retail banking sector plays an important role in the provision of financial services to individual customers. The sector is characterised by multiple products distributed through multiple channels to multiple customers. Retail banking engages directly with end consumers. Marketing managers need to have a good understanding of retail banking and how to provide financial services to satisfy customers' needs. Customer satisfaction in retail banking is based on multiple interactions between the bank and the customer. These interactions form the basis of the customer experience. The right customer experience in retail banking leads to more satisfied customers who become loyal customers. Customer experience has received substantial attention in empirical research in the past few years. While there has been growing research interest in customer experience, few studies have examined its relationship with other concepts such as customer loyalty, customer satisfaction and service quality. This study investigated the relationship between customer experience and customer loyalty in the retail banking sector with multiple channels of distribution. To achieve this aim, an extensive literature review was conducted and presented in three distinct sections, namely, Chapters Two, Three, and Four.

Chapter two of the study began with a review of the literature on retail banking. The critical literature review identified the gaps in the literature on the link between the main research themes of customer experience in the retail banking sector. Henceforth, an overview of the banking sector was discussed before moving onto a discussion on global retail banking, its evolution and its trends. The South African retail banking sector was then presented, which highlighted the major trends in customer behaviour and their changing needs. The chapter concluded with a discussion on the different channels used to deliver services in retail banking, namely branch banking, automated teller machines (ATMs), internet banking, mobile banking and mobile app banking. The next chapter (Chapter Three) reviewed the literature and published scholarly research work on the concepts of customer experience, service quality, customer satisfaction and customer loyalty with a focus on retail banking. Empirical evidence, literature, theories and models pertaining to the above concepts were extensively discussed, and gaps in the linkages between customer experience, customer satisfaction, service quality and customer loyalty were highlighted. Against this backdrop, a conceptual model that links the relationships between the marketing concepts discussed was proposed. The subsequent chapters presented methods used to conduct the research, collect and analyse the data as the study sought to fill in the gaps identified during the literature review.

## 7.2 Study Objectives

This study had four objectives that were used to achieve the main aim, which was to assess the relationship between customer experience and customer loyalty in retail multichannel banking in the greater Durban region in KwaZulu-Natal, South Africa. These objectives were:

i. To examine the relationship between customer experience and customer loyalty,

ii. To investigate the effect of customer satisfaction and service quality on customer loyalty,
iii. To examine the mediating effect of service quality and customer satisfaction on the relationship between customer experience and customer loyalty, and
iv. To develop a framework for managing customer experiences that lead to competitive advantage based on the results of the study.

The subsections that follow explain the extent to which these objectives were met.

### 7.2.1 Objective 1: To examine the relationship between customer experience and customer loyalty

To achieve this objective, the structural model, which is part of the SEM, was tested to examine the relationship between customer experience and customer loyalty. After detailed analysis and tests, including measurement for reliability and validity of the model and path analysis, the results indicate that a positive and significant relationship exists between customer experience and customer loyalty, both directly and indirectly through customer satisfaction and service quality. Among the three constructs, customer experience had the strongest effect on customer loyalty ($\beta=0.425$, $p<0.05$), followed by customer satisfaction ($\beta=0.254$, $p<0.05$) and service quality ($\beta=0.173$, $p<0.05$). Further, path analysis showed that the path relationship between CX and CL was statistically significant, suggesting that CX is a predictor of CL. The results for predictive relevance for this model confirmed this finding. These results imply that customer experience plays a significant role in driving customer loyalty. Furthermore, the results of the IPMA confirm that customer experience exhibited the highest importance and performance in predicting customer loyalty. Thus, it can be concluded that customer experience has a positive influence on customer loyalty. This implies that banks should exploit ways of improving customer experience in order to enhance loyalty.

### 7.2.2 Objective 2: To investigate the effect of service quality and customer satisfaction on customer loyalty

While investigating the relationship between service quality and customer loyalty, the structural model was analysed. Based on the results of the analysis, the study revealed that there is a direct effect of service quality on customer loyalty ($\beta=0.173$, $p<0.05$). At the same time, there is an indirect effect of service quality on customer loyalty through customer satisfaction. The results suggest that customers who score a bank highly on service quality are likely to be loyal to the bank. These results both supported and contradicted some previous studies which reported that service quality had no direct effect on customer loyalty but had an indirect effect through customer satisfaction.

Further, this objective sought to determine the relationship between customer satisfaction and customer loyalty. As established in the analysis, customer satisfaction was found to have a positive and significant relationship with customer loyalty ($\beta=0.254$, $p<0.05$). These results imply that increased customer satisfaction leads to increased customer loyalty and that satisfied customers are more likely to be loyal to their banks. These results, coupled with extant studies, indicate that it is still crucial for banks to focus their marketing efforts on enhancing customer satisfaction to ensure customer loyalty. Customer satisfaction was found to play a mediating role between customer experience, service quality and customer loyalty ($\beta=0.087$, $p<0.05$). Conversely, customer satisfaction is considered to have a positive and significant impact on customer loyalty. Whether directly or indirectly, customer satisfaction is an important factor in ensuring loyalty, and banks should pay attention.

### 7.2.3 Objective 3: To examine the mediating effect of service quality and customer satisfaction on the relationship between customer experience and customer loyalty

This objective sought to examine the effect of customer experience on customer loyalty, with customer satisfaction and service quality as mediating variables. To achieve this objective, the subject structural model was examined for the relationships between these constructs. The results of the study indicated that there is a positive and significant relationship between customer experience and customer satisfaction. These results suggest that customers with positive experiences are more likely to be satisfied with the services provided by their banks. The results of the mediation analysis revealed a significant complementary partial mediation role of CS ($\beta=0.120$, $p<0.05$). This suggests that when bank customers have a positive experience, they become satisfied customers and as a result of the satisfaction, they turn out to be loyal customers. Hence, there is a need for bank managers to pay attention to both the experience and satisfaction of their customers to enhance their loyalty.

The responses to the statements used to rate customer experience and service quality were analysed. The results of tests performed to assess the relationship between customer experience and service quality revealed that there is a positive and significant correlation between the two variables. This means that positive customer experiences enhance customers' perceptions of the bank's service quality. Previous studies were found to have examined customer experience and service quality as antecedents of customer satisfaction, and they were found to have a positive correlation with customer satisfaction. Few studies have assessed customer experience as a predictor of service quality ($\beta=0.841$, $p<0.05$). The results of this study indicated that the subject structural model has good predictive power for service quality. This means that customer experience is a predictor of service quality. Thus, this study's results on this relationship contribute substantially to the existing knowledge on the relationship between customer experience and service quality, especially in the retail banking sector.

Further, the mediation effect of service quality on the relationship between customer experience and customer loyalty was examined and service quality was found to play a significant partial mediation role ($\beta=0.139$, $p<0.05$). This mediated relationship between customer experience and customer loyalty through service quality has not been studied before in the retail banking sector. Thus, this study makes a contribution to the literature based on these findings. Moreover, these findings suggest that when bank customers have positive experiences, their perception of the bank's service quality is enhanced, which in turn enhances their loyalty to the bank.

#### 7.2.4 Objective 4: To develop a framework for managing customer experiences that lead to competitive advantage based on the results of the study

To achieve this objective, the study reviewed the literature and previous studies and proposed an integrated customer experience model. The integrated model was composed of existing concepts of customer experience and its dimensions, namely behavioural, feel, cognitive, social and sensorial; customer satisfaction; service quality and customer loyalty. Structural equation modelling was used to test the model. The validity and reliability of the model were tested using confirmatory factor analysis, which tested both the measurement model and the structural model. The proposed customer experience model was found to be satisfactory and fit for use. It shows the structural relationships between customer experience, customer satisfaction, service quality and customer loyalty constructs. All the relationships among the constructs in the model were found to be significant. In addition, the mediating role of customer satisfaction and service quality constructs was established and confirmed.

## 7.3 Proposed customer experience model

Based on the objectives and the results of the study, a model was developed, as depicted in Figure 7.1. The model depicts the relationships between the constructs: customer experience, customer satisfaction, service quality and customer loyalty in the retail banking sector. Customer experience is a multidimensional construct depicted as a higher-order construct with five dimensions, namely behavioural, cognitive, emotional (feel), sensorial and social experience. This is shown by the arrows from customer experience to its dimensions. Arrows between customer experience, customer satisfaction, service quality and customer loyalty in the model depict positive and significant relationships among these variables.

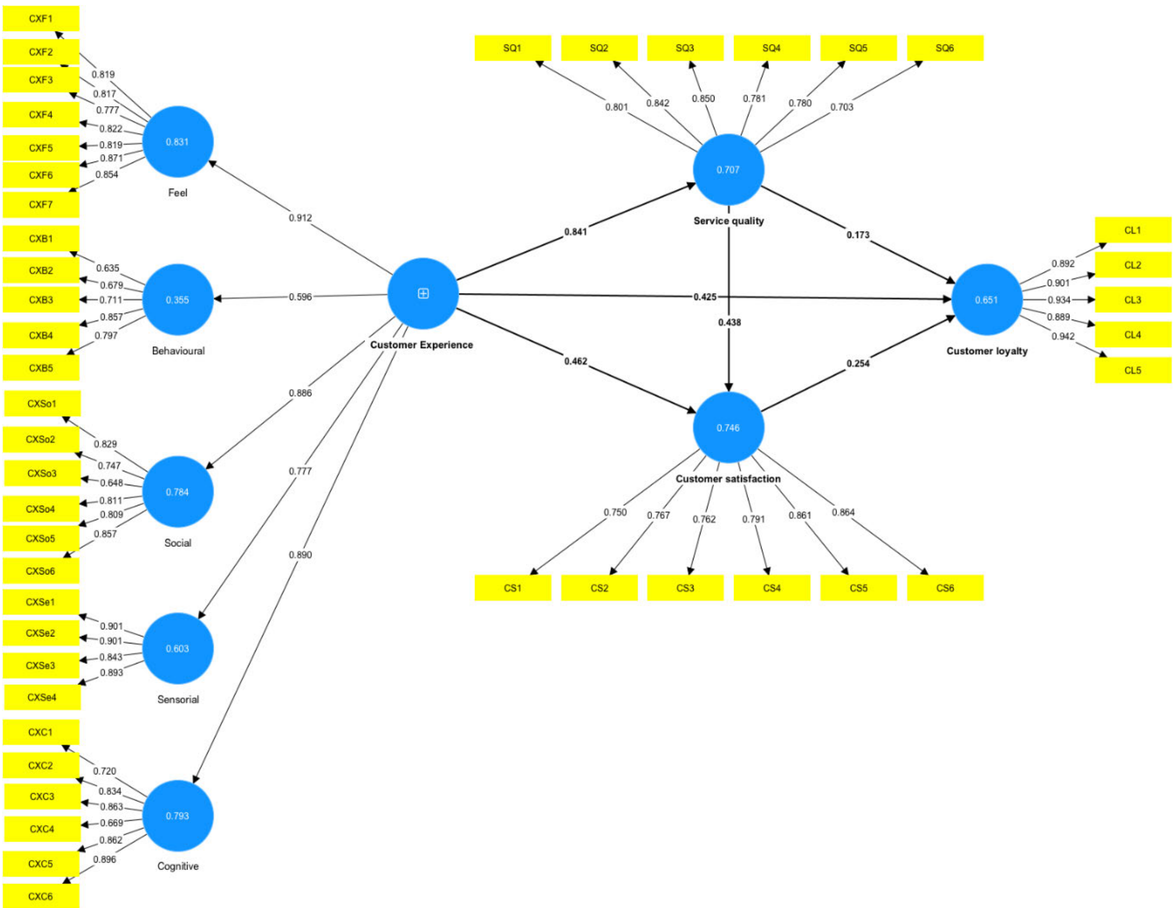



**Figure 7. 1: Model of the customer experience and customer loyalty in retail banking (Customer experience model)**

### 7.4 Contributions and implications of the study

This research study contributes to existing knowledge in various ways. The first contribution is the development of a theoretical model of customer experience and customer loyalty (Figure 7.1). This study examined the direct and indirect effects of customer experience, customer satisfaction and service quality on customer loyalty in retail banking. Demonstrating how these variables relate to each other has theoretically extended knowledge in the retail banking sector. The results obtained from the analysis indicate an acceptable fit for the proposed model. Furthermore, the model integrates customer satisfaction and service quality as mediators of the relationship between customer experience and customer loyalty. Extant research in relationship marketing has explained the significance of different combinations of the constructs under study and their implications for customer loyalty. The results offer important insights for theory since all constructs had an effect on customer loyalty.

Another implication of this study is with regard to the multidimensional nature of customer experience in determining customer loyalty. The implication of IPMA results in this regard is that customer experience should be prioritised over service quality and customer satisfaction. This is understandable given the predictive relationship between customer experience, service quality, and customer satisfaction. Furthermore, the multidimensional nature of the customer experience, namely the behavioural, cognitive, emotional, sensorial, and social dimensions, contributes to customer loyalty among retail bank customers. According to the study findings on customer loyalty, the quality of the customer's experience has a significant impact on their loyalty in the retail banking sector. Hence, bank managers should consider the multidimensionality of the customer experience when designing their service offerings.

The other implication of the study is based on the role of customer satisfaction in the relationship between customer experience and customer loyalty. The study’s findings indicated that customer satisfaction plays a mediating role in the relationship between customer experience and customer loyalty. This implies that the experiences bank customers have can have an effect on their level of satisfaction, resulting in the establishment of stronger connections that ultimately result in loyalty. This result has also been confirmed by the findings of other research studies. In this context, it is important to highlight that the expectations and experiences of consumers in the past have had an impact on the level of satisfaction they report at present. If banks are able to deliver a unique and all-encompassing experience for their customers, there is a greater chance that those customers will be satisfied. Furthermore, the combination of emotional, cognitive, behavioural, sensory, and social experiences that customers obtain in the course of their interactions with customers will contribute to the cocreation of value for both the bank and its customers. As a result, the holistic customer experience drives customers to become dependent on their bank, which raises the demands placed on banks to achieve customer satisfaction. Therefore, the presence of satisfied customers, results in the bank becoming dependent on such customers. This interdependence eventually results in a strong relationship between customer experience and customer satisfaction, which in turn leads to a relationship between customer satisfaction and customer loyalty.

Another important implication of this study is based on the presence of complementary partial mediation. This study found that service quality and customer satisfaction partially mediate customer experience and loyalty. This finding implies that the effect of customer experience on loyalty will first be influenced by service quality, which in turn leads to satisfaction and, in the end, enhances loyalty. Consequently, this study examined the uncertain link between customer experience, service quality, customer satisfaction and loyalty. Studies in the past have shown that both customer experience and service quality are antecedents of customer satisfaction. This study confirms this notion and adds that service quality and customer satisfaction are more likely to influence customer loyalty as mediating variables. In addition, the complementary partial mediation suggests that the constructs of customer satisfaction and service quality contribute to customer loyalty on their own, just as customer experience contributes to all three: service quality, customer satisfaction, and customer loyalty.

This study provides some practical implications for marketers in retail banking. Customers are becoming increasingly experienced-driven, and this analysis can assist bank marketers in designing and delivering positive customer experiences that will enhance loyalty. They can do this by mapping out their customers' journeys to understand their needs and thereafter develop customer experience strategies that are geared towards achieving customer loyalty. There is a mediating role played by both service quality and customer satisfaction in the customer experience-loyalty relationship. Bank marketers should focus their efforts on improving their service quality and customer satisfaction efforts. This can be done by monitoring and evaluating customers' post-experience behaviour. This will enable them to capture and deal with any complaints, concerns or challenges that may connote negative experiences and thereby design strategies to deal with them. Finally, retail banks should focus their marketing efforts on training employees and improving their processes to improve their customer interaction points, thereby enhancing positive experiences.

This study adds new knowledge by demonstrating the mutual benefits that exist between customers and their banks. When customers' experiences are improved, banks enjoy their loyalty. The implication for retail banks is that their business improvement is based on the experiences they provide their customers through multi-channel banking. As customers derive satisfaction from this, they become loyal and the banks enjoy a loyal customer base.

## 7.5 Recommendations for management

### 7.5.1 Customer experience

The findings stress the importance of customer experience in enhancing customer loyalty in retail banking. The study shows that customer experience positively influences customer loyalty, either directly or through service quality and customer satisfaction, hence the need to carefully monitor the customer experience. Bank managers should consider incentives, features, strategies and benefits that influence the customer experience.

### 7.5.2 Service quality

According to the findings of the study, there is a direct or indirect relationship between service quality and customer loyalty, which suggests that service quality should be improved to increase customer satisfaction and, ultimately, loyalty. One way of improving service quality begins with, for example, developing internal or employee loyalty. Employees are able to give better service to customers if they have internal loyalty. If customers are happy, they will be loyal to the service provider. Hence, management should pay close attention to their employees to enhance internal loyalty. Secondly, service quality can be improved by enhancing customer experiences while using other banking channels. Bank managers should ensure that the mobile apps, internet banking and ATMs provide seamless service at all times. This can be done by ensuring services are available and accessible across all channels in a convenient and speedy manner without compromising the quality of service. In other words, whether a customer walks into a bank branch and meets with an employee, walks to an ATM or accesses the services online, it should not matter because the quality of service is consistent across all channels.

### 7.5.3 Customer satisfaction

Customer satisfaction is achieved, according to the literature, by establishing a positive relationship between the banks and their customers, providing quality services and creating positive customer experiences. To achieve this, bank managers should endeavour to understand customer needs and strive to meet and exceed these needs. Furthermore, bank managers should encourage their customers to participate in value creation in an attempt to identify, meet and exceed their needs. This will lead to interdependencies that in turn drive satisfaction and, ultimately, loyalty.

### 7.5.4 Customer loyalty

Based on the extant literature, which is confirmed by the findings of this study, customers become loyal as a result of positive experiences, high-quality services and satisfaction with the services they are provided. Therefore, bank management needs to focus more on maximising their customer experiences and service quality to achieve customer satisfaction and customer loyalty.

This study proposed a customer experience model that bank managers can integrate into their customer relationship management strategies with the view of enhancing customer experiences and avoiding customer dissatisfaction, which may lead to customers switching to the competition. This model demonstrates how customer experience contributes to customer loyalty either directly or indirectly through customer satisfaction and service quality. It is a comprehensive tool for bank managers since they are able to experiment with any of the variables included in the model.

## 7.6 Limitations of the study

The first limitation of this study was that the research was conducted by relying on recall, whereas customer experience evaluation immediately after the service interaction would perhaps have been more appropriate. Furthermore, this study was cross-sectional, meaning that data was collected from a single point in time. Hence, it is difficult to generalise the results. Future research should utilise a longitudinal approach to have a holistic view of the total customer experience and better examine the customer experience over a period of time.

Second, the sampling method used for the study made it more difficult to generalise the findings to the entire banking population. Although Durban is a multicultural city and one of the major cities in South Africa, the respondents were limited to those visiting the shopping malls and those who could access online resources to respond to the online survey. Therefore, these study results may not apply to bank customers from other regions or other institutions. A comparative study should investigate customers from other categories of banking, such as corporate customers, business customers and customers from other retail banking institutions, such as microfinance institutions, FinTech's, and public sector banks.

Third, this study used a customer perspective, which is often susceptible to the social desirability effect, where respondents tend to exaggerate their responses to look good. Future research should therefore incorporate the banks' perspective to gain a more accurate assessment of customer experience. Finally, the study focused on the customer experience in retail banking across multiple channels of distribution. A more specific focus would be more insightful, for example, customer experience related to mobile app usage and internet banking.

## 7.7 Directions for future research

Future research directions could include broadening the analysis of customer experience formation in the banking sector to include other variables, such as potential antecedents of customer experience, analysing the data by distinguishing the demographics in terms of age groups and/or gender and their preferred banking channel. Further, a comparison study between the branch customers and online customer experiences should be investigated. Other studies may concentrate on the outcomes of customer experience in the banking sector to investigate potential relationships with variables such as purchase intention, customer lifetime value, trust, commitment, and positive word-of-mouth. Customers' perspectives are contextual, and thus customer experience can reveal distinct valences; consequently, the current study can be replicated or extended to other sectors, cultural settings, or economic development levels. Further research could look into other potentially interesting topics, such as the failings of the customer experience in banking, privacy concerns, the difficulty of using apps for people with limited digital skills, and internet connectivity issues.

### 7.8 Summary

The study was conducted to address the problem of customer experience in retail banking in light of advancements in technology and competition in the banking sector. This study makes a reasonable contribution to the understanding of the concept of customer experience in the retail banking sector. The study showed that customer experience is a predictor variable of loyalty. The customer experience was integrated into a model that demonstrated its contribution to customer loyalty through customer satisfaction and service quality. A survey was conducted, and data was collected from 466 bank customers. The results were analysed, and the proposed model was tested for measurement and structural relationships. All indicators in the measurement model were found to be fit and significant in measuring the four variables: customer experience, customer satisfaction, service quality and customer loyalty. Structurally, the variables that formed the model were found to be a good fit. The proposed model is available for application by future researchers who want to extend research on customer experience within the retail banking environment and other areas.

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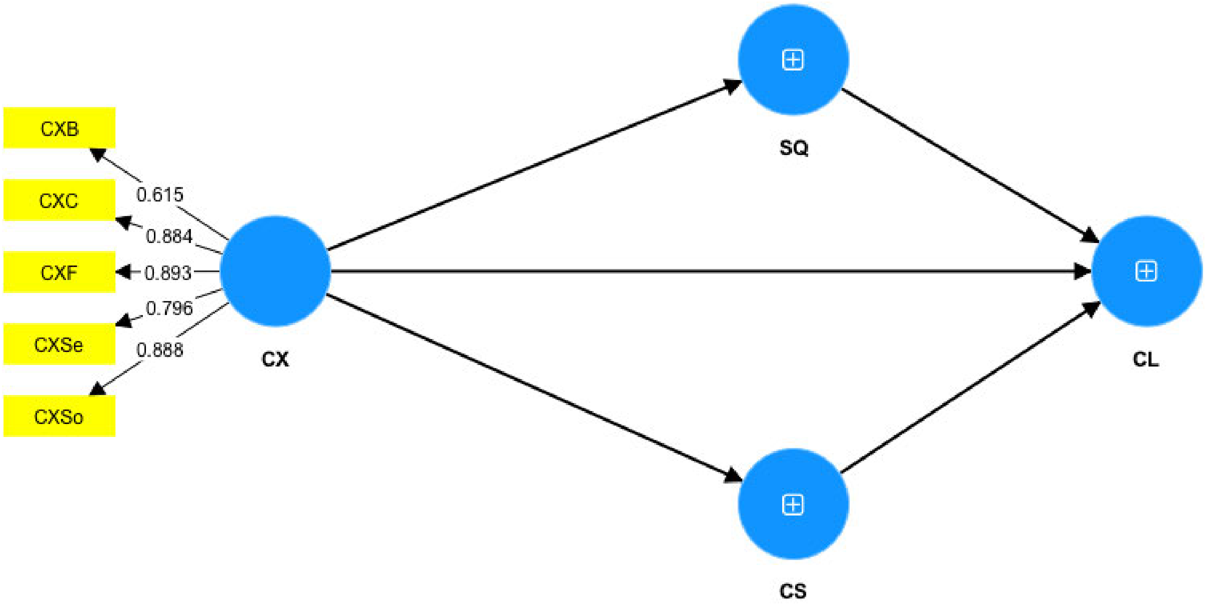
# Appendices

## Appendix 1 - CX Dimensions loadings



## Appendix 2 - CX Dimensions Factor Loadings

| | CL | CS | CX | SQ |
|---|---|---|---|---|
| CL1 | 0.891 | | | |
| CL2 | 0.900 | | | |
| CL3 | 0.934 | | | |
| CL4 | 0.889 | | | |
| CL5 | 0.942 | | | |
| CS1 | | 0.750 | | |
| CS2 | | 0.766 | | |
| CS3 | | 0.763 | | |
| CS4 | | 0.792 | | |
| CS5 | | 0.860 | | |
| CS6 | | 0.864 | | |
| CXB | | | 0.615 | |
| CXC | | | 0.884 | |
| CXF | | | 0.893 | |
| CXSe | | | 0.796 | |
| CXSo | | | 0.888 | |
| SQ1 | | | | 0.802 |
| SQ2 | | | | 0.843 |
| SQ3 | | | | 0.849 |
| SQ4 | | | | 0.781 |
| SQ5 | | | | 0.780 |
| SQ6 | | | | 0.703 |

## Appendix 3 - Research Questionnaire

Faculty of Management Sciences

Department of Marketing and Retail Business Management

16 March 2021

Dear Participant

**Re: Questionnaire for a Doctorate Research**

My name is Nancy Kiliswa, a student at Durban University of Technology pursuing a D Phil in Management Sciences (Marketing). I am carrying out a research study on customer experience and customer loyalty: An assessment of multi-channel banking in Durban area**.**

I am writing to request your permission to complete the attached questionnaire on the above study. The participation on this study is voluntary and you are free to withdraw at any point in case you wish not to continue with the study. All the responses will be anonymous, and information collected will be kept confidential.

__________________

Nancy Kiliswa
074 522 4257

Dr Shame Mugova

061652 7177

## LETTER OF INFORMATION

**Title of the Research Study:** Customer experience and customer loyalty: An assessment of multi-channel banking in Durban area

**Principal Investigator/s/researcher:** Nancy Gathoni Kiliswa, MBA

**Co-Investigator/s/supervisor/s:** Dr Shame Mugova, PhD

**Brief Introduction and Purpose of the Study:** Good day, I am a PhD student at DUT doing research for my DPhil in Management Sciences (Marketing). I would like to invite you to participate in the research. The purpose of this study is to assess the relationship between customer experience and customer loyalty in a multi-channel banking environment. You are welcome to ask any questions that you may have pertaining to this study to have full understanding of the study. You are entitled to discuss the study with your family, and you are under no obligation to commit at this stage.

**Outline of the Procedures:** You will be requested to fill in a questionnaire drawn by the researcher (Nancy Kiliswa) on the topic of customer experience and customer loyalty. Your name will not be used in any of the documents provided and any information that you give will be kept confidential. There are no injuries expected to results from your participation in this study and there are no cost implications to you.

**Risks or Discomforts to the Participant:** This research does not place you under any risk and you may withdraw from the study at any point should you wish not to continue with the process.

**Reason/s why the Participant May Be Withdrawn from the Study:** You may be withdrawn from the study if you are non-compliant or ill. There will be no adverse consequences for you should you choose to withdraw from the study.

**Benefits:** There are no direct benefits for you as a participant in this study. However, the findings of this research will enable organisations improve on the strategies to make your experiences better when conducting business with them.

**Remuneration:** You will not receive any monetary or other types of remuneration

**Costs of the Study:** You will not be expected to cover any costs towards the study

**Confidentiality:** Confidentiality will be maintained during the study by ensuring that your name will not be required on any documents that you fill in. information obtained from you will be treated confidentially and will only be used for purposes of this research only.

**Results:** The results of this research study will be disseminated through a thesis report which will be made available at the University library.

**Research-related Injury:** There is no research-related injury expected.

**Storage of all electronic and hard copies including tape recordings:** All electronic and hard copies of this research report will be stored at the University library as the university record keeping policy.

**Persons to Contact in the Event of Any Problems or Queries:** Please contact the researcher, Nancy Kiliswa on 074 522 4257, my supervisor Dr Shame Mugova on 061 652 7177 or the Institutional Research Ethics administrator on 031 373 2375. Complaints can be reported to the Director: Research and Postgraduate Support Dr L Linganiso on 031 373 2577 or researchdirector@dut.ac.za.

**CONSENT**

**Full Title of the Study:** Customer experience and customer loyalty: An assessment of multi-channel banking in Durban area

**Names of Researcher/s:** Nancy Kiliswa

**Statement of Agreement to Participate in the Research Study:**

- I hereby confirm that I have been informed by the researcher, Nancy Kiliswa, about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: **IREC 008/21.**
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher
- I may, at any stage, without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.
- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

| ____________________ | ____________ | ________ | ____________________ |
|---|---|---|---|
| **Full Name of Participant** | **Date** | **Time** | **Signature/Right Thumbprint** |

I, ______NANCY KILISWA__herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

| NANCY KILISWA | 16/03/2021 | ____________________ |
|---|---|---|
| **Full Name of Researcher** | **Date** | **Signature** |
| ____________________ | ____________ | ____________________ |
| **Full Name of Witness (If applicable)** | **Date** | **Signature** |
| ____________________ | ____________ | ____________________ |
| **Full Name of Legal Guardian (If applicable)** | **Date** | **Signature** |

**QUESTIONNAIRE**

**SECTION A**

Please answer the following questions by ticking (√) the appropriate box

**1. Demographics**

1.1 Please indicate your gender

| | |
|---|---|
| Male | |
| Female | |

1.2 Please indicate your age

| | |
|---|---|
| 18-24yrs | |
| 25-34yrs | |
| 35-44yrs | |
| 45-54yrs | |
| 55-64yrs | |
| 65 and over | |

1.3 Please indicate your highest level of education

| | |
|---|---|
| Less than matric (please indicate which grade) | |
| Matric | |
| National Diploma | |
| Bachelors' degree | |
| Honours degree | |
| Masters' degree | |
| PhD | |

**2. Bank details**

2.1 Please indicate the bank you bank with

| | |
|---|---|
| Standard Bank | |
| FNB | |
| Absa | |
| Nedbank | |
| Capitec | |
| Others (Please indicate which one) | |

2.2 Please indicate which channels are offered by your bank

| | |
|---|---|
| Branch banking | |
| ATM | |
| Mobile banking | |
| Mobile App | |
| Internet banking | |
| Other (Please specify) | |

2.3 Which of the channels above do you use?

| | |
|---|---|
| Branch banking | |
| ATM | |
| Mobile banking | |
| Mobile App | |
| Internet banking | |
| Other (Please specify) | |

2.4 How often do you use these channels?

| | Always | Often | Sometimes | Rarely | Never |
|---|---|---|---|---|---|
| Branch banking | | | | | |
| ATM | | | | | |
| Mobile banking | | | | | |
| Mobile App | | | | | |
| Internet banking | | | | | |
| Other (Please specify) | | | | | |

**SECTION B**

Please indicate the extent to which you agree or disagree with the statements below. Indicate your answer by placing an X on the option that you choose using the following scale (1) Strongly Agree (2) Agree (3) Neutral (4) Disagree (5) Strongly Disagree

| | **3. Customer experience** | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| | **3.1 Feel (emotional)** | | | | | |
| a | I get a nice feeling when dealing with the bank | | | | | |
| b | The ambience of the bank is pleasant | | | | | |
| c | I feel secure when dealing with bank employees | | | | | |
| d | Employees in the bank show commitment to satisfy my needs | | | | | |
| e | I feel at ease when performing transactions | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| f | I feel happy with the bank's services | | | | | |
| g | I am content with the bank | | | | | |
| | **3.2 Behavioural** | | | | | |
| a | I tend to check my bank accounts | | | | | |
| b | I tend to take an active part in managing my personal finances | | | | | |
| c | I tend to compare the financial institutions products or services | | | | | |
| d | I tend to have high level of participation in the service process | | | | | |
| e | I tend to express my personal needs during the service process | | | | | |
| | **3.3 Social** | | | | | |
| a | I find employees to be warm | | | | | |
| b | I develop relationships with staff | | | | | |
| c | I identify myself with other bank customers | | | | | |
| d | I find employees competent | | | | | |
| e | I feel part of a community at my bank | | | | | |
| f | Employees' behaviour instil confidence in me | | | | | |
| | **3.4 Sensory** | | | | | |
| a | The overall lighting at the bank is pleasant | | | | | |
| b | The colours are fine | | | | | |
| c | The temperature is adequate | | | | | |
| d | The interaction points are pleasant | | | | | |
| | **3.5 Cognitive** | | | | | |
| a | It is quick to the get services | | | | | |
| b | I can trust the bank | | | | | |
| c | I can rely on the bank for good services | | | | | |
| d | The bank's charges are reasonable | | | | | |
| e | I enjoy the banks services | | | | | |
| f | The services provided by the bank are superior quality | | | | | |

| | **4. Customer satisfaction** | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| a | Bank infrastructure is visually appealing | | | | | |
| b | The bank gives me individual attention. | | | | | |
| c | The environment is neat and tidy | | | | | |
| d | Tellers are available at the counters | | | | | |
| e | I am treated as a valued customer | | | | | |
| f | I feel satisfied with the overall experience of using this bank | | | | | |

| | **5. Service quality** | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| a | When the bank promises to do something, it does so | | | | | |
| b | The bank provides accurate information | | | | | |
| c | The bank performs the service right the first time. | | | | | |
| d | The bank has operating hours convenient to all its customers. | | | | | |
| e | The bank is accessible through various channels | | | | | |
| f | The queuing system is effective | | | | | |

| | **6. Customer loyalty** | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|---|
| a | I consider this bank as my bank of choice | | | | | |
| b | I intend to continue being a customer of the bank for a long time to come | | | | | |
| c | I will say positive things about the bank to other people | | | | | |
| d | I am willing to share my banking experience with relative and friends | | | | | |

| | | | | | | |
|---|---|---|---|---|---|---|
| e | I will recommend the bank to others | | | | | |
| | **7. Banking Channels: For each banking channels that you use, please indicate with an X the option that you choose from: (1) Very satisfied, (2) Satisfied (3) Neutral (4) Dissatisfied and (5) Very dissatisfied** | 1 | 2 | 3 | 4 | 5 |
| | **7.1 Branch banking** | | | | | |
| a | I am happy with the branch banking experience | | | | | |
| b | I am satisfied with branch banking | | | | | |
| | | | | | | |
| | **7.2 Automated Teller Machine (ATM)** | | | | | |
| a | Please rate your experience with the ATM services | | | | | |
| b | I am satisfied with ATM services | | | | | |
| | | | | | | |
| | **7.3 Mobile banking** | | | | | |
| a | Please rate your experience with the mobile banking | | | | | |
| b | I am satisfied with mobile banking | | | | | |
| | | | | | | |
| | **7.4 Mobile App** | | | | | |
| a | Please rate your experience with the Mobile App | | | | | |
| b | I am satisfied with Mobile App | | | | | |
| | | | | | | |
| | **7.5 Internet Banking** | | | | | |
| a | Please rate your experience with the internet banking | | | | | |
| b | I am satisfied with internet banking | | | | | |
| | | | | | | |

**THE END**

**THANK YOU FOR YOUR PARTICIPATION**

## Appendix 4 - Ethical Clearance letter

**Institutional Research Ethics Committee**
Research and Postgraduate Support Directorate
2nd Floor, Berwyn Court
Gate 1, Steve Biko Campus
Durban University of Technology

P O Box 1334, Durban, South Africa, 4001

Tel: 031 373 2375
Email: lavishad@dut.ac.za
http://www.dut.ac.za/research/institutional_research_ethics

**www.dut.ac.za**

11 November 2021

Mrs N G Kiliswa
130 9th Avenue
Morningside
Durban
4001

Dear Mrs Kiliswa

**Customer experience and customer loyalty: An assessment of retail multichannel banking in the Durban area**
**Ethical Clearance number IREC 008/21**

The Institutional Research Ethics Committee acknowledges receipt of your notification regarding the piloting of your data collection tool.

Kindly ensure that participants used for the pilot study are not part of the main study.

In addition, the IREC acknowledges receipt of your gatekeeper permission letter.

Please note that FULL APPROVAL is granted to your research proposal. You may proceed with data collection.

Any adverse events [serious or minor] which occur in connection with this study and/or which may alter its ethical consideration must be reported to the IREC according to the IREC SOP's.

Please note that any deviations from the approved proposal require the approval of the IREC as outlined in the IREC SOP's.

Yours Sincerely

Professor J K Adam
Chairperson: IREC

## Appendix 5 – Ethics Certificate

TRREE

Zertifikat

Certificado

Certificat

Certificate

Promouvoir les plus hauts standards éthiques dans la protection des participants à la recherche biomédicale
Promoting the highest ethical standards in the protection of biomedical research participants

Clinical Trials Centre
The University of Hong Kong

**Certificat de formation - Training Certificate**

Ce document atteste que - this document certifies that

Nancy Kiliswa

a complété avec succès - has successfully completed

Introduction to Research Ethics

du programme de formation TRREE en évaluation éthique de la recherche
of the TRREE training programme in research ethics evaluation

Release Date: 2021/02/08
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[REV : 20170310]

## Appendix 6 - Gate keepers' Letters

city view
SHOPPING CENTRE

04 November 2021

Mrs Nancy Gathoni Kiliswa
Faculty of Management Sciences
Department of Marketing and Retail Management
Durban University of Technology
Email: nunciek@yahoo.com, 21856832@dut4life.ac.za

Dear Mrs Kiliswa

**RE: PERMISSION TO USE CITY VIEW SHOPPING CENTER SPACE FOR YOUR RESEARCH**

Reference is given to the above request for permission to use City View Shopping Center space for data collection for your research.

We hereby grant approval to conduct your survey on our premises based on your research titled "Customer experience and customer loyalty: An assessment of multi-channel retail banking in Durban area".

Please note that permission is based on the terms and conditions of the Mall.

Yours sincerely

Thelma Zietsman
City View Shopping Center

city view
CENTRE MANAGEMENT OFFICE
10 MATHEWS MEYIWA ROAD, GREYVILLE, 4001
P.O. BOX 47658, GREYVILLE, 4023
TEL: (031) 309 6737 | FAX: (031) 309 2606
www.cityview.co.za

**LLM**
LA LUCIA MALL

04 November 2021

Mrs Nancy Gathoni Kiliswa
Faculty of Management Sciences
Department of Marketing and Retail Management
Durban University of Technology
Email: nunciek@yahoo.com, 21856832@dut4life.ac.za

Dear Mrs Kiliswa

**RE: PERMISSION TO USE LA LUCIA MALL SPACE FOR YOUR RESEARCH**

Reference is given to the above request for permission to use La Lucia Mall space for data collection for your research.

We hereby grant approval to conduct your survey on our premises based on your research titled "Customer experience and customer loyalty: An assessment of multi-channel retail banking in Durban area".

Please note that permission is based on the terms and conditions of the Mall.

Yours sincerely

**Cindene Sheasby**
La Lucia Mall

Tel: +27(0) 31 562 8420
Fax: +27(0) 31 572 4214
PO Box 1330, Umhlanga Rocks, 4330
Shop 114, La Lucia Mall
90 William Campbell Drive, La Lucia, Durban, 4051

GROWTHPOINT PROPERTIES

## Appendix 7 – Faculty Approval Letter

**Professor Fulu G. Netswera**

**Executive Dean**

**Faculty of Management Sciences**

Durban University of Technology

P O Box 1334, Durban, 4000,

South Africa

26th November 2020

**Student number: 21856832**

**Dear Ms N. Kiliswa**

**DOCTOR OF PHILOSOPHY IN MANAGEMENT SCIENCES: MARKETING**

This serves to confirm the approval of your research proposal by the Faculty Research Committee, at its meeting on **26th November 2020**, as follows:

1. Research proposal and provisional dissertation title:
   **Customer experience and customer loyalty: An assessment of retail multichannel banking in the Durban area.**

   Supervisor: **Dr S. Mugova**

   Co-supervisor: **N/A**

   Please note that any proposed changes in the thesis/dissertation title require the approval of your supervisor/s, the Faculty Research Committee, as well as ratification thereof by the Higher Degrees Committee.

2. Research budget to the amount of **R15 000**
   Please note that this funding is not a scholarship or bursary and is therefore not paid directly to you, but is controlled by the Faculty. Any proposed changes to the use of this funding allocation requires the approval of your supervisor and the Dean. Please note that funding will be reimbursed to you after the provision of receipts.

The Institutional Research Committee has stipulated that:

(a) This University retains the ownership of any Intellectual Property (patent, design, etc.) registered in respect of the results of your Masters/Doctors Degree in Technology studies as a result of the award and the provisions of the above Act;

(b) Should you find any of the terms above not acceptable then you are given the option to decline the Research budget award to your project in writing.

May we remind you that in terms of Rule G25(2)(b), if you fail to obtain the Masters/Doctors degree within the maximum time period allowed after first registering for the qualification, Senate may refuse to renew your registration or may impose any conditions it deems fit. You may apply to the Faculty Research Committee for an extension.
Please note that you are required to convert your registration from the informal to the formal course and re-register each year.

Please note that the following must be adhered to:

**Registration:**

1. Ensure formal registration has taken place ***(the onus is on the student and the supervisor to ensure registration takes places at the beginning of each year whilst the student is currently engaged with his/her Masters or PhD qualification)***
2. Ensure that application for Conferment of Status has been made in the event of your undergraduate qualification being different to this application. ***Your attention is drawn to the fact that Conferment of Status is required for registration.***
3. Ensure that your supervisor has submitted your proposal to the Faculty Research Officer (FRO) for IREC clearance (institutional research ethics committee). This is in the case of Ethics level 2 IREC and level 3 IREC (in the case of a study dealing with vulnerable populations). See guideline attached. ***It is the researcher's responsibility to check the Ethics requirements and submit to the relevant bodies irrespective of the reviewer's recommendation.***

**Dissertation submission for examination:**

1. Ensure that you submit the intention to submit form **(PG 5)**, signed by the HOD and Supervisor
2. Ensure that the signed checklist is submitted with the **PG 5**
3. Once your dissertation is submitted to the supervisor for examination purposes, communication from here on will only be with you supervisor and not with the faculty.
4. Your supervisor MUST nominate the examiners three months prior to submission of the dissertation/thesis for examination.
5. On submission for examination, please note that three ring bound signed copies must be submitted to your supervisor along with the completed and signed **PG 7** form, **FMS Checklist** and **Turn it in report**.
6. Feedback will be provided to your supervisor regarding the examination result after the result is ratified by the Higher Degrees Committee (HDC).
7. In the event of a resubmission the reports will be submitted to the supervisor who will communicate with you for revision. Once revision has taken place your supervisor will submit to the FRO for resubmission to the examiners.
8. In the case where there is a discrepancy in examiners results, an Arbiter will be nominated via the HOD and supervisor and tabled at FRC and ratified at HDC.

On completion of this process, the Arbiters report will be tabled at FRC and ratified at HDC.

9. Results of the Arbitration process will be communicated to your supervisor

**Graduation requirements:**

1. Ensure that you submit a completed signed PG10 form
2. one hard bound dissertation/thesis with a pdf version on CD
3. response to post graduate examination form
4. completion of study form (IREC form)

Should you experience any problems relating to your research, your supervisor must be informed of the matter as soon as possible. If the difficulties persist, you should then approach your Head of Department and thereafter the Faculty Research Coordinator.
Please refer to the 2020 General Rule Book and the Postgraduate Students' Guide 2020 concerning the rules relating to postgraduate studies, which include *inter alia* acceptable minimum and maximum timeframes, submission of thesis/dissertations, etc. Please do not hesitate to contact this office for any assistance. We wish you success in your studies.

Kind regards,

________________

Professor FG Netswera

Faculty of Management Sciences

## Appendix 8 - Turnitin report

turnitin

# Digital Receipt

This receipt acknowledges that Turnitin received your paper. Below you will find the receipt information regarding your submission.

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**Sury Bisetty Academic Editing Services**

CIPC No. 2021/360666/07

*The pen is mightier than the sword*

To whom it may concern

I edited the thesis entitled: Customer experience and customer loyalty: an assessment of retail multichannel banking in the DURBAN area by Nancy Gathoni Kiliswa, student number: 21856832 submitted in fulfilment of the requirements of the degree of Doctor of Philosophy in Management Sciences specialising in Marketing in the Faculty of Management Sciences at the Durban University of Technology

Signed:

*Sury Bisetty*
*Professional Language and Technical Editor*
*24 January 2023*


**CONTACT DETAILS**
Email: surybisetty11@gmail.com
Cell no: 0844932878 Tel.: 031 7622 766


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