Predictors of Customer Experience within Retail Banking in South Africa

Sacheen Kala

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2016

ABSTRACT

Purpose: The context of business, specifically banking, has fundamentally shifted in that customers are seeking not only basic product and service offerings, but value adding experiences throughout their engagements. Extensive literature in marketing describes this phenomenon; however there is a lack of empirical evidence relating to customer experience and its predictors in the South African retail banking industry.

The primary objective of this research is to investigate the predictor effects of select independent variables, namely service quality, customer satisfaction, brand relationships and brand loyalty on customer experience.

Design/Methodology/Approach: An empirical quantitative study was conducted, where banking customers' perceptions of service quality, customer satisfaction, brand relationships, brand loyalty and customer experience were assessed. The sample consisted of 151 retail banking customers, from across all major banks, in South Africa, including some smaller institutions. A regression analysis was conducted to assess the relationships between the presumed predictors and customer experience.

Findings: The results have shown positive predictor effects on customer experience for three independent variables, namely, service quality, customer satisfaction and brand loyalty. These findings suggest that quality services, satisfied customers and brand loyalty can be regarded as predictors of a customer's experience. The relationship between brand relationships and customer experience was not supported by the results.

Implications: Banks should focus on delivering superior customer experiences through service quality and customer satisfaction. The net promoter score can be used to predict customer experience; however it is not the ultimate measure. This paper provides strategies to assist banks in South Africa to be more 'customer-centric' and to design relevant experiences.

Originality/Value: There is a lack of evidence in literature focusing exclusively on customer experience within retail banks in South Africa. This research is beneficial to both academia and business as it aims to unpack and understand the complexities around customer experience management.

Key words and phrases: Retail banking, customer service, service quality, customer satisfaction, brand relationships, brand loyalty, customer experience, customer experience management (CEM), net promoter score (NPS)

DECLARATION

I, Sacheen Kala, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

Sacheen Kala

Signed at ……………………………………………………

On the …………………………….. day of ………………………… 20…..

DEDICATION

“A people without knowledge of their past, history, origin and culture is like a tree without roots”- Marcus Garvey

Dad,

…for you are my inspiration, my wisdom, my teacher

Mom,

…for you are my strength, my support, my heart

Namz my little sister,

…for you are my believer, my partner, my soul

Ma,

…for you are my guide, my light, my angel

ACKNOWLEDGEMENTS

Dad, Mom, Namz and Ma, thank you for always being there, through the temper tantrums, the constant mood changes, the fun times and not so fun times. You mean the world to me!

To my family, thank you for understanding every time I was rushing off or disappearing, I promise to stay an extra hour in future.

Prof. Anthony Stacey, thank you for picking up the pieces.

My new family, to all the new friends I have made throughout this journey, thank you for the late night pep-talks, constant encouragement, fun conversations and inspiring thoughts.

My editor, emoticon-master, and wall of strength, Prevashni Naidoo, thank you for being my ‘person’, always pushing me to be my best, being my sounding-board and all-round encouragement and support, oh and always making me see the positive side.

My friends, yes, I have only been a figment of your imagination for the last two years, thank you for always being there, being present, and keeping me real throughout.

To my work colleagues, I promise to make up for all the ‘cover-ups’, thank you for your continued support and understanding.

To the mighty almighty (yes you up there), thank you for your guidance and showing me the light when times were dark, you have been my secret weapon throughout.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1. INTRODUCTION

The introductory chapter presents the concept of customer experience, defines this study's purpose and context, and highlights the problem statement. Thereafter a brief description of the significance to academia and practice is presented. Finally, the chapter concludes by identifying the study's limitations, key definitions and assumptions.

1.1 Purpose of the study

The purpose of this research is to leverage existing theory and models (Chahal & Dutta, 2014; Palmer, 2010; Verhoef et al., 2009) to empirically determine the predictor effects that service quality (SQ), customer satisfaction (CS), brand relationships (BR) and brand loyalty (BL) have on customer experience (CX) within South African retail banking.

The research is focused on understanding the intrinsic relationship between each apparent predictor and CX from customer perceptions. Empirical predictor determinations are at construct level, thus providing tangible propositions for improvement, to industry.

1.2 Context of the study

A customer steps into a retail banking branch. The branch is neat, clean and tidy and the layout aesthetically pleasing and comfortable. The customer is immediately greeted by a well attired and pleasant front-line consultant, asking about his needs. The consultant gives the customer a clear indication of expected service time and guides him towards a specialist. The waiting area is pleasant, relaxing and clearly demarcated, with real-time feedback. The friendly specialist consultant greets the customer and completes the service timeously and correctly the first time. Before the customer leaves the consultant politely asks if he requires any further assistance, and ends the interaction with 'have a great day!'

Interpreting the scenario it can be assumed that the customer's perception of the service encounter was positive. The environment was comfortable, the consultants were professional, helpful and friendly and the service was fulfilled correctly the first time. The customer-bank interaction was rewarding and value-adding, and made the customer feel important; he is therefore likely to provide positive feedback on his experience.

"People will forget what you said, people will forget what you did, but people will never forget how you made them feel."- Maya Angelou

The scenario depicted and the quote by Maya Angelou captures the essence of customer experience, being the pivotal concept of this study.

Retail banks globally, are exploring new avenues to remain competitive in a dynamically changing market place with a strong drive towards customer-centricity through increased focus on customer needs, building deeper relationships and creating superior experiences (PwC, 2014). Themes such as 'putting the customer first' and 'creating memorable experiences' has become anecdotal of most banking activities with the intention of offering the right customers, the right products and services, at the right time (Hopperman, 2015). Pine and Gilmore (1998) have fittingly coined this phenomenon the 'emerging experience economy'.

The banking fraternity in South Africa consists of 17 registered banks including local and foreign owned, and is governed and regulated by the South African Reserve Bank (SARB) (BASA, 2016). The retail banking sector is dominated by Standard Bank, Barclays Africa (formally Absa), Nedbank, First National Bank (FNB) and Capitec Bank, which, account for approximately 90 per cent of the market share (Businesstech, 2015).

The Finscope (2013) findings revealed that approximately 75 per cent (27 million people) of the South African population is formally banked (use financial products and services from registered banks) which marks an 8 per cent increase from 2012. This constitutes a large population of customers requiring banking services on an on-going basis. Banks are primarily service driven organisations, with high customer interaction. They provide products and services to customers through multiple channels, that is face-to-face (branches) and call centres, while continuously increasing their array of online services via Internet banking, mobile banking and mobile application.

Customers seek excellent service quality and improved experiences while interacting within these channels. They require integrated and available services anytime, anywhere (Pine & Gilmore, 1998). This shift in customer demand creates additional pressure on banks to deliver customer centric processes, solutions and experiences. However they are faced with complex environmental challenges due to the tight South African regulatory environment, globalisation, competitor solutions and other industry trends such as social media and technological innovations. In addition to the above challenges, banks in South Africa are large organisations and governed by complex organisational structures and archaic systems thus making them slow to implement new strategies and technologies.

The current business environment is highly competitive due to better information and access to various other brands and services, leading customers to differentiate perception, expectation and value through their experiences; however a global standardised measure for customer experience is lacking. Forrester's Customer Experience Index (CxPi) and ISO's Best Customer Experience (BCX) are two independent customer experience indices; however adoption thereof is country specific. The closest measure of customer experience, across industries in South Africa, is the service and satisfaction rating referred to as the South African customer service index (SAcsi).

The South African retail-banking environment is rapidly transforming and opening up to increased competition, supported by changes implemented by the Reserve Bank. These changes include reduced bank service charges and deregulation within the industry, thus requiring banks to be more innovative around their product and/or services. Managers are under immense pressure to create value and find new avenues for growth and differentiation (Prahalad & Ramaswamy, 2004).

Customer experience is quickly becoming an important feature in customer value creation, organisational success and a source of sustainable competitive advantage (Klaus, 2013). For this reason many organisations have started to change focus and weave the essence of customer experience into their value propositions and strategies to generate benefit (Gentile et al., 2007). Frow and Payne (2007) state that there has been a move towards concepts of customer experience and customer experience management (CEM) by both academia and practice, supported by over 200 million references on the web.

For organisations to effectively execute a customer experience strategy, they need to improve their understanding of services from the customer's point of view. They need to reflect on the customer's journey because customers' form assessments based on their expectations (Berry et al., 2002). According to Verhoef et al. (2009), many retailers have already embraced the concept of customer experience and have integrated this thinking into management strategies and design of their products and services. While this paradigm shift is already in motion within the business arena, there is still a gap in the theory regarding consensus of definitions, standardised frameworks and models. A second concern is the lack of empirical evidence for customer experience predictors and its relationships with other influencing factors. The final concern is a lack of standardised measurement for the customer experience construct.

Many economists have combined the notion of experience within the definitions of services. However, according to Pine and Gilmore (1998), experiences should be seen as distinct economic offerings, and dealt with accordingly. (Berry et al., 2002) state that customers are looking for more than just satisfactory services. Businesses are seeking to set themselves apart by understanding the customers' experience with their brands, products and/or services. This marks an important first step in designing tailored offerings, service environments and processes that are synergised to create a superior experience.

The customer experience construct is defined by Verhoef et al. (2009) as:

"Holistic in nature and involves the customer's cognitive, affective, emotional, social and physical responses to the retailer."

Meyer and Schwager (2007) state that customer experience includes all aspects of a company's offering, from customer care to the various product features and organisational channels. According to Verhoef et al. (2009), factors creating experiences are multidimensional and are both in (i.e. service interface, atmosphere) and out (i.e. influence of other shoppers and peers, purpose of shopping) of the organisation's control. This experience does not only include a single contact but exists horizontally across all interactions with the customer over time.

Frow and Payne (2007) mentioned that it is important to reflect on the two angles of consumer behaviour when considering customer experience:

1. *The traditional information processing and decision-oriented perspective* indicates that customers are mostly engaged in goal-directed activities i.e. first searching for all available information then evaluating alternatives before making a decision to buy.
2. *The experimental perspective* is largely focused on emotional, contextual, symbolic and non-utilitarian aspects of use in where value resides in the experience.

Verhoef et al. (2009) state that the existing body of knowledge within customer experience literature is pigeonholed and dealt with in isolation, with most efforts focused on managerial actions and outcomes, rather than on theories underlying the origin and outcomes of customer experience. In order to close this gap, they conceived a conceptual model explaining the factors that need to be taken into consideration when creating customer experiences within the retail environment.

In summary, Verhoef et al. (2009)'s model focuses on two dimensions that create the retail customer experience. The first dimension covers the factors shaping customer experience, such as social environment, atmosphere and experience over time. The second dimension takes into consideration the moderating effects of situational and consumer factors that impact on the interaction between the above factors and customer experience. The customer experience management strategy influences the outcome of the customer responses to products and services.

Another proposed customer experience framework was presented by Palmer (2010), which focuses on the service industry. The model theorises the factors and moderators that impact on customer experience and attitude towards a particular brand and/or service. According to Palmer (2010), the customer's attitude toward an event is what shapes their behaviour and experience with a product or service. The model highlights three core constructs that act as stimuli that influence and shape customer's attitudes, that is, service quality and satisfaction, brand relationships and interpersonal relationships. In addition to the stimuli, there are various mediating factors that influence attitude; these factors include the sequencing of cues and relationships, effect of emotions and the perceptual distortion over time.

Both models are conceptual and based on theory, thus lacking enough empirical evidence to support the identified relationships. The purpose of this research study is to leverage and build on these customer experience models and frameworks (Palmer, 2010; Verhoef et al., 2009). Four important customer experience predictors namely; service quality, customer satisfaction, brand relationships and brand loyalty will be empirically tested within the South African retail banking sector.

Frow and Payne (2007) state that creating an enhanced customer experience will assist organisations improve customer loyalty, thus increase profitability. According to Shaw-Ching Liu et al. (2007), profit and customer value are reinforced by revisiting customer experiences and perceptions over the duration of the relationship. Banks have many interactions with customers over time and it is important to understand what experience they deliver to customers.

In summary, the South African service industry is entering a new era of increased competition from global competitors and therefore it is important for

South African organisations to take advantage of their knowledge of the South African context and their customers' to gain a competitive edge. The changing business landscape compels academics and business leaders to gain a deeper understanding of the factors that influence customer experiences to enable better manage, control and deliver.

This research paper adds to the current body of knowledge on customer experience by empirically testing the effects of service quality, customer satisfaction, brand relationships and interpersonal relationships on customer experiences within the South African retail banking sector.

1.3 Problem statement

1.3.1 *Main problem*

The research problem is to understand, analyse and empirically test the relationships and predictor effects of service quality, customer satisfaction, brand relationships and brand loyalty on customer experience within the South African retailing banking sector.

1.3.2 *Sub-problems*

Sub-problem 1: The first sub-problem is to determine the predictor effects of service quality on customer experience.

Sub-problem 2: The second sub-problem is to determine the predictor effects of customer satisfaction on customer experience.

Sub-problem 3: The third sub-problem is to determine the predictor effects of brand relationships on customer experience.

Sub-problem 4: The fourth sub-problem is to determine the predictor effects of brand loyalty on customer experience.

1.4 Significance of the study

There has been a fundamental shift in the business environment and customers are demanding higher service levels. Elements such as brands, relationships, sequencing of events, emotions and previous experiences with a product or service play a pivotal role in determining customers' attitudes towards an organisation. There is a growing need to further understand the concept of customer experience in order to better manage outcomes, therefore the focus of this study aims to provide academics and practitioners with insight into how these factors play a role in shaping customer experiences and attitude within retail banking in South Africa.

Customer experience is the new buzzword amongst strategy and marketing practitioners; however, the existing academic literature within this domain is in an infancy stage, mostly focused on conceptualising frameworks and theoretical understanding. Verhoef et al. (2009) state that despite recognising the importance of customer experience by practitioners, the academic marketing literature investigating this topic has been limited and isolated in defining the relationships between individual components. This research study adds to the existing body of knowledge by providing empirical evidence on the holistic customer experience construct and factors shaping the concept.

According to Pine and Gilmore (1998), many organisations simply wrap experiences around current products and services, in an attempt to improve sales. This improved experience is however, a by-product of the process and does not fundamentally change the organisational mind-set and focus onto the customer and their experiences. Banking institutions in South Africa have become part of the fabric of society and provide integral products and services to improve the lives of customers. Customers are therefore reliant on banking services to perform day-to-day tasks and interact with banks frequently over multiple touch-points, thus making it important for managers to understand customer behaviours and attitudes in order to improve service quality, improve customer satisfaction and create enhanced experiences.

Banks in South Africa have entered an era of increased competition driven by inexpensive switching costs between banks and an influx of substitute banking products and services offered by other banks and third-party institutions (e.g. ApplePay, PayPal). According to SAcsi (2016a), the average customer satisfaction scores within the retail banking fraternity marginally increased from 75.6 to 76.2 per cent from 2012 to 2013, which is an improvement, however not optimal, thus highlighting the importance for banks to improve service and experience. One of the key focus areas of this research is to understand the current drivers of customer experience within the South African retail banking sector thereby providing banking practitioners with a better understanding of what drives their customers' behaviours and attitudes in favour of their products, services and brands. This understanding will enable practitioners to better implement customer experience management strategies and processes.

1.5 Delimitations of the study

The following delimitations exist for this research study:

- This study was specific to retail banking products and services provided by the five major banks in South African Banks i.e. Standard Bank, First National Bank (FNB), Barclays Africa (Absa), Nedbank and Capitec Bank. The recommendations emerging from this study could be applicable to other retail banking industries in other countries; however researchers need to be cognisant of differences in market conditions and customer profiles.
- The study focused on personal retail banking customers in South Africa and excluded business and corporate customers. The reason for the exclusion is that business customers have different needs and alternative complex service requirements which might not align to retail customers and skew the results.
- A convenience sampling technique was used for this research study and responses of customers from different banks might not be the same.
- Customer experience is a relatively new concept, rudimentary definition and standardisation on data collection mechanisms, thus making validity and reliability tests important.
- Other factors such as emotions, behaviour and attitude may have played an important role in shaping customer experiences, however were not included in the scope of this study.

1.6 Definition of terms

Brand Loyalty:	According to Tatikonda (2013), when customers spend money repeatedly and consistently on a specific brand it represents a high level of satisfaction- this leads to brand loyalty. In essence brand loyalty is the level of commitment, by a customer, to a particular brand.
Brand Relationships:	The relationship that customers build with brands through various interactions with channels, media and employees over time is referred to as brand relationships. . Relationships, be it personal or with a brand are based on mutual trust and emotions that are affective by nature, thereby creating an expectation and subsequently a bond between people or customers and a brand.
Customer Experience:	Customer experience is defined by Meyer and Schwager (2007) as customer's internal and subjective response to any direct or indirect contact with an organisation. This refers to what the customer feels over time while interacting with an organisations products and services through their various channels.
Customer Lifetime Value (CLV):	Shaw-Ching Liu et al. (2007) define the concept of lifetime value as the ratio of overall benefit received to the overall cost incurred over the lifespan of a customer. In simplistic terms, customer lifetime value denotes the value of the present and all projected future cash flows belonging to a customer

relationship.

Customer Satisfaction:	According to Meyer and Schwager (2007), customer satisfaction is the gap between customers' expectations and the net result (good minus bad) of a series of customer experiences.
Net Promoter Score (NPS):	Net Promoter Score (NPS) is an industry agnostic customer loyalty metric which is uses recommendation as a primary is measure.
Retail Banking:	Banking services offered to customers for their own personal banking requirements through branches, call centres, Internet and mobile banking. Examples include cheque and savings accounts, credit cards, home loans, vehicle and asset finance and so forth.
Service Quality:	Services quality refers to the extent to which a service meets the customer's expectations.

1.7 Assumptions

The following assumptions must be considered with the nature of this study:

- Respondents were expected to reflect normal perspectives and experiences to ensure that the study reflected the true nature of experience.
- The sample was representative of the South African population using retail banking services on any channel (e.g. branch or online) from one of the five primary banks i.e. Standard Bank, Barclays Africa (Absa), First National Bank (FNB), Nedbank, or Capitec.
- Researchers assume data collection instruments are valid and reliable (Shaw-Ching Liu et al., 2007).

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

Chapter 2 provides an overview and contextualises customer experience in relation to the problem statements identified in Chapter 1, drawing from existing literature. The key themes as highlighted earlier, are evaluated as presumable factors predicting customer experience and these include service quality, customer satisfaction, brand relationships and brand loyalty. A concise definition provided by Frow and Payne (2007) states that customer experience encompasses the customer's perception and feeling towards a brand, product or service throughout their interaction(s) over a period the time. Banking, within the context of this study refers specifically to the South African retail banking sector.

The background delves into the current status quo of the South African retail banking environment, making reference to current banking practices and existing customer satisfaction measures and results. Thereafter, the chapter describes the evolution of customer experience, provides a theoretical definition and highlights existing conceptual models. The chapter concludes with a brief discussion of the customer experience predictors included in this study.

2.2 Background to the South African Retail Banking Industry

Banking Institutions in South Africa operate in an oligopoly (five banks own 90% of the market share) with relatively low levels of competition from other banks and non-bank institutions. According to Devlin (2001), retail banking products and services are easily replicated by competitors and customers find very little difference between them. The current status quo is changing, with decreasing switching costs between banks and increasing pressure to improve customer expectations with respect to improved service and enhanced experiences.

South Africa has a regulated, complex yet progressive banking system, which compares with the best financial institutions in the world. According to the

2015/2016 World Economic Forum Global Competitiveness Survey, South Africa is ranked eight, out of 140 countries, in financial sector development. This ranking is based on the counties' focus on economic development which drives sustainable growth, reduces poverty and inequality through more effective risk management practices and reduced vulnerability to dramatic market changes. As a result, the South African retail banking sector is placed in an advantageous position and has generated increased attention from foreign banks, some establishing offices locally, while others have pursued acquisitions, buying shares in the major local banks, for example, Barclay's acquisition of Absa and Industrial and Commercial Bank of China (ICBC) increased shareholding in Standard Bank (BASA, 2016).

According to the BASA (2016), the current South African banking sector includes 17 registered banks, two mutual banks and one co-operative bank. In addition, there are 12 local branches of foreign banks that provide services to expatriates only. 43 other foreign banks have approved local representative offices; however these banks are still identifying opportunities for establishing themselves in South Africa or have limited their activities to providing pure advisory services. It is interesting to note that from 2002 to 2013 there has been a decrease in the number of registered banks from 30 to 17 which could be attributed to mergers and acquisitions. The number of representative offices and branches of international banks remained constant over the same time period, 43 and 12 respectively.

'The Big Four' is an idiomatic phrase commonly used in the banking fraternity when referencing the four major banks in a country. Over the past two decades, Standard Bank, Barclays Africa (formally Absa), First National Bank (FNB) and Nedbank have dominated the South African banking industry with over 90 per cent of the market share (Businesstech, 2015). This market dynamic has shifted since the introduction of Capitec Bank in 2001, with their successful strategy to aggressively target and acquire the lower income market segments, through low cost, convenient banking.

Table 1 summarises the market capitalisation, headline earnings, number of accounts and brand value of each of the five biggest banks in South Africa

(Businesstech, 2015). First National Bank holds has highest market capitalisation of R320.41 billion, making them the biggest bank by value. Barclays Africa takes top honors in headline earnings and brand value of R13.3 billion and R189.1 billion, respectively while Standard Bank has the most active retail customer accounts (11.1 million).

Table 1: South African banking Environment in Figures (adapted from Businesstech (2015)

Bank	Market Cap	Headline Earnings	Number of Customers	Brand Value
Barclays Africa	R161.89 billion	R13.03 billion	9.2 million	R189.1 billion
Capitec	R65.17 billion	R2.55 billion	6.2 million	-
FNB	R320.41 billion	R18.7 billion	7.3 million	R165.3 billion
Nedbank	R127.71 billion	R9.46 billion	7.1 million	R139.5 billion
Standard Bank	R283.17 billion	R9.78 billion	11.1 million	R150.8 billion

The South African Reserve Bank (SARB) is responsible for setting industry standards and defining and enforcing regulatory requirements. Regulatory requirements with which banks need to comply include the National Credit Act (NCA), Companies Act and Consumer Protection Act, which impact and shape the way banks design and implement processes and services to customers. Although a regulatory and compliance body, the SARB continues to drive lower rates and increased competition in order to broaden financial access to an increased number of individuals (SARB, 2016).

Banks in South Africa have entered an era of increased inter-bank competition, lower switching costs and an influx of alternate banking and non-banking services. Banks have to constantly improve their service levels, what is exceptional today may not be appropriate tomorrow (Siddiqi, 2011). This is forcing them to find new avenues of business, innovative offerings and improve service design to shift focus and enable them to find a unique position within the industry. In order to differentiate themselves, each bank offers unique customer value propositions, for example Standard Bank focuses on better customer service and a trustworthy brand, FNB drives innovation, Barclays Africa focuses on aligning to various sporting codes, Nedbank's affinity towards green banking solutions, and Capitec's banking ease and simplicity. The common factor amongst all these themes is increased focus on the customer. The drive is a consequence of customers demanding more than just services; they are looking for experiences.

Siddiqi (2011) suggests that banks need to continuously develop and implement new strategies focused on satisfying their customers' needs in order to remain competitive. PwC's 2014 publication entitled '*Retail Banking 2020: evolution or revolution*', presented findings based on a global survey of 560 banking executives, including 19 respondents from South African banks. 79% of South African banking executives believe that they are well prepared for simplification of business and operating models; however, they have given priority to improving customer experience (63%) and understanding customer preferences (47%). The next section highlights the concepts of customer experience and why it is the new competitive arena in the banking industry.

According to PwC (2014), future competitive advantage in the retail banking industry can be achieved by greater focus on customer-centricity, simplification of business and operations models, leveraging innovation and effective risk management. In summary, PwC (2014) proposes six elements, illustrated in figure 1, that retail banks should focus on in defining their 2020 strategy:

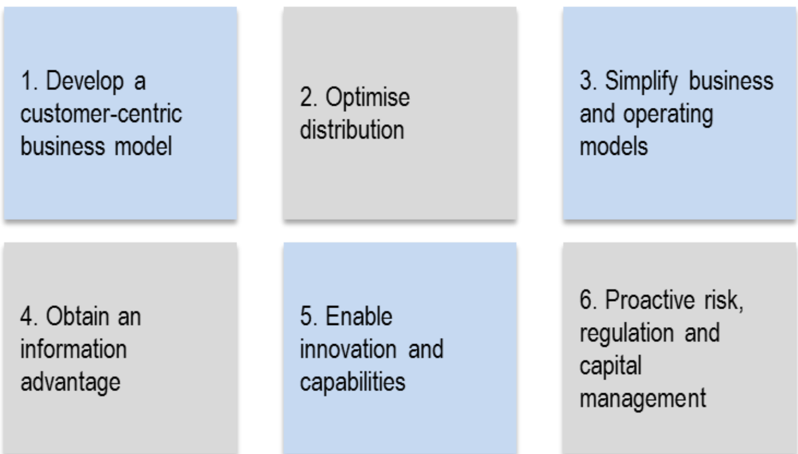

Figure 1: Drivers Determining 2020 Banking Strategy (adapted from PwC (2014))

2.3 Customer Experience

Within today's rapidly changing business environment advanced through technology and access, there is a bigger shift in customer needs, demands and requirements forcing organisations to continuously discover new avenues for differentiation (Palmer, 2010). Organisational drivers to realise competitive advantage and differentiation have morphed over time, from product, to value-added services, to building customer relationships and the more recent shift to creating memorable experiences. The marketing concept and the focus of companies shifted from a 'make-and-sell' philosophy to a customer centric, 'sense-and-respond' mentality (Kotler & Keller, 2011). Experience encompasses all the emotions that the customer feels when interacting with an organisation's product or service.

2.3.1 *The Evolution of Customer Experience*

The concept of customer experience has been an evolutionary progression. Over the last six decades, four economic and marketing developments have emerged, each focused on gaining differential and competitive advantage during their era (Christopher et al., 1995; Gilmore & Pine, 2002; Kotler & Keller, 2011) these are categorised in figure 2:

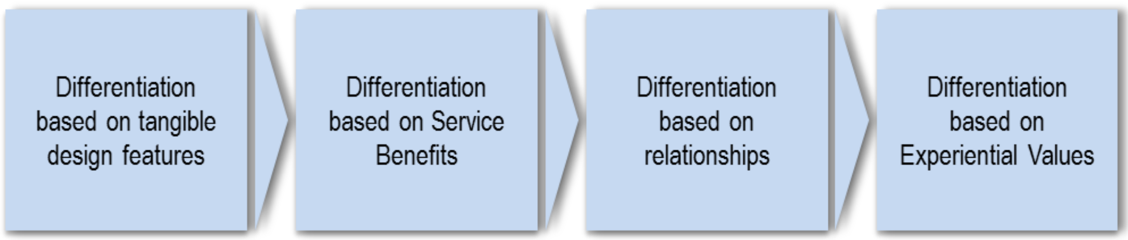

Figure 2: Eras of Marketing (Christopher et al., 1991)

1. *Product-dominated focus (1950-1960):* Focus was primarily on the product, including the elements of quality and features to gain differentiation and competitive advantage. The focus during this time was primarily on production and cost and according to Leventhal et al. (2006), importance

was given to physical aspects of products and services, such as quantity, quality, functionality, availability, price, delivery and customer support.

2. *Service-dominated focus (1970):* As organisations' production capability improved, and competition based on product attributes dissipated, the focus turned to differentiation through value-added services supporting products to gain competitive and differential advantage.

3. *Relationship-dominated focus (1980):* As services became more generic and easier to replicate, organisations needed to find a new way of differentiating themselves from their competition - so dawned the focus on relationships. During this period organisations primary focus was on building long lasting, fruitful relationships with their customers (Christopher et al., 1995).

4. *Experience-dominated focus (2000):* According to Palmer (2010), relationship-based differentiation is quickly reaching its climax, most organisations are focusing on creating customer relationships, and this focus will not continue to be a valuable differentiation strategy and drive competitive advantage in the future. The paradigm shift is moving towards creating engaging and lasting customer experiences (Leventhal et al., 2006) that organisations are able to deliver during the purchasing and servicing of products and services. Pine and Gilmore (1998) state that experiences are a distinct economic offering, customers' desire experiences, and increasingly the number of businesses are responding to this shift in demand, thus emerging experience as a fourth economic offering.

2.3.2 *Definition of Customer Experience*

Meyer and Schwager (2007) state that organisations are organised in silo's, with specialist teams having distinct responsibilities, to create products and services in their areas of speciality, thus creating a disjointed experience for customers. Pine and Gilmore (1998, p. 98) state that:

"Commodities are fungible, goods tangible, services intangible and experiences memorable."

Each economic offering, detailed in Table 2, is sub-divided into their distinct characteristics by Pine and Gilmore (1998), such as, commodities, goods, services and experiences and their unique characteristics. Experience differs from the other economic offering in that it is staged or created, memorable, personal, focused on sensations and feelings and takes place over time. It is important for organisations to understand these differences because, in the experience economy, customers are searching for being a part of the process or involved in its entirety. Some organisations such as Nike, Disney, Coca Cola, BMW and Starbucks build their entire business model around creating an experience and being part of the customer's life and journey. Holbrook (2006) refers to these aspects of experience as "Fantasies, Feelings, and Fun".

Table 2: Stages of Economic Offering (Pine & Gilmore, 1998)

ECONOMIC OFFERING	COMMODITIES	GOODS	SERVICES	EXPERIENCES
Economy	*Agrarian*	*Industrial*	*Service*	*Experience*
Economic Function	*Extract*	*Make*	*Deliver*	*Stage*
Nature of Offering	*Fungible*	*Tangible*	*Intangible*	*Memorable*
Key Attribute	*Natural*	*Standardised*	*Customised*	*Personal*
Method of Supply	*Stored in bulk*	*Inventoried after production*	*Delivered on demand*	*Revealed over duration*
Seller	*Trader*	*Manufacturer*	*Provider*	*Stager*
Buyer	*Market*	*User*	*Client*	*Guest*
Factors of Demand	*Characteristics*	*Features*	*Benefits*	*Sensations*

Customer experience, and its related concepts, has gained momentum amongst practitioners because of the competitive edge that it can derive for the organisation. Some benefits that can be derived from improving customer experience include raving fans, customer loyalty, premium pricing, differentiation, brand enhancement, and co-creation. This rest of this section provides an understanding of customer experience, its dimensions and research propositions that require further empirical testing.

Customer experience and the emerging experience economy are relatively new phenomena that has gained increasing popularity through articles written by Meyer and Schwager (2007), Pine and Gilmore (1998) and Frow and Payne (2007). Literature in both the theory and practice present a variety of explanations concerning the customer experience concept, however there has been very little consensus on a single cohesive definition, making it difficult to construct a unified theory, model or framework (Palmer, 2010).

Palmer (2010) states that the ambiguity, lack of agreement and confusion that lies in the core definition of experience, which can be interpreted as both a verb and a noun, whereby on one hand experience is a learned outcome linked to predicable behaviours and on the other hand it is associated with processes which may result in unpredictable responses by customers. The section below makes reference to the different definitions, dimensions and elements describing customer experience.

The concept of customer experience has long existed in marketing literature and was defined by Abbott (1956, p. 40):

"…What people really desire are not products, but satisfying experiences. Experiences are attained through activities. In order that activities may be carried out, physical objects or services of human beings are usually needed. Here lies the connecting link between men's inner world and the out world of economic activity. People want products because they want the experience-bringing services, which they hope the products will render."

In the above definition, Abbott (1956) refers to a connection moulded between the customer and product during consumption that is enveloped within an experience. This experience can be created intentionally and according to Pine and Gilmore (1998, p. 98) an experience occurs when "a company intentionally uses services as the stage and goods as props, to engage individual customers in a way that creates a memorable event". Disney, one of the pioneers in this field, creates experiences by theming and staging events in their theme parks and stores. Another such definition refers to customer experience as the customers' cognitive and affective assessment of all direct and indirect encounters with the firm relating to their purchasing behaviour (Pine & Gilmore, 1998; Verhoef et al., 2009).

Experience is a complex concept involving customers' emotional and behavioural dimensions, which occurs in an organisational setting, for example physical offerings, fulfilment of services, location, time, place, beliefs and emotions, Klaus and Maklan (2013) mention that the customer experience involves all different aspects of a company's offering, from customer care to the various product features and spans across all organisational channels. Meyer and Schwager (2007) define the holistic customer experience as the customer's cognitive, affective, emotional, social and physical responses to the retailer. These aspects influence the customer response to the organisation's offerings and create an experience, good or bad. Verhoef et al. (2009) expand on the definition of customer experience, stating it involves the interaction between the customer and the service provider, and results from impressions and feelings, which are intangible. This reflects on the consumer's interpretation of his/her total interactions with the brand, perceived value of the encounter and the encounter between a customer and a product or a company, or part of the organisation that provokes a reaction (Chahal & Dutta, 2014; Frow & Payne, 2007).

Gupta and Vajic (2000) state that experience occurs as a result of the knowledge gained by the customer when interacting with different elements and contexts created by the service provider. Rawson et al. (2013) confirm the above definition by stating that customer experience encompasses all the impacts across multiple touch points through the customer's interaction with an organisation. This experience occurs across all phases of the consumption process, for example, search, purchase, consumption and after-sales Palmer (2010). It also encompasses every facet of the company's offering, including the quality of customer care, advertising, packaging, product and service features, ease of use, and reliability (Verhoef et al., 2009).

According to Meyer and Schwager (2007), there are two significant, differing views of customer experience.

1. *The utilitarian view,* derived from economic-based models and focuses on value Abbott (1956), attributes and usage. This view refers to the value derived from the consumption of a product or service.

2. *The hedonistic view* states that experiences are derived from a variety of stimuli that influence or create value for the customer e.g. physical setting of the service encounter, customer-focused product design. The main focus of the hedonic view is to create or shape customers' attitude through surprise, delight and excitement (Palmer, 2010).

The definition of customer experience has evolved from focusing primarily on gathering knowledge, before responding to stimuli with a learned response; however, the later definitions emphasise experience as a unique event, and therefore by implication, learning from previous experience is of little value in attempting to understand consumers' response (cognitive, affective or behavioural) (Oliver et al., 1997). According to Palmer (2010), clues leading up to the customer experience exist everywhere. In an earlier article (Berry et al., 2002) stated that customers consciously and unconsciously filter and group experience clues into rational and emotional impressions when interacting with products and services. These clues exist in three forms:

1. *Functional clues* refer to the technical quality and reliability of an offering that meet customer expectations and influence their perception of service quality (Berry et al., 2002; Berry et al., 2006)

2. *Mechanical clues* relate to the physical representation of an intangible service that customer communicate and interact with, these include buildings, senses, services, atmosphere etc. These clues influence the customer's first impressions of a service creating expectations and derivation of value.

3. *Humanic clues* are more focused on the behaviour and appearance of employees executing on behalf of service providers i.e. organisations' employees and the way they carry themselves through choice of words, tone and level of enthusiasm.

Understanding the customer attitude, behaviour and experience link is important for organisations to be able to better fulfil customer needs and derive value while gaining a competitive position in the new market. Retail banks deal with customers on a continuous basis, forming long-term relationships with customers, thus making it imperative for them to understand customer requirements and needs and create superior customer experiences. According to Berry et al. (2002), high quality interactions and co-creation of unique customer experiences are essential to unlock new sources of competitive advantage. This will enable them to sustain the customer relationship over a longer period and derive customer lifetime value (CLV), which leads to increased revenues. Banks need to shift attention from creating products and services and focus on the characteristics of the total customer experience (Prahalad & Ramaswamy, 2004).

2.3.3 *Customer Experience Models*

The current body of knowledge describe customer experience concepts and drivers but lack empirical evidence to substantiate relationships. The section below discusses two holistic customer experience models.

The first model presented by Verhoef et al. (2009), illustrated in figure 3, focuses on two dimensions that create the retail customer experience. The first dimension covers the factors shaping customer experience i.e. the social environment (reference group, reviews, co-destruction and service personnel), service interface (service person, technology, co-creation of experiences and customisation), retail atmosphere (design, scents, temperature and music), assortment (variety, uniqueness and quality), price (loyalty programs and quality), customer experiences in alternative channels, retail brand and previous customer experiences with a product or service. The second aspect of the model takes into consideration the moderating factors influencing the interaction between the above-mentioned factors and customer experience. Situational moderators include the type of store, channel, location, culture, season, economic climate and competitive intensity, and consumer moderators include the consumer specific factors i.e. reason for shopping, attitudes, etc. The customer experience management strategy influences the outcome and customer responses to products and services.

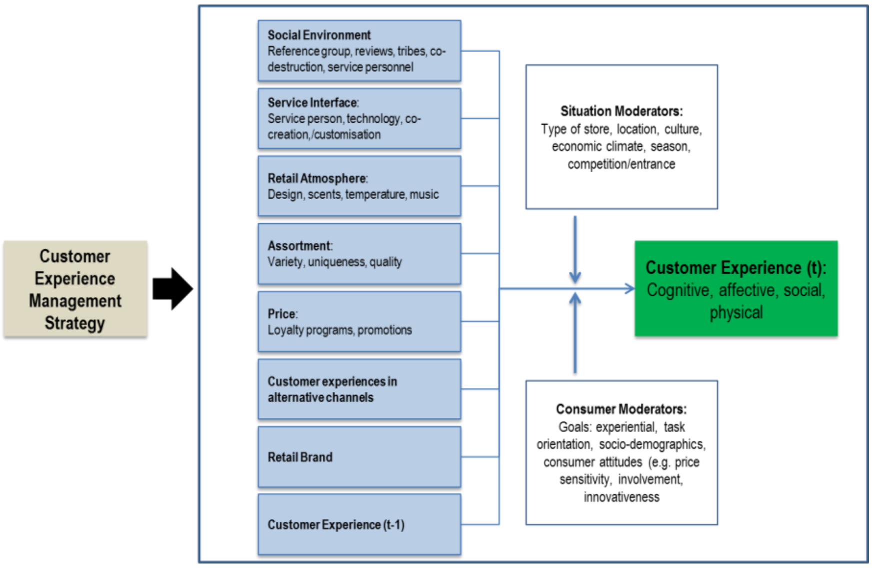

Figure 3: Conceptual Model of the Retail Customer Experience (Verhoef et al., 2009)

The second model for discussion, depicted in figure 4, was defined by Palmer (2010), and forms the basis of this research. This model is an integrated customer experience framework and highlights the factors that shape the customer experience with a product or service.

1. *Attitude*: According to Palmer (2010), affective response is regularly featured in the literature on customer experience; he proposes that the customer experience model should have an outcome of attitude that is developed and sustained by an event and leads to customer behaviour.
2. *Stimuli*: The framework highlights three higher order stimuli that make up the service encounter i.e. quality, relationships and brands that shape the customer's attitude.
3. *Sequencing of cues and relationships, effects of emotions, perception* are mediating factors that influence the customer attitude toward a service or organisation.

According to Palmer (2010), the customer's attitude toward an event is what shapes their behaviour and experience with a product or service. The model highlights three core constructs that act as stimuli that influence and shape customer's attitudes i.e. service quality and satisfaction and brand and interpersonal relationships. In addition to the stimuli, there are various mediating factors that influence attitude; these factors include the sequencing of cues and relationships, effect of emotions and the perceptual distortion over time.

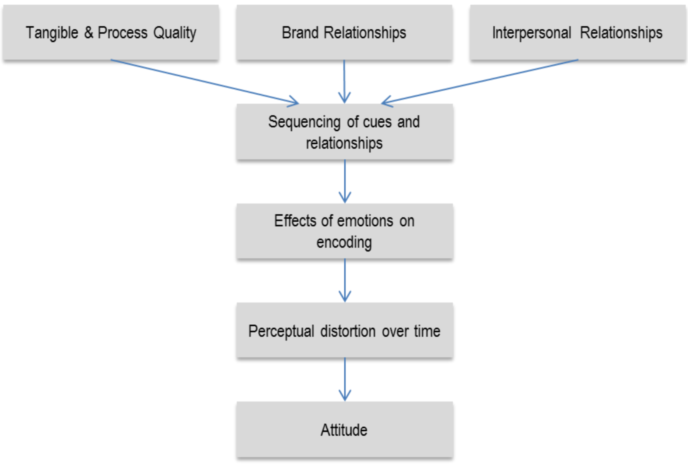

Figure 4: Conceptual Framework for the Construct of Customer Experience (Palmer, 2010)

2.3.4 *Customer Experience Metrics*

Creating and delivering superior customer experiences is an important differentiator for organisations pursuing new opportunities to gain competitive advantages in the market place. Successful organisations are focused on the customer and implement customer-centric concepts at the core of their customer relationship management (CRM) strategies (Molina, 2012). Peter Drucker said that, 'what gets measured gets managed', which stresses the importance for organisations and industries to have effective metrics and measures to understand the experiences they deliver to customers. Two popular customer experience surveys currently in use include:

1. *Forrester Customer Experience Index (CxPi*)

Forrester Research developed their own Customer Experience Index (CxPi) and for the past seven years have collected insights from customers on their interactions with various brands in the United States, Europe and China (Burns et al., 2014). CxPi is conducted annually, and measures customer experience with brands based the traditional needs pyramid (figure 5) and consists of three areas, (1) meeting customer needs, (2) ease of doing business and (3) enjoyability. The study provides insights from industries such as, airlines, banks, credit card providers, health plans, hotels, insurance firms, internet service providers, investment firms, parcel shipping services, PC manufacturers, retailers, TV service providers, utilities, and wireless carriers.

Figure 5: Forrester's Customer Experience Index (CxPi), (Burns et al., 2014)

2. *IZO Best Customer Experience (BCX)*

IZO, a South American based organisation developed the BCX Best Customer Experience (BCX) survey, which measures customer experience specific to brands operating in Latin America including Brazil, Chile, Colombia, Mexico and Venezuela and included Spain in Europe (Molina, 2012). The BCX index comprises feedback from more than 130 brands in various industries based on three key dimensions, including experience with the brand, experience with the product, and interactions with the company.

3. *South African customer satisfaction index (SAcsi)*

The South African customer satisfaction index (SAcsi), illustrated in figure 6, measures customer perspectives based on perceived service quality, expectations, perceived value, customer satisfaction, customer loyalty and customer complaints. Question are weighted and reported on 0-100 scale. By using this model, managers can determine which drivers of satisfaction have the biggest effect on customer loyalty (SAcsi, 2016b).

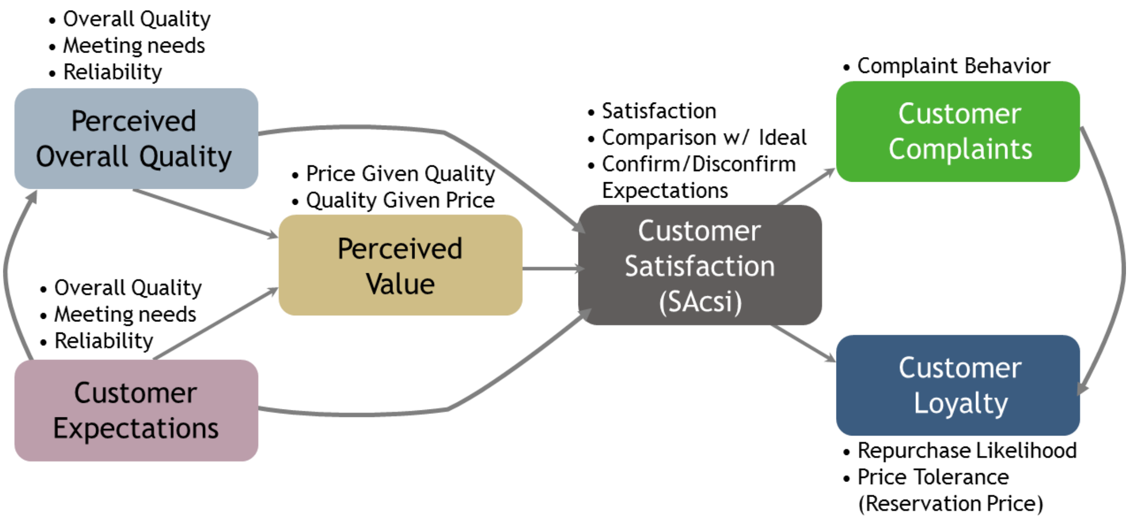

Figure 6: South African Customer Satisfaction Index (SAcsi), (SAcsi, 2016a)

Table 3 contextualises the dimensions, countries and sectors covered by CxPI, BCX and SAcsi.

Table 3: Summary of Customer Experience Metrics

Metric	Dimensions	Countries	Sectors
Forrester Customer Experience Index (CxPi)	▪ Meets basic needs ▪ Easy to do business ▪ Enjoyable experience	United States (USA) Europe China	Airlines Banking Healthcare Hotel and Leisure Insurance Investment Manufacturers Retailers Telecommunications Transportation
IZO Best Customer Experience (BCX)	▪ Experience with the brand ▪ Experience with the product ▪ Interactions with the company	South America (Brazil, Chile, Mexico, Columbia, Venezuela) Europe (Spain)	Airlines Banking Energy Insurance Telecommunications Transportation
South African Customer	▪ Service quality ▪ Customer expectations ▪ Perceived value	South Africa	Airlines Banking Insurance

Service Index (SAcsi)	▪ Customer satisfaction ▪ Customer loyalty ▪ Customer complaints		Retailers Telecommunications Transportation

The following sections delve into the factors affecting customer experience, deriving the research hypotheses evaluated during this study.

2.4 Predictors of Customer Experience

Earlier in this chapter, customer experience was defined as all the interactions that a customer encounters with an organisation, product or service, over time, which results in a feeling or emotion. Understanding customer experience and customer experience management (CEM) has gained popularity amongst organisations looking to gain a unique competitive advantage in the market. This section highlights and discusses potential predictors of customer experience within the context of this study, being South African retail banking.

Three separate studies were conducted in Bangladesh, Malaysia and Malta designed to identify the most important features in retail banking, that can be used to understand and evaluate characteristics of banks, as experienced by customers (Caruana, 2002; Kumar et al., 2009; Siddiqi, 2011). Findings from all three studies found that service quality is positively related to customer satisfaction, and customer satisfaction is positively correlated to loyalty within the retail banking setting. Table 4 summarises the studies related to country, sample and findings.

Table 4: Summary Factors in Previous Retail Banking Studies

Country	Sample	Finding	Authors
Bangladesh	100	Service quality is positively related to customer satisfaction Customer satisfaction is positively related to loyalty	Siddiqi (2011)
Malta	230	Customer satisfaction is a mediator between service quality and loyalty	Caruana (2002)

Malaysia	308	High quality of service results in higher customer satisfaction and increases customer loyalty	Kumar et al. (2009)

The studies above give a clear indication of the factors affecting the retail banking sector. Customer experience is a new concept which results in attitude (Palmer, 2010); the characteristics previously identified play an integral role in understanding the overall impact on customer experience.

2.4.1 *Service Quality*

Service quality is an important factor to consider when designing customer experiences. Kotler et al. (2014) define services as any intangible act or transfer that does not necessarily result in ownership. Goods and services do not exist in isolation, but along a spectrum, where not all goods are pure goods and not all services are pure services. For example in the banking industry, customers open accounts with money and earn interest which is tangible however the ability for the customer to set their own account limits are services which are less tangible. The distinctive characteristics of services are detailed in table 5.

Table 5: Service Characteristics (Kotter & Keller, 2009)

Characteristic	**Description**
Intangibility	Services immaterial, and thus cannot be touched, seen, heard, tasted, or smelt
Inseparability	Physical goods are produced, distributed and consumed at any time, however services are typically produced and consumed together
Variability	Services are unique, it is a single event when generated, rendered and consumed and is difficult to reproduce in the same way as the situation and circumstances change, even if the same service customer requests the same service.
Perishability	Services cannot be stored and are perishable: 1. Service relevant resources, processes and systems are assigned for a definite period in time or at a point in time

	2. When the service has been completed, it is irreversible and vanishes, it has been consumed by the customer

The concept of service quality is abstract, given the characteristics discussed earlier i.e. intangibility, inseparability, variability and perishability of production and consumption (Parasuraman et al., 1985). Salas and Fogli (2006, p. 4) define service quality as:

“A global judgement or attitude relating to a particular service; the customer’s overall impression of the relative inferiority or superiority of the organization and its services. Service quality is a cognitive judgement”

Palmer (2010) refers to quality as the customers’ expected level of performance from a product or service and Boulding et al. (1993) state that service quality is the gap between the customer’s perception and expectation. Customers make service evaluations based on a variety of attributes and features, for example, cost, functionality, reliability and/or on-time delivery. This evaluation on service quality informs their perceived satisfaction levels.

Expectations refer to the customer’s prediction of a particular service offering. Parasuraman et al. (1985) developed the 5-gap model, illustrated in figure 7, which organisations can use to measure, manage and minimise service quality shortfalls. The objective of the 5-gap model is to identify the gap between customer expectations and the actual service delivery during the various stages of service fulfilment. The five service quality gaps are summarised in table 6.

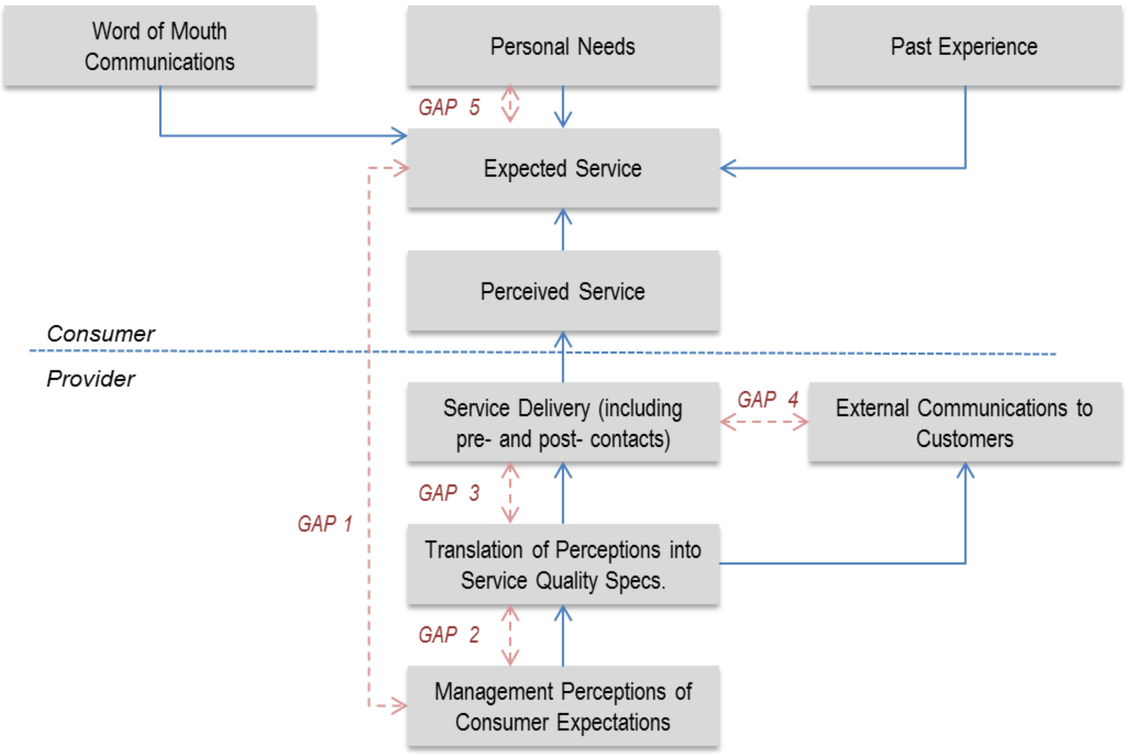

Figure 7: The 5 Gap Model (Parasuraman et al., 1985)

Table 6: Summary of Service Quality Gaps

	Description
Gap 1	Difference between customers' expectations and what managers think they expect
Gap 2	Management perception versus the actual specification of the service (customer experience)
Gap 3	Gap between the experience specification and the delivery of the experience
Gap 4	Gap between what is communicated to customers and the delivery of the customer experience
Gap 5	Gap between a customer's perception of the experience and the customer's expectation of the service

Parasuraman et al. (1985) states that it is important to consider service quality and scope when the organisations core offering is a service. Service quality deficiencies relate to gaps 3, 4 and 5 in the model (figure 7). The service quality model (SERVQUAL) was defined by the authors above in order to understand the customer's perception of service quality. The model is assessed by the following characteristics:

1. **Reliability**: ability to perform the promised service dependably and accurately.
2. **Assurance**: knowledge and consideration of employees and their capability to create trust and confidence in customers.
3. **Tangibles**: appearance of physical facilities, equipment, personnel and communication materials.
4. **Empathy**: ability to provide individualised attention to customers.
5. **Responsiveness**: promptness of service and willingness to help customers.

As noted above, customers evaluate the quality of service when deciding how satisfied they are with a service, thus making it an important factor to consider when understanding their experience. Experience encompasses how a customer feels following an encounter with a product or service offering, thus it is important to understand the relationship between customer experience and; service quality and satisfaction.

Measuring service quality is not straightforward and faces some challenges, Parasuraman et al. (1985) highlight these as:

1. Service quality is more difficult for the consumer to evaluate than goods quality due to its intangible nature.
2. Perceptions on service quality result from the difference between the customer's expectations of a service versus the actual performance of the service.
3. Quality is based on the process of service delivery and not solely on the outcome of the service.

Meyer and Schwager (2007) state that services are performed on multiple platforms including physical channels, call centers and online channels and they found that customers evaluate services differently across these media, which affects cognitive experience and behavioral intention. These differences need to be better understood by banks, as they offer their services on more than one platform. Organisations aim to provide value added services, or simply excellent customer services in order to differentiate themselves, having a consequent positive effect on a customer's overall experience.

The objective of this study is to determine the impact of service quality on customer experience. The SERVQUAL model has been effectively used to determine service quality levels in previous retail banking studies (Caruana, 2002; Jamal & Naser, 2002; Kumar et al., 2009; Siddiqi, 2011) and is used for evaluating service quality in South African retail banks. Features of service quality such as applicable services and platforms, timely delivery of services, helpfulness of staff, visual appeal, and convenience are used to gain insights on customers' perceptions of service quality in retail banking. The elements in the scale tie back to the service quality model of reliability, assurance, tangibles, empathy and responsiveness.

Hypothesis 1 (H1): *Higher levels of service quality have a positive influence on customer experience*

2.4.2 *Customer Satisfaction*

Customer satisfaction is one of the leading drivers of marketing efforts within many organisations and can be considered the heart of success in a highly competitive business arena (Jamal & Naser, 2002). The objective of customer satisfaction is to link processes that lead customers' to purchase and consume products and services with post purchase phenomena, such as changing attitude, repeat purchase and brand loyalty (Churchill Jr & Surprenant, 1982). Organisations in South Africa currently use customer satisfaction ratings in order to determine their levels of service quality.

Getty and Thompson (1995) define customer satisfaction as the customer's state of mind following any particular service encounter. Palmer (2010) expands this definition by including the customer's changing attitude towards a brand, product and/or service, based on the single or multiple encounters. Customers evaluate all service encounters with a brand, product or service positively or negatively which result in their satisfaction or dissatisfaction. According to Oliver et al. (1997), satisfaction and dissatisfaction reside on opposite sides of the spectrum; as a result it is a comparison between expectations and outcome. To explain this concept, Oliver et al. (1997) defined the expectation confirmation theory depicted in figure 8, which involves four primary constructs: expectations, perceived performance, disconfirmation of beliefs, and satisfaction.

The factors impacting on customer satisfaction is diagrammatically illustrated in figure 8, a model of expectation confirmation theory Oliver et al. (1997), and summarised below.

Expectations

The features and characteristics that customers anticipate or predict before engaging with a brand, product or service creates an expectation. The customer's expectations directly influence their perception of performance and disconfirmation of beliefs, and indirectly influence their post purchase satisfaction. Expectations before product or service consumption form the basis which customers use to compare against the actual performance.

Perceived performance

Perceived performance refers to the customer's perception of the actual product or service. According to the expectation confirmation theory, perceptions of performance are directly influenced by pre-purchase expectations, and in turn, directly influence disconfirmation of beliefs and post-purchase satisfaction. Perceived performance indirectly influences post-purchase satisfaction through mediation of the disconfirmation construct.

Disconfirmation of beliefs

Customers evaluate products and services based on their original expectation versus the actual performance of a product or service; this is referred to as disconfirmation of beliefs. When a product or service outperforms the customer's original expectations, the disconfirmation is positive and tends to increase the post-purchase satisfaction. The opposite effect holds when the product or service underperforms against the customer's expectations.

Satisfaction

Post-purchase satisfaction refers to the extent to which a person is delighted with a brand, product or service after having gained direct experience with the product or service. Expectation confirmation theory postulates that satisfaction is directly influenced by disconfirmation of beliefs and perceived performance, and is indirectly influenced by both expectations and perceived performance by means of a mediational relationship which passes through the disconfirmation construct.

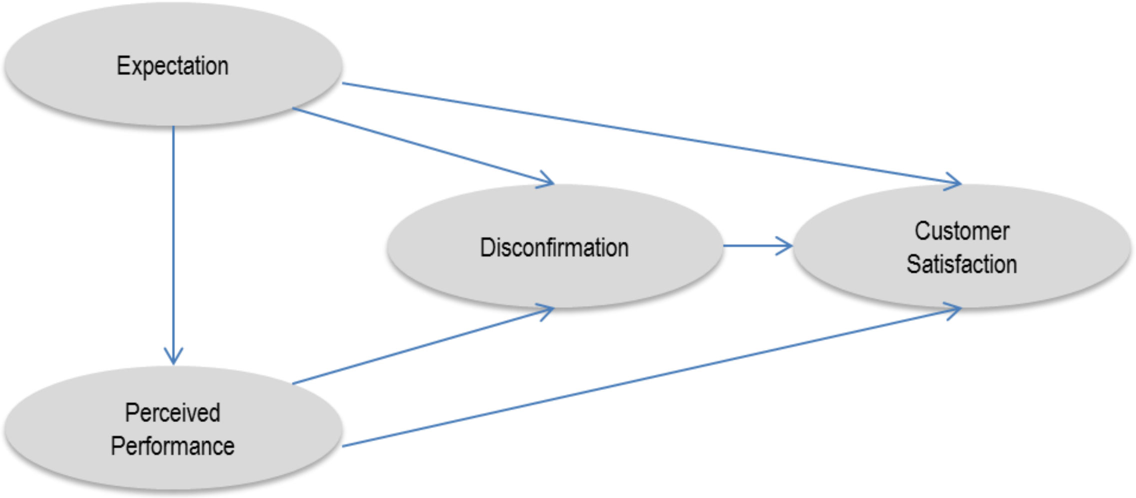

Figure 8: A Model of Expectation Confirmation Theory (Oliver et al., 1997)

Customers are a vital part of the business and organizational landscape; they are at the epicenter of strategy and inform the development and design of products and services. Customers are constantly searching for value and express their need for superior quality and a high-level of service performance. Organisations can effectively deliver product and service quality and performance through features such as cost, functionality, reliability, on-time delivery, rapid conflict resolution and clear, correct and timely billing (Tatikonda, 2013).

As defined earlier, customer satisfaction refers to the customer's mindset post an encounter, satisfied or dissatisfied, with a brand, product or service. Athanassopoulos (2000) states that satisfied customers are more tolerant to price increases. Olsen and Johnson (2003) highlighted two forms of satisfaction i.e. cumulative and transaction-specific. Cumulative satisfaction represents the customer's overall evaluation of a product or service and transaction-specific makes reference to the customer's evaluation of an array of different features of the product or service after having experience with it. This implies that customers exhibit momentary satisfaction after receiving a service and also an overarching satisfaction after multiple dealings with an organisation.

Current Customer Satisfaction Measures in South Africa

The South African Customer Satisfaction Index (SAcsi) is an independent measure of customer satisfaction ratings in South Africa. This survey is conducted at regular intervals, across industries by an independent research organisation called Consulta Research. The overall SAcsi score comprises various measurements that include customer expectation, loyalty, perceived value and complaints.

The 2015 SAcsi survey for banking comprised 16,000 responses from customers (excluding business customers) of the five biggest banks by market share in South Africa (Standard Bank, ABSA, Nedbank, FNB and Capitec Bank). According to the survey, the average South African retail banking industry rating was 76.3 in 2015, with the only notable change was the turn-around success of Absa, who showed an improvement of 2.4 points (from 72.4 to 74.8). The results of all the banks are summarised in the table 7.

Table 7: South African Retail Banks 2014/ 2015 SAcsi Scores

Bank	2014 SAcsi	2015 SAcsi
Absa (Barclays Africa)	72.4	74.8
Capitec Bank	81.5	82.2
First National Bank	79.5	79.3
Nedbank	74.3	74.8
Standard Bank	74.4	73.7

Industry Average	76.3

An interesting finding from customers in the SAcsi survey showed that South African banks have a high level of complaints, with the industry average at 22% of customers (Fin24, 2015). In order for organisations to understand customer satisfaction, service quality and customer experience they need effective metrics. Organisations equate customer satisfaction to customer experience; however the experience has the additional component of attitude, behaviour and anticipation (Ding et al., 2009). This study aims to test the impact between customer satisfaction and customer experience.

These are important factors to consider when unpacking the relationship between customer satisfaction and customer experience within the retail banking environment. Tatikonda (2013) state that customer satisfaction and customer experience share many characteristics baring behavioural intention. The customer's satisfaction levels with their banks are evaluated through items such as overall satisfaction with their bank, service recovery, simple and easy processes, future use, reputation and image and the banks' ability to know their customers. The elements discussed draw on the theory of disconfirmation and give insight into the to the way customer evaluate their actual service received.

Hypothesis 2 (H2): *Higher levels of customer satisfaction have a positive influence on customer experience*

2.4.3 *Brand Relationships*

Companies that actively manage their brand understand that it drives two-thirds of most customer purchases and impact every functional area within an organisation (Davis & Halligan, 2002). According to Palmer (2010), customer perceptions of a brand or organisation is informed by their experience through any interaction, such as exposure to media and information and/or product or service usage. Relationships, be it personal or with a brand are based on mutual trust and emotions that are affective by nature, thereby creating an expectation and subsequently a bond between people or customers and a brand. This relationship or bond determines and influences the customer experience. In this section, the literature on brand relationships and its impact on customer experience are discussed.

Berry and Seltman (2007, p. 200) state that 'a service brand is essentially a promise about the nature of a future experience with an organisation or individual service provider'. Brands create customer perception and lead to behaviour; Verhoef et al. (2009) states that the non-functional expectations of brands have become more important in consumers' evaluations of products and services. Brands are chosen if the image they create matches the customer's needs, values and lifestyles. Emotional preferences to brands are based on various dimensions including personality, trust and liking, forming an emotional bond between the customer and service provider (Roberts, 2004).

Relationships are forged through an alignment of values and image between customers and the brand and are further enhanced by sharing activities or co-creation of experiences with mutually beneficial outcome (Shaw-Ching Liu et al., 2007). According to Schouten et al. (2007), the brand itself symbolises and represents the customers underlying values and experiences with a product or service which leads to a customer-brand relationship.

The relationship between customers and the brand is stronger in high contact environments because of the added interaction and ‘personal touch’. This forces organisations to make sure that employees’ attitude, behaviour and appearance is closely aligned to and congruent with the values of the brand creating a consistent message and experience in relation to customer expectations (Knox & Freeman, 2006).

Schouten et al. (2007) state that there are various factors that determine, influence and create brand perceptions and these factors either enhance or diminish the customer experience. The organisation and customer gap has been lessened through the advent of technology; customers and organisations are highly connected over multiple interfaces and platforms, such as the internet and social media. Fournier (1998) suggests that brands are not passive objects, but active contributing member of a relationship. This affection is displayed through repeat purchases and positive behavioural advocacy, such as word of mouth or social media.

Lee and Hwan (2005) developed a scale to measure brand relationship quality which includes features such as self-connective attachment, satisfaction, behavioural commitment, trust and emotional intimacy. Beerli et al. (2004) state that the length of relationships in the retail banking industry is a common factor and this is an important factor for consideration because banking represents a customer’s livelihood, which is their income, savings and investment. The scale developed for this study is based on the author’s experience in the South African retail banking industry and existing brand relationship scales. The items used to determine the extent of brand relationships in this study includes items such as trust and commitment, brand experience, alignment to personal values, lifestyle, confidence and value creation. Building and sustaining brand relationships are strategic motivators and key input into the decision making process that represents a true business asset (Davis & Halligan, 2002). According to Palmer (2010), there is a link between customer experience, customer value and firm profitability and these links are reinforced by the organisation or brand’s relationship with the customer.

Hypothesis 3 (H3): *Positive brand relationships have a positive influence on customer experience.*

2.4.4 *Brand Loyalty*

The concepts of ‘brand’ and brand management are fundamental drivers of marketing and business strategy; they represent the essence of an organisation, represented through the image and values they want to portray to market. Beerli et al. (2004) highlighted the shift from traditional product-oriented banks towards greater customer-orientation, with a primary focus on loyalty. According to Leventhal et al. (2006), the success of a brand is determined by the amount of wealth generated, by means of attracting new customers and retaining existing customers. The advantages of having loyal customers not only increases business value but also lowers the costs of acquiring new customers (Barroso Castro et al., 2004).

Brand relationships intrinsically deal with the relationship that customers form with elements of a brand, including alignment to personal values and interactions with employees whereas, brand loyalty is defined as complete commitment to a brand that leads to repeat consumption of products and services consistently into the future, despite efforts to switch their behaviour (Oliver et al., 1997). Beerli et al. (2004) concluded their study within the Argentinian retail banking industry by stating that customer satisfaction, together with switching costs, are key factors that affect loyalty.

Reichheld et al. (2000) define loyalty as the customer’s efforts through personal investment and sacrifice toward building or strengthening a relationship with a brand. Loyalty refers to a customer’s continuous support and commitment to purchasing products and services from an organisation, repeatedly. Brand loyalty is a factor of the customer’s prior experience with a product or service and this is impacted by their personal lifestyles and preferences. Loyal customers will continue to purchase goods and services from a preferred brand based on their feeling of previous encounters, regardless of convenience or price, they are willing to make the effort (Leventhal et al., 2006).

According to Dick and Basu (1994), loyalty includes the dimensions of customer behaviour and attitude, and to better understand these concepts, two types of loyalty concepts emerged:

1. *Loyalty based on inertia*, or habitual buyer behaviour, customers buy a brand out of habit and require less effort, these customers will not hesitate to switch to another brand.
2. *True brand loyalty*, is viewed as repeat purchase behaviour, customers consciously buy the same brand and display total commitment.

It is important for organisations to understand the way customers feel towards a brand, product or service. Fred Reichheld in his 2003 Harvard Business Review articles entitled '*The One Number you need to grow*' discusses the need for organisations to build brand loyalty in order to grow revenue, and thus proposed a simple loyalty measurement or Net Promoter Score (NPS). The objective of the Net Promoter Score (NPS) is to measure the extent of customer's loyalty to the brand, or the loyalty between the service provider and customer. The idea is simple and based on a single question which is, 'would you recommend this organisation, product or service to a friend, colleague or relative?'

NPS is a popular industry agnostic metric, used by management in various organisations to gauge customer loyalty by means of promoters and detractors, satisfaction and experience. Due to the simplistic yet effective nature of the Net Promoter Score, many organisations and their management have incorporated this measure into their reporting. The crux of the Net Promotor Score is to understand the amount of promoters, passives and detractors on which company has based their perception, measured on a 10 point rating scale. The result of the rating implies that either a customer is satisfied or enjoys the experience with a particular product or service thus share it with others, or they have a less than satisfactory experience and warn others. Results of the NPS are divided into three categories as shown in Table 8:

Table 8: Categories of Net Promoter Scores

0	1	2	3	4	5	6	7	8	9	10
Detractors							Passives		Promoters	
Unhappy customers trapped in a bad experience							Satisfied but unenthusiastic customers who can easily switch to competitors		Loyal enthusiasts that keep buying a brand and urge their friends and relatives to do so	

The final Net Promotor Score is calculated by subtracting the percentage number of promotors from the percentage number of detractors. The result is summarised as a score between -100 and 100 and specifies the willingness of customers to recommend an organisation's products or services to others. It is displayed as a score between 100 and -100. A Net Promoter Score that is positive is deemed to be good, and higher than 50 is excellent.

The rise in popularity of the Net Promoter Score (NPS) in retail banking is partly due to the increase in competition, both banking and non-banking, and the decreased cost of switching banks. Recent SACsi metrics stipulate that while the NPS of South African banks have remained stable, Absa grew their score by almost double from 8% to 15%. Customers have a larger variety of options and have a higher tendency to switch if they are not satisfied with their banks products and services (Fin24, 2015). Customers also have access to more public information and knowledge which has increased their expectations or demands on the banking industry, therefore making customer retention a challenge. These factors have made it imperative for banks to create superior experiences.

In this digital era, customers are constantly connected, always online and easily influenced by social recommendations and word of mouth. Previously, customers' frustrations and bad experiences with a bank were confined to their personal network; however this has changed through social media and access to various fora. Issues experienced by several customers are visible to all and can escalate quickly, resulting in reputational risk for an organisation. It is therefore important for an organisation to assess its brand loyalty and the consequent effect on customer experience.

Hypothesis 4 (H4): *Brand loyalty has a positive relationship with customer experience*

2.5 Other Customer Experience Factors

2.5.1 *Emotional basis for customer experience*

Verhoef et al. (2009) state that the relationship between customer satisfaction and longer-term behavioural intention are influenced by emotions during pre-, actual, and post consumption stages of a service encounter. Over time, customers form emotional bonds with their preferred service provider and this informs their future purchase intentions. O'Shaughnessy and O'Shaughnessy (2002) noted that emotional displays contain true self, on the basis that what people get emotional about reveals what they consider to be particularly important. According to Oliver et al. (1997), emotions lead to customers forming an attitude towards a product or service, and can be used to evaluate the customers' response to a stimulus, and act as a source of information. It plays an important role in attitude formation and changes when consuming a product. To fully leverage experience as part of a customer value proposition, organisations must manage the emotional component of experiences (Palmer, 2010).

The customer experience stems from the interaction between a customer and service provider that provokes a customer's experience. The experience is personal and implies the customer involvement at different levels (Berry et al., 2002). Banks provide customers' with essential services to improve and support their lifestyles, e.g. buying a house or car. These decisions are emotional for customers' and require a trusting relationship, and effective execution of services (quality) to satisfy their needs.

2.5.2 *Sequence*

One of the core traits of a service is its intangibility. Processes enable services, and the way these process and stimuli are sequenced affects the customer's experience with the service. Gentile et al. (2007) suggest that for organisations to compete on experience, they need to understand the customer journey and subsequently design a series of functional and emotional clues that meet customers' emotional needs and expectations. Customers form perceptions based on the context in which the service is consumed.

According to Berry et al. (2002) the two categories of extraordinary customer experience include flow and peak experiences. They define these concepts as:

1. Flow is the total immersion and mastery of an activity and is achieved through intense focus and engagement. Flow motivates people and is a combination of performance and experience wrapped in a positive and package.
2. Peak experience is a less deliberate process, originates from the outside and takes customers to unexpected emotional heights.

Mechanisms for enhancing stimuli are to treat service encounters as theatre and sequenced like a story where the final stage in the service process dominates the customer's mind and summarises their entire experience Schouten et al. (2007) state that services should improve over time organisations need to be able to sequence their services in a way that makes a more memorable customer experience (Gilmore & Pine, 2002). Organisations seeking to design and manage experiences might apply a metaphor of stage play, such that the total customer experience equals the combined effect of every element of the play (Gilmore & Pine, 2002).

Experiences can be staged with reference to Ding et al. (2009)'s two dimensions of customer experiences. The first dimension involves customers playing a key role in the experience and the second refers to the connection or environmental relationship that the customers form with an event. The way that a service is executed is a key component when customers determine their satisfaction with a service, thus making it important to understand this relationship.

2.5.3 *Attitude adjustment over time*

Gilmore and Pine (2002) state that it is critical to recognise that a customer experience is not limited to the customer's interaction in an environment, but is impacted by a combination of experiences that evolve over time.

The customer's attitude and behaviour change over time and it is important to understand how this impacts on the customer's experience. Verhoef et al. (2009) argue that buyers' re-purchase intentions are influenced by their attitude over time and not by a single interaction. According to Cowley et al. (2005) when customers want to engage in behaviour, but are not sure, they remember a more positive retrospective evaluation of the initial experience. The positive evaluation is the result of strategically selecting the most pleasant moment associated with them.

According to Puccinelli et al. (2009), memory refers to the acquisition, storage and retrieval of information which influences the evaluation, purchase and post purchase stages of consumption, therefore models of attitudes must include the impacts of attitude changes over time to have an effect. People change over time, based on circumstances and various life experiences, thus changing how they view products and services. This is an important factor to take into consideration when devising experiences thus what is applicable now may not be in the future.

2.6 Conclusion of Literature Review

The literature review briefly describes the background on the South African retail banking industry, detailing its composition and current customer satisfaction measurements thereafter describing the evolution into the experience economy (Christopher et al., 1991).

The definitions and concepts of customer experience are defined through referencing of relevant literature. Customer experience is defined by Meyer and Schwager (2007)'s customer's internal and subjective response to any direct or indirect contact with an organisation. Customer experiences are impacted by various factors, both internal and external (Verhoef et al., 2009) and based on these factors the customer forms an attitude and behaviour towards the service provider (Palmer, 2010). Berry et al. (2002) suggest that companies compete best when they combine functional and emotional benefits in their offerings because it is difficult for competitors to copy.

Through evaluation of the existing literature on customer experience the following hypothesis emerge for further study and analysis.

2.6.1 *Hypothesis 1 (H1):*

Higher levels of service quality have a positive influence on customer experience

As discussed in the literature review, service quality is one of the most important determinants of customer experience. The first hypothesis aims to quantify the relationship that exists between service quality factors on customer experience. This relationship is important to understand for organisations aiming to gain sustainable competitive edge in a highly competitive market place.

2.6.2 *Hypothesis 2 (H2):*

Higher levels of customer satisfaction have a positive influence on customer experience

Customer satisfaction shapes the customer attitude and behaviour towards a product and/or service and thus is a key determinant of customer experience. This effect needs to be understood and tested in further detail within the South African retail banking sector.

2.6.3 *Hypothesis 3 (H3):*

Strong brand relationships have a positive influence on customer experience

Customers form emotional relationships with brands through value, trust, personality alignment, sense of self and image over various interactions. This relationship is described in the earlier sections as an important component in decision-making. The link between relationships is important for organisations to understand because this will enable them to enhance their marketing strategies.

2.6.1 *Hypothesis 4 (H4):*

Brand loyalty has a positive influence on customer experience.

Customers build relationships with brands and become loyal over time. This is an important factor to understand within retail banking because customers interact with banking products and services over time.

Figure 9 graphically summarises the predictors of customer experience that are tested within the context of this study.

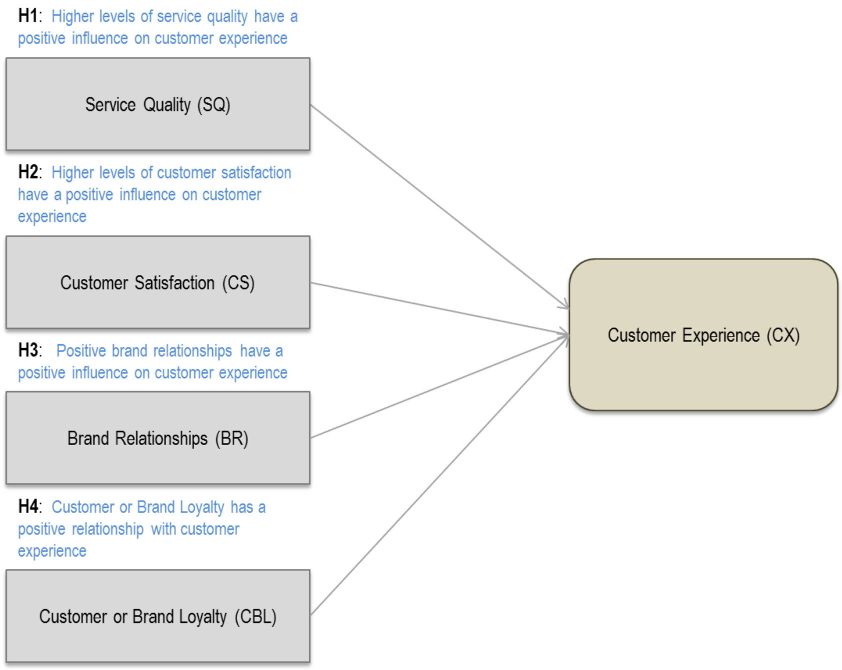

Figure 9: Customer Experience Hypotheses and Research Model

CHAPTER 3. RESEARCH METHODOLOGY

Chapter 3 summarises the research methodology that was used to measure and understand the effects of service quality, customer satisfaction, brand relationships and customer loyalty on customer experience. Firstly, this chapter unpacks the methodology choice and reasons, followed by specifics on the instrument used, population, and sample within this study. Thereafter, the chapter details the data collection, analysis and interpretation techniques. Finally, the chapter concludes with a discussion on reliability, validity and demographics of this study.

3.1 Research methodology / paradigm

Previous literature on customer experience has focused mostly on understanding, building and conceptualising the theory and relating ideas, with little empirical evidence to support them. Therefore, the foundation of this study is quantitative in nature, with a positivist interpretation, to statistically understand and infer the relationships between customer experience and customer experience factors. The quantitative research method is associated to the post-positivist worldview, where the primary philosophy is based on being able to measure outcomes scientifically (Creswell, 2013).

Quantitative focused studies make use of data and statistical techniques to empirically test relationships between variables (Cornford & Smithson, 1996) and according to Golafshani (2003), the researcher is able to use his/her deep knowledge within the specified field of study to identify and formulate testable hypotheses and contextualise the results.

This primary objective of this study is to test the relationship between and quantify the impact of service quality, customer satisfaction, brand relationships and Net Promoter Scores on customer experience. The relationships allow the researcher to make certain inferences for the predictor ability of the abovementioned factors and customer experience.

3.2 Research Design

The aim of this research was to find empirical evidence supporting the ability for service quality, customer satisfaction, brand relationships and Net Promoter score to predict customer experience, thus a quantitative design method was applied. Data on the predictors were collected using an online survey, where respondents were sent a link to the survey. The results were coded into Microsoft Excel to facilitate analysis and interpret data and locate trends, attitudes and opinions within the population (Creswell, 2013).

A larger sample size was preferred in order to gain a deeper understanding, improve deduction ability and generalise findings. A close-ended questionnaire was chosen for its simplicity, speed of survey completion and ease of data collection, from a wider variety of respondents. Table 9 highlights the key advantages and disadvantages for the chosen research design method.

Table 9: Advantages and Disadvantages of the Chosen Research Method

	Advantages	Disadvantages
1	Practical for collection of a bigger data sample	Questionnaires might not be able to capture certain information about the customer- i.e. changes of emotions, behavior, feelings etc.
2	Large amounts of information can be collected from a large number of people in a short period of time	The questions may be misinterpreted by the respondent
3	Can be carried out by the researcher or by any number of people with limited affect to its validity and reliability	Possibly lacks validity, if the instrument is not correctly tested
4	The results of the questionnaires can be easily quantified, using statistical tools	No way to judge accuracy and truthfulness of responses
5	Can be analyzed more 'scientifically' and objectively than other forms of research	There is no way of telling how much thought a respondent has put in
6	Data can be compared during analysis	Researcher bias in questionnaire design
7	Data can be used to test hypotheses	

3.3 Population and sample

Population and sample are vital factors for consideration when collecting data because it improves the ability to understand and generalise results. The following section highlights the population, sample and sampling methods within the context of this research study.

3.3.1 *Population*

The Finscope (2013) survey identified an average increase in South Africa's formally banked population from 2012 to 2013. They estimated that 75% of South African adults above the age of 16 use at least one or more banking products or services, e.g. transactional accounts, savings and/or credit. The required population for this research includes any retail banking customer that actively uses their banking products and services. The percentage number of banked customers highlighted by the Finscope (2013) survey allowed the researcher to collect data by means of a convenience sample.

Customers that belong to business and/or corporate banking segments were excluded from the study because they require complex banking products, services and experiences. They utilise different banking products and services and have unique business needs, different from retail banking customers.

3.3.2 *Sample and sampling method*

This research study used a convenience sampling method to collect data. The choice of method was informed by the results of the Finscope (2013) survey which stipulated that 75% of the South African population is formally banked, thereby increased the probability of reaching the appropriate sample. Data required on the constructs included in the study (service quality, customer satisfaction, brand relationships, net promoter score and customer experience) was collected by administering an electronic questionnaire. The questions were coded into an online survey tool (Qualtrics). A link to the questionnaire was sent out via email to potential respondents.

Respondents were asked to complete the survey and upon completion forward to colleagues, friends and family. This method created a snowball effect and increased the number of total responses. The research aimed to collect between the range of 200-250 responses, however only 151 completed responses were received. The lower response rate can be attributed to the time of survey administration and survey dropout rate (25%). Although the ideal number of responses was not achieved, the study's validity and reliability still applies. Table 10 highlights the profile and number of responses related to this study.

Table 10: Profile of Respondents

Description of respondent type	**Number sampled**
Retail Banking customers in South Africa	*151*

3.4 The research instrument

Ding et al. (2009) suggest the feasibility of using a dual-layer framework including both physical and relational components in a service system to analyse customer experience. A close-ended questionnaire was designed and pre-tested specifically for this study which included items from existing best practice instruments (e.g. SERVQUAL, EXQ) to collect data.

The questionnaire collected data pertaining to the following elements:

1. **Demographic information:** Demographic information was collected on factors such as age, gender, primary bank, years with bank, income and banking products used.

2. **Service Quality, Customer Satisfaction and Customer experience**
   There are various measures used to collect customer data on service quality, customer satisfaction, brand relationships and customer experience. For the purposes of this research study, existing measures were amended to fit the specifics of the industry and hypotheses presented. Details on existing measures used are summarised below.

   Service Quality (SERVQUAL):
   The famous model developed by Parasuraman et al. (1985) measures service quality from the viewpoint of the customer and was found to be a suitable instrument to measure bank service quality (Siddiqi, 2011). The SERVQUAL model includes factors that determine service quality, including reliability, assurance, empathy, responsiveness and tangibles.

Many organisations, agnostic of industry, use SERVQUAL as a standard to measure, understand and manage service quality. The authors highlight some limitations with the model, such as developing a standardised measure of consumers' service perceptions and testing the validity and reliability of the measures, because of other impacting factors. For the purpose of this research study, questions that were most applicable to the retail banking context were amended and used (see appendix A for details).

Customer Satisfaction (NPS and SAcsi):

The SERVQUAL questionnaire (appendix D) includes measures pertaining to customer satisfaction, these were updated to be more specific to the customer satisfaction and the retail banking sector in South Africa.

South African Customer Satisfaction Index (SAcsi): The SAcsi score is a standardised score used to measure customer expectation, customer loyalty, perceived value and complaints within the South African banking industry. This score was used to benchmark and test the applicability of the findings within this study.

Customer Experience:

The Customer Service Experience (EXQ) model was recently developed by Klaus and Maklan (2013) with the primary aim to determine the key impacting factors on customer experience. The model measures customer experience through customer satisfaction, loyalty and word-of-mouth behaviour. According to the authors, EXQ (see appendix E) should be used in conjunction with other traditional measuring tools such as NPS and CSI to derive greater value. For the purpose of this study only the most applicable items were chosen and adapted for fit and suitability.

Net Promoter Score (NPS):

The NPS is a popular measurement used by many organisations to gain insights into customer satisfaction and loyalty. NPS consists of a single question that asks the customer if they will recommend the product or service to friend or relative. The sheer simplicity of this measure has made it an industry norm.

3. Questions specific to this research study were intuitively designed and constructed to understand the customers' feeling or relationship to their banking brand.

3.5 Procedure for data collection

Online surveys were used to collect responses from retail banking customers on service quality, customer satisfaction, brand relationships, net promoter score and customer experience.

The survey was first pre-tested with 15 respondents. The pre-test served as a means to test the survey content and timing. Feedback from the test respondents was included before administering the final survey. The final survey was emailed to a group of people, who were asked to forward it on to other potential respondents (diagrammatically illustrated in figure 10).

Figure 10: Data Collection Procedure

3.6 Data analysis and interpretation

After closing the survey, the response data was extracted and exported into Microsoft Excel to assist with data cleansing. Missing and incomplete data were removed and the final data set transferred into SAS for statistical analysis. Basic analysis and descriptive statistics were used to gain a deeper understanding into each demographic and construct. The demographic data were used to interpret the specifics of the sample and locate trends and insights. Before conducting the statistical analysis, tests for reliability and validity was performed on the responses.

Correlation analysis: A correlation model was used to determine the extent of the relationship between the variables in the study. It is able to determine cause-and-effect, but serves as a good measure for impact.

Regression analysis: Regression analysis was used to understand the cause and effect of the dependent variables (service quality, customer satisfaction, brand relationships, and brand loyalty) on the dependent variable (customer experience). After conducting a regression analysis of all variables, a stepwise regression was done to create a more statistical valid model by adding and removing variables with less impact.

3.7 Limitations of the study

Customer experience is an abstract construct that is influenced by a wide variety of factors. Due to this fact many limitations exist and they include:

- Palmer (2010) stated that problems in measurement can be incurred due to the non-linearity of customer experience. Customers experience services differently and it changes over time, which makes data collection complex.
- Experiences are influenced by other factors that might impact on the results and relationships for example, channel, and/or other people's influence.
- There is a possibility that the data collected is skewed toward a particular segment or bank type.
- Lack of validity of customer responses.
- There are currently many variants on instruments used to collect customer satisfaction data and some questions still need to be defined, thus questioning the validity and reliability of the instrument
- Quality of data received could be compromised due to the length of the questionnaire

- Survey responses elicit customer emotions that might influence the responses from customers.
- Sensitivity of information required in survey could hinder accurate and honest responses.
- The population is based on a convenience sample and voluntary participation, which may not be representative of the population.
- Some questionnaires would have been completed without the presence of the researchers, thus lacking the ability for the researcher to clarify questions.

3.8 Validity and reliability

Reliability and consistency of results are essential to consider for this research study. Validity is defined by Black and Champion (1976) cited by Winter (2000, p. 4) as: "'the measure that an instrument measures what it is supposed to'". The external validity, internal validity and reliability of the research have been highlighted in the following sections.

3.8.1 *External validity*

External validity refers to the degree by which the findings from the research can be generalised and applied to other populations (Winter, 2000). According to Creswell (2013), external validity threats arise when researchers draw incorrect inferences from the sample data. Depending on the demographics, sample size and split achieved i.e. number of responses received from the different banks; the results could be generalisable to experiences with the South African retail banking sector. However, customer experiences differ between industries, customer segments and banking channels used, thus making it difficult to generalise across the entire population and other industries.

3.8.2 *Internal validity*

Internal validity refers to the consistency of the data collection process (Golafshani, 2003) and whether the results obtained by research are caused by the variables within the study and not by other unidentified factors (Winter, 2000). Conforming to the theoretically derived relationships from previous literature and using tested survey questions from previous empirical studies will insure internal validity.

The focus of this research is limited to testing the relationship between service quality and satisfaction, and brand and interpersonal relationships on customer experience, including sequence, emotion and perception over time, however there remains the possibility of other factors affecting responses, such as mood and state of mind when answering questions which are not included in this study. These other factors were minimised by the design of the questionnaire using existing literature and validated survey questions.

3.8.3 *Reliability*

Reliability refers to the ability of the study to be repeatable. According to the Oklahoma State University website, reliability refers to the extent of which an instrument can generate the same results on repeated trials, i.e. the consistency of results. Reliability of the results will be informed by the sample size, and this research study aimed to collect a comprehensive number of responses.

Cronbach alpha tests were performed on the data to determine how well multiple items measure a single construct. This test assisted the researcher to determine if the reliability measures improved when certain items were removed.

The reliability of the study was improved by:

1. Administering the same questionnaire to all participants, thus increasing consistency,
2. Aligning the data collection methods across all participants by using the same structure and question format, improving reliability, and
3. Minimising coding and capturing errors by using the same survey design.

3.9 Demographic profile of respondents

This section summarises the profile of the survey sample (134 respondents) according to demographic attributes i.e. gender, age, primary bank account, and number of years with bank). The sample splits are illustrated with percentage breakdown of each characteristic in with a series of graphs.

3.9.1 *Gender*

The sample consisted of slightly more female (56%) than male (44%) respondents as depicted in Figure 11.

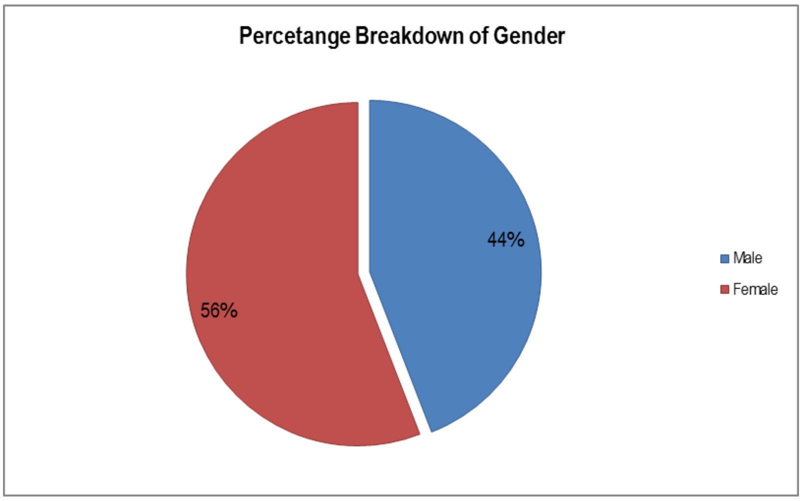

Figure 11: Profile by Gender

3.9.2 *Age*

The sample was segmented into five age categories (figure 12), namely younger than 20, between 21 and 30, between 31 and 40, between 41 and 50 and older than 51. The majority of the sample were between the ages of 21 and 41 (82%) and only 1% younger than 20.

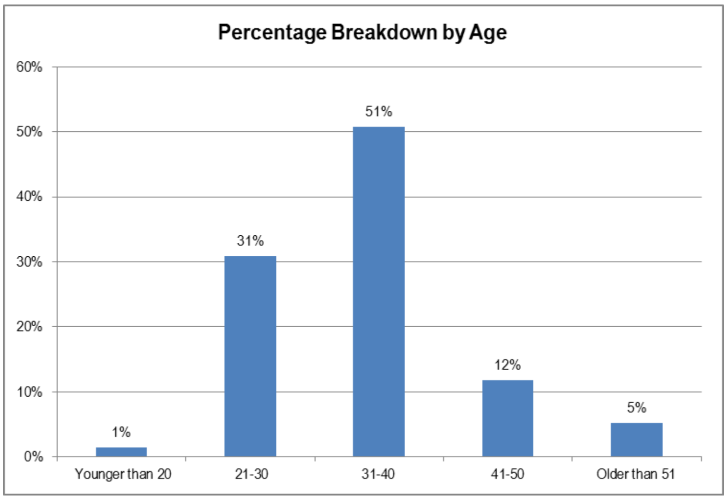

Figure 12: Profile by Age

3.9.3 *Primary Bank Account*

Figure 13 segments the respondents by their primary bank. A large percentage of the sample bank with Standard Bank (38%), followed by First National Bank (28%). The least number of respondents bank with Capitec Bank and Investec, 1% and 2% respectively.

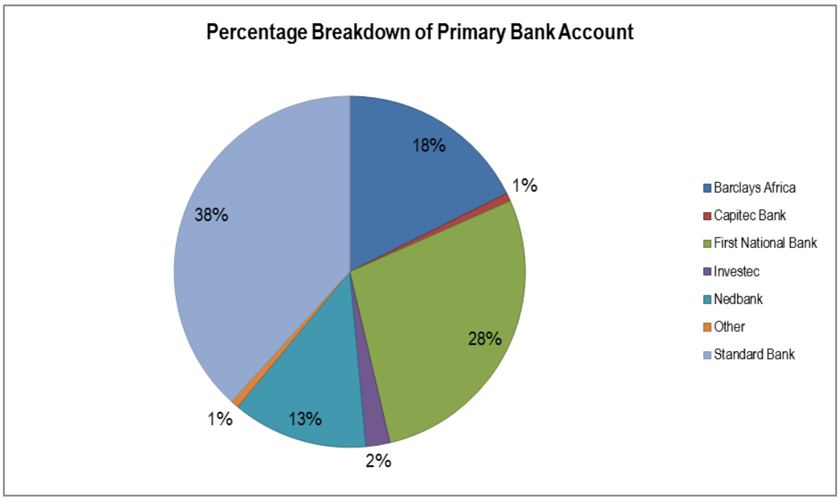

Figure 13: Percentage Breakdown of Primary Bank Account

3.9.4 *Time with Bank*

Respondents were asked how long they have been with their current bank. The results (figure 14) depicted that 84% of respondents has been with their current bank for more than 4 years and only 16% under 3 years.

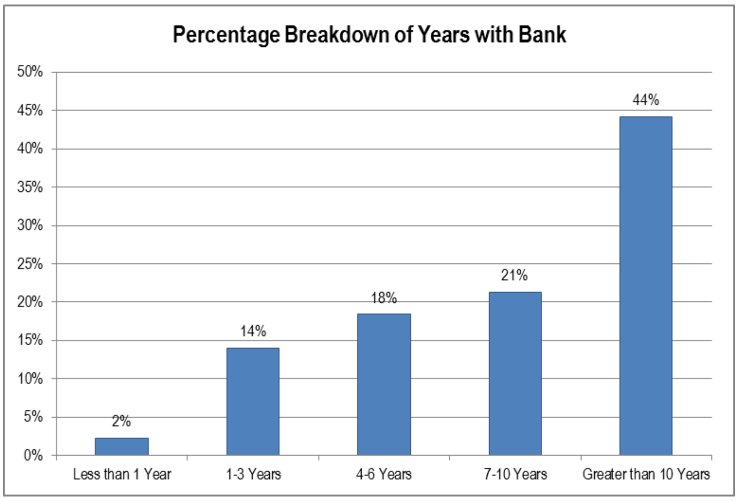

Figure 14: Percentage Breakdown of Time with Bank

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

Chapter 4 presents the results of the analysis conducted within the context of this study i.e. determining the predictors of customer experience within retail banking in South Africa. The analysis aimed to provide empirical evidence and insights into the relationships between service quality (SQ), customer satisfaction (CS), brand relationships (BR), brand loyalty (BL), measured by net promoter score (NPS) and customer experience (CX). Other factors, such as gender and age were included in the regression analysis to determine their impact in determining a predictor model of customer experience.

Responses from the survey were first tested for completeness, i.e. properly completed questionnaires. Responses that were incomplete or missing large portions of critical data were removed from the sample. After checking for missing data, descriptive statistics on each of the central variables were assessed. Thirdly, a correlation analysis was conducted in order to check for basic associations between the independent variables (IV).

The analysis was concluded with a multiple and stepwise regression, with customer experience being the dependant variable (DV), and service quality, customer satisfaction, brand relationships, Net Promoter Score (NPS), gender and age being the independent variables (IV). The hypothesis tested and the associated analysis is shown in Table 11.

Table 11: Hypothesis Summary and Associated Analysis

Hypothesis	**Associated Analysis**
Customer experience is positively associated with: a. *Service quality (SQ),* b. *Customer satisfaction (CS)* c. *Brand relationships (BR), and* d. *Net Promotor Score (NPS)*	Descriptive statistics Correlation analysis Linear regression Stepwise regression

4.2 Missing Data

Data required for this study were collected by administering a survey via an online survey tool called Qualtrics. Once the survey was closed, responses were exported into Microsoft Excel. Missing and incomplete data has the ability to hinder the accuracy of statistical analysis; therefore, some basic checks were conducted to ensure data completeness and accuracy. Incomplete survey responses were removed from the sample.

170 survey responses were received for the survey, 36 (21%) of which were incomplete or unfinished. The incomplete responses were missing important data which could not be salvaged and had to be removed from the sample and analysis. A breakdown of the survey responses is summarised in Table 12.

Table 12: Survey Response Summary

Total Respondents	Complete	Incomplete
170	134 *(79%)*	36 *(21%)*

4.3 Descriptive Statistics

The following section illustrates the descriptive statistics for all the variables under consideration i.e. SQ, CS, BR, BR and CX.

4.3.1 *Frequency of Variables*

Survey respondents rated the following variables i.e. SQ, CS, brand BR and CX on a 7 point Likert scale. Majority of the responses (70% to 75%) for all constructs ranged from ‘somewhat agree’ to ‘strongly agree’, following by ‘neither agree nor disagree’ (15%-25%).

The distribution and frequency statistics are summarised into three categories, that is disagree (rating 1-3), neither agree or disagree (rating 4), and agree (rating 5-7), shown in table 13 and graphically illustrated in Appendix D.

Table 13: Summary Distribution of Response Rrequencies

Variable	Disagree (1-3)	Neither Agree nor Disagree (4)	Agree (5-7)
SQ	4%	21%	75%
CS	10%	15%	75%
BR	9%	20%	71%
CX	5%	25%	70%

** SQ= Service Quality, CS= Customer Satisfaction, BR= Brand Relationships, NPS= Net Promoter Score & CX= Customer Experience

NPS is rated on a scale of 1-10, where scores are categorised as follows:

- Detractors (1-6),
- Passives (7-8), and
- Promoters (9-10).

A high percentage of responses were either passives or detractors. Table 14 categorises the NPS responses into the percentage of promoters, passives and detractors.

Table 14: Net Promoter Score (NPS) Categorisation Summary

Variable	Percent (%)
Promoters (9-10)	18%
Passives (7-8)	41%
Detractors (0-6)	41%

4.3.2 *Instrument Reliability (Cronbach Alpha)*

A Cronbach Alpha test, which tests how closely related a set of items are as a group, was conducted to measure the internal consistency and relatedness of the variables within this study.

The Cronbach alpha scores, illustrated in table 15, for all variables i.e. SQ, CS, BR, and NPS are above 0.65.

Table 15: Cronbach Alpha

Variable	SQ	CS	BR	NPS
Raw	0.862231	0.896086	0.864298	0.818435
Standardised	0.865708	0.902379	0.874224	0.817088

** SQ= Service Quality, CS= Customer Satisfaction, BR= Brand Relationships, NPS= Net Promoter Score & CX= Customer Experience

4.3.3 *Correlation*

Ordinal data within this study was collected using a 7 point Likert scale. Basic associations between variables were tested using the Pearson correlation. The correlations coefficients between all variable were above 0.6. Results of the correlation of all variables are shown in Table 16.

Table 16: Pearson Correlation

	SQ	CS	BR	NPS
SQ	1.00000	0.84394	0.69747	0.67795
CS	0.84394	1.00000	0.74572	0.75947
BR	0.69747	0.74572	1.00000	0.73248
NPS	0.67795	0.75947	0.73248	1.00000

** SQ= Service Quality, CS= Customer Satisfaction, BR= Brand Relationships, NPS= Net Promoter Score & CX= Customer Experience

4.3.4 *Regression*

A basic multiple regression analysis was run for all predictors of customer experience, being the dependant variable (DV). The independent variables (IV) were SQ, CS, BR, and BL measured by NPS, age and gender. The results of the basic regression are shown in Table 17. The relationship between customer experience (the DV) and the independent variables (IV) namely; brand relationships, age and gender were found to be insignificant (with p-values >0.05). Consequently, a stepwise regression analysis was undertaken to achieve greater focus and refinement with regard to the relationships found to be significant (from the basic regression), that being, SQ, CS and NPV. The results of the stepwise regression are captured in Table 18.

The model R^2 is equal to 0.75 with an adjusted R^2 value of 0.74. The p-value is less than 0.001 at an ANOVA F statistic of 65.71 (showing data is sufficiently fitting the line with 99% probability). The results of the regression are shown in Table 17.

Table 17: Regression results

Root MSE	0.52941	**R-Square**	0.7564
Dependent Mean	4.86034	**Adj. R-Squared**	0.7449
Coeff Var.	10.89243		
Root MSE	0.52941		

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**Pr > F**
Model	6	110.50585	18.41764	65.71	<.0001
Error	127	35.59482	0.28027		
Corrected Total	133	146.10067			

The p-values of service quality, customer satisfaction and NPS are less than 0.01 and greater than 0.05 for brand relationships (BR), gender expressed as ‘male’ and age represented by ‘young’.

Parameter Estimates						
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**Pr > |t|**
Intercept	Intercept	1	0.97901	0.23477	4.17	<.0001
SQ		1	0.32997	0.07857	4.20	<.0001
CS		1	0.25467	0.08152	3.12	0.0022
BR		1	0.06868	0.06770	1.01	0.3122
NPS	NPS	1	0.09499	0.03365	2.82	0.0055
Male		1	-0.06453	0.09732	-0.66	0.5085
Young		1	0.18299	0.10191	1.80	0.0749

4.3.5 *Stepwise Regression*

After conducting an initial basic regression analysis, a stepwise regression analysis method was used to build a customer experience model through the process of adding and deleting variables based on their *t*-statistic.

From the results above, BR, gender and age were found to be insignificant and thus eliminated by the stepwise regression.

The model R^2 is equal to 0.7457 with an adjusted R^2 value of 0.7399. The p-value is less than 0.001 at an ANOVA F statistic of 127.1 (showing data is sufficiently fitting the line with 99% probability). The results of the regression are shown in table 18.

Table 18: Stepwise Regression

Root MSE	0.53455
Dependent Mean	4.86034
R-Square	0.7457
Adj R-Sq	0.7399
AIC	-27.91692
AICC	-27.44817
SBC	-152.32556

Analysis of Variance					
Source	**DF**	**Sum of Squares**	**Mean Square**	**F Value**	**Pr > F**
Model	3	108.95387	36.31796	127.10	<.0001
Error	130	37.14680	0.28574		
Corrected Total	133	146.10067			

The p-values of SQ, CS and NPS are less than 0.01. It can be observed that the parameter estimates for SQ and CS are similar (approximately 0.3) and that of NPS is lower (0.1).

Parameter Estimates						
Variable	**Label**	**DF**	**Parameter Estimate**	**Standard Error**	**t Value**	**Pr > |t|**
Intercept	Intercept	1	1.076297	0.213079	5.05	<.0001
NPS		1	0.106664	0.030768	3.47	0.0007
SQ		1	0.321073	0.077551	4.14	<.0001
CS		1	0.300013	0.078911	3.80	0.0002

The diagnostics indicators suggest no major assumptions violations except for multicollinearity, which is expected due to the nature of the interrelationships and dependencies between the constructs of the IV's. Theory suggests correlation between all these variables as they are related to a customer's perception before, during and after any service encounter. The R^2 figure is 0.7564, which implies that a significant 75.64 of the data is accounted for by the regression line. This provides assurance that the results from the regression analysis are valid and can be confidently analysed. An in-depth analysis of the regression model diagnostics and fit are detailed in Appendix C.

4.4 Summary of the results

This research aimed to understand and qualify the relationships between the predictors of customer experience within four sub problems:

1. Determine the impact of service quality on customer experience
2. Determine the impact of customer satisfaction on customer experience
3. Identify the effects of brand relationships on customer experience
4. Identify the relationship between NPS and customer experience

The following hypotheses were analysed and the results summarised in table 19.

Table 19: Summary of Results

	Hypothesis	Hypothesis Supported
H1	Service quality has a positive influence on customer experience	✓
H2	Customer satisfaction has a positive influence on customer experience	✓
H3	Brand relationships has a positive influence on customer experience	✗
H4	Brand loyalty has an effect on customer experience	✓

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

The findings pertaining to this study are presented in Chapter 4 and include descriptive, correlation and statistical tests conducted on the survey data. The objective of this chapter is an in-depth analytical discussion of the data. An exploratory analysis of relationships between the predictors and CX, as well as reference to literature reveals valuable Implications for the banking industry. The chapter is outlined as follows:

- Descriptive statistics, reliability, and correlation between predictors, and
- Discussion of findings and implications to the banking industry.

Table 20 summarises the results of various statistical analysis conducted.

Table 20: Brief Summary of Results

Statistic	Result
R^2 (adjusted R^2)	0.74 (0.73)
ANNOVA F (p-value)	127.1 (<0.01)
Pearson correlation and Cronbach Alpha	• Strong positive correlations between all variables (<60%) • High reliability scores (Cronbach alpha > 0.8) for all constructs.

5.2 Descriptive Statistics and Correlation

This section discusses the findings specifically related to descriptive statistics on each of the predictor constructs tested and correlations between items as illustrated in chapter 4.

5.2.1 *Descriptive Statistics*

Table 13 summarises the spread of responses along a seven point scale for each construct. The constructs detailed thought provoking questions aligned to the predictors SQ, CS, BR, NPS and the independent variable CX. The results were promising in that above 70% of respondents viewed their existing services and practices from their respective banks quite positively. SQ and CS were most favourable with 75% of respondents expressing agreement. On average, 20% of respondents chose a neutral option and 7% showed some negativity.

SQ rates highly within the sample amongst all factors, namely, convenience in both channels and channel services and physical attributes of the banks facilities. This provides interesting insight because customers have rated more convenient online facilities for everyday simple tasks and access to physical facilities for complex services high which imply that an increasing number of customers are looking for online value-added services.

The percentage of respondents responding positively to CS factors (75%) shows a close alignment to the Finscope (2013) average banking industry customer satisfaction scores in South Africa (SAcsi score), which is approximately 76%. This implies that the majority of respondents are relatively happy with the service they receive from their banks. The main drivers of positive customer satisfaction scores can be attributed to their bank's reputation and image and the willingness for customers to use their bank's products in the future.

CX has the lowest number of positive responses at 70%, with a relatively high neutral score at 25%. The most important factors relating to CX was found to be flexibility in products and services, bank expertise and support, and keeping customers informed about details of their services. The results have shown that while customers are not dissatisfied as such, banks can certainly improve in this aspect.

The aggregated NPS score, which is the extent to which a respondent would recommend a certain company, product or service to his/her friends, relatives or colleagues is not high (-22), which is interesting when compared to

CS. The results imply in the context of CS, that while customers perceive their banking services as promising, they will not necessarily recommend their bank. This negative reaction, as revealed by the findings within this sample, can be attributed to a number of factors such as the banking fraternity not knowing their customers well enough, poor service recovery when things go wrong, disjointed customer experience across channels and banking convenience (operating hours).

The sample was evenly split from a gender perspective, with 56% of respondents being female and 44% male, providing a well-balanced point of view. The majority of the sample were categorised between the ages of 21 and 41. This provides an interesting dynamic to the study because this age range is synonymous with high usage of technology and their need for personalised, convenient customer service.

In summary, the section above gives insight into the collected sample data and possible reasoning behind construct scores. The following section focuses on the statistical analysis pertaining to the data set, and the implications thereof.

5.2.1 *Reliability (Cronbach Alpha)*

The instrument administered for this survey used a number of different questions to collect data on each of the constructs, which include SQ, CS, BR and CX. Cronbach Alpha is used to test how closely related a set of items are as a group. This assessment was used to measure the instrument reliability, internal consistency and relatedness of the variables within the study, where a high value for alpha corresponds to close correlation of the item scales to the construct.

The Cronbach alpha scores, illustrated in table 15, for all variables i.e. SQ, CS, BR, and NPS are above 0.65, therefore implying that the items used to measure each construct are reliable and related. This allows for aggregation of individual scale item scores into a single measure for each construct.

5.2.2 *Correlation*

Positive Cronbach Alpha scores allowed each scale to be aggregated into a single score thus making the data scale continuous, thus the ability to run a Pearson correlation to assess basic associations between all variables. Results of the correlation of all variables are shown in Table 16.

Correlations greater than >0.80 shows strong evidence of association, and those between 0.5-0.8 show good evidence of association (Lee, 2015). From table 16 there is a strong statistical association between SQ and CS, noting a high correlation value 0.84. This is expected because the two variables are closely related in theory. SQ is an expectation of the required service whereas CS is the perception after the service was performed. Both variables are included in the regression analysis, as the effect of each variable's impact on CX was being investigated.

SQ and CS have long been recognised as important factors for organisations to effectively manage to remain competitive in the market and derive profits. SQ decisions are made based on superiority of services, whereas satisfaction decisions are for a particular interaction (Parasuraman et al., 1988). From the arguments above, it can be implied that the customer's assessment of satisfaction with a product or service is dependent on the quality of product or service they are encountering. The findings in this study revealed a high correlation (approximately 85%) between SQ and CS, which is in line with Bansal and Taylor (1997), who found a correlation of 96% between the same constructs. Siddiqi (2011) conducted a similar study specific to retail banks in Bangladesh with comparable results where SQ factors were found to be positively related to customer satisfaction.

Considering the concepts along a hypothetical timeline, SQ precedes and occurs during service consumption. The customer initially forms a perception of the expected service level, then after consuming the service, is either satisfied or dissatisfied. Bagozzi (1992) defined a model that suggests the initial service evaluation leads to an emotional reaction or satisfaction that drives behaviour and repeat consumption. Neal (1999) extends on the above concept by stating that satisfaction is the resultant attitude once the customer assesses the difference between their perception of a service and the actual service. Previous studies have proposed and highlighted that SQ positively influences CS (Parasuraman et al., 1985; Yee et al., 2010), thus emphasising the link between the two concepts.

Studies have shown that SQ and CS display similarities, are closely related, and display a causal relationship, however in the retail banking industry they are viewed as distinct measures (Jamal & Naser, 2002; Oliver et al., 1997; Siddiqi, 2011). Satisfaction is a short-term, service or transaction specific outcome whereas service quality is an attitude formed by a long-term, complete evaluation of performance (Bateson & Hoffman, 1997). Meyer and Schwager (2007) highlight that CS is different from SQ in that it measures the gap or net result between expectations and the actual service. This study has taken direction from other retail banking studies where SQ and CS has been dealt with independently.

The correlation between SQ and CS within this study is congruent with other research in the services marketing field. The significance of this in South African retail banking is important to note because banking is primarily services-driven and customers have certain expectations of their banks. Banking customers are seeking easy and convenient services, efficient support processes and constant communication while navigating various channels.

NPS is a single measure that is commonly used to test 'ultimate customer satisfaction' and loyalty, based on a single question on recommending a product or service to friends and family. NPS displays a good evidence of correlation with SQ, CS and BR, all greater than 65%. This relationship implies that if customers are satisfied with products and services; it has an impact on the strength of the relationship and informs their loyalty to a brand.

The positive associations found between SQ, CS and BL in this study of South African retail banks is supported by three other independent retail banking studies conducted in Bangladesh, Malaysia and Malta (Caruana, 2002; Kumar et al., 2009; Siddiqi, 2011). The results of each of these studies found that service quality factors positively influence customer satisfaction and customer satisfaction is positively correlated to loyalty.

5.3 Discussion Pertaining to Hypothesis 1

Higher levels of service quality have a positive influence on customer experience.

Existing literature in services marketing define service quality as the expected level of performance customers require with any interaction with an organisation, product or service (Palmer, 2010), and highlights the gap between the customers perception and expectation (Zeithaml et al., 1993). Expectations refer to the customer's prediction of a particular service offering, whereas customer experience is the customer's response toward an organisation, product or service throughout (pre-, during and post-) the service encounter, over a period of time (Meyer & Schwager, 2007).

Services are inherently intangible and result in the transfer of value or perceived value rather than physical goods to customers, thus emphasising the importance of quality in effective service delivery. Quality includes all the features and characteristics of a service that are able to satisfy customer needs and deliver value (Kotler & Keller, 2011). Due to the intangibility of services, customers evaluate quality through characteristics such as reliability, assurance, appearance, empathy and responsiveness (Zeithaml et al., 1993), throughout the production, outcome and delivery processes (Siddiqi, 2011). The SERVQUAL model developed by Parasuraman et al. (1988) defines a set of questions that measure SQ ratings of an organisations products and services. For this study a subset of these questions from each factor was used to gain insights into the level of SQ within South African retail banking.

5.3.1 *Relationship between SQ and CX in Retail Banking*

The research findings from the regression analysis suggest a positive, moderate relationship between SQ and CX, thus supporting hypothesis H1.

Referring to Table 9, the p-value associated with SQ is less than 0.001, which implies that at a confidence level of 99%, there exists a relationship between SQ and CX.

Edited or standardised regression slopes allow for a direct comparison of variables with values from 0.30 to 0.49 representing moderate associations (Lee, 2015). The results suggest a moderate association between SQ and CX (coefficient = 0.32). The magnitude of SQ in relation to CX is 0.32, which implies that for a (one) category increase in SQ there will be a theoretical 0.32 increase in CX. Further, the coefficient is positive which indicates a directly proportional or positive relationship between the variables. This is extremely promising in that banks can enhance a customer's experience by improving SQ. This observation supports hypothesis H1, and confirms the proposition that SQ is a predicator of CX.

Respondents were asked to rate SQ on a 7-point Likert scale, ranging from strongly disagree to strongly agree, on factors such as banking convenience, physical channel appearance, service reliability, on-time service delivery, employee helpfulness and customer expectations. Berry et al. (2002) highlight three clues in which customers' group experiences namely: functional, mechanical and humanic. The authors above state that functional clues are specific to quality and reliability, mechanical clues relate to the physical representation of intangible services, for example the bank's branch, and humanic clues include behaviour and appearance of employees that deliver services. The individual scale items used to measure service quality captured the essence of these clues and can be used to gain deeper insight into retail banking SQ and the consequent effect on experience drivers. Note the analysis is in line with SERVQUAL.

Reliability

Reliability is the extent to which organisations are able to perform services dependably and accurately, as promised, in order to meet customer expectations. It relates to the customer getting what they feel they paid for (Siddiqi, 2011). Results from this study found that 67% of South African retail banking customers feel they receive services according to their expectations. Although this is a high percentage, there are still a large number of customers that feel that banks are not able to deliver according to their expectations. Customers found banking channels convenient, with all the relevant services (78%).

Assurance

Assurance relates to the levels of trust and confidence customers' have in the competence and knowledge of their service provider to supply applicable services (Parasuraman et al., 1988; Siddiqi, 2011). Findings from this study found that 74% of retail banking customers' received the assistance they need from bank employees. This highlights the ability of banking staff to provide effective services to customers when required.

Tangibles

Tangible factors are easier for customers to measure and relate to the appearance of physical facilities, equipment, personnel and communication materials. Customers are able to assess banking premises and appearance of banking staff. Retail banks in South Africa seem to get this right with 85% of respondents agreeing to appeal of their banks facilities. One of the lower ranked items included the rigid and inconvenient operating hours of South African banks (55%).

Empathy

The core of empathy relates to a deep understanding of the customer and providing personalised services that meet their individual needs (Siddiqi, 2011). The complex nature of the relationship between retail banks and customers creates a greater expectation on retail banks to understand their customer's individual needs and wants. This study highlights a gap in this regard, with only 51% of customers believing that their banks know them and their needs. Another lower ranking factor highlighted that retail banks are poor at service recovery; only 55% of respondents were satisfied.

Interestingly, 82% of respondents state that their banks have all the products and services they need. This implies that while banks may have the products and services available, the execution of delivery does not meet the customer's expectation from an individualised perspective.

Responsiveness

Responsiveness refers to the willingness and ability of the service provider to meet and adapt to customers' needs. Findings revealed that 68% of the sample agreed to receive services in a timely manner; however this highlights a gap in bank's responsiveness to customers' queries and requirements.

These measures highlight the value and importance that customers place upon quality factors when interacting with banking products and services. Lower rated factors diminish the customer's service experience and negatively impact customer perception of quality.

5.3.2 *Implications for Retail Banking*

Customers are pursuing superior quality and real-value within every interaction with an organisation, their experiences are influenced by various factors including the actual service encounter, applicable and suitable products and service quality levels, service delivery and execution, aspirational and utilitarian brands and supporting relationships (Arnould & Price, 1993; Gummesson, 1997; Gupta & Vajic, 2000; Harris et al., 2001; Palmer, 2010).

The positive correlation between SQ and CX implies the need for retail banks to design quality services that have effective customer-centric supporting processes, based on complex customer requirements, and in the case of the banking industry, the time horizon is a lifetime. This is supported by Siddiqi (2011), who studied retail banking in Bangladesh, highlighting the need for banks to deliver personalised services to customers to improve the employee-customer interactions and develop long-term relationships. Banking products are essential at every stage of a customer's life form student loans when studying to asset finance when buying their first cars or homes, and these needs change over time based on circumstances, making it essential for banks to provide valuable services that enable customers to navigate the complex banking environment. Banks thus need to have a long term horizon of positive experience creation.

South African retail banks need to provide customers with consistently positive experiences across multiple channels i.e. physical, mobile and web without losing the personal touch to effectively meet customer expectations and enhance service delivery. The findings highlight a need for retail banks to consider revising their operating hours or provide customers with viable alternatives in order for them to receive services. The majority of people work during banking hours and find it difficult to get the services they require. With the advent of technology, digital and/or online banking channels give banks the opportunity to enable and execute services uninterrupted 24 hours a day, 7 days a week. This gives banks the ability to provide customers with basic service support at any given time, agnostic of location; however they need to create consistent and congruent support services with an option for customers to have access to operators to facilitate more complex services, for example, applying for a home loan. In addition, using technology to execute services will also be cost effective for banks, for example, reduced costs in branch operations.

The current business environment is dynamic and evolving. The retail banking environment in South Africa is primarily service-driven and complex by nature consisting of a large target market, numerous channels, multiple touchpoints and several products and service offerings. In order to meet or exceed customer expectations, retail banks require processes that create, execute and manage value adding services effectively with SQ and CX being the centre of desired outcomes. Quality can either make or break CX and determines the ‘feeling’ that customer have at all stages of a service encounter and informs their future predications, expectations, attitude and behaviour towards an organisation. According to a longitudinal study conducted by (Tam, 2005), predictive expectations were higher following positive service consumption but remained the same following a negative experience. It is important for banks to understand that CX is not a single event or outcome but a series of encounters. Customers are looking to their banks to have not only the expert knowledge, skills and capabilities, but also the understanding to help them through any financial challenges they may encounter. This is achieved by individualised support and services, simple processes, and timely assistance across service channels that provide consistency and flexibility.

Online services, due to its lack of physical contact, make it difficult for organisations to build relationships with their customers and require higher levels of trust. Mukherjee and Nath (2003) carried out a study on online Indian retail banking customers and found that shared value, communication and avoiding opportunistic behaviour are key factors to consider when building online relationships and trust, as follows:

- Shared value can be achieved by commitment and developing long-term relationships.
- Effective communication through speed of response, quality of information and openness are important influences in building bank-customer trust relationships.
- Opportunistic behaviour was found to be highly negative and measured by distortion of information and violation of rules and regulation.

30% of the customers' in this sample felt that their banks do not know them well and 29% lack trust in their bank, thus highlighting the importance for banks' to ensure shared value, communication and retrain from what customers view as opportunistic behaviour. Retail banks are increasing their online presence through internet and mobile banking and social media, which makes vital for them to drive consistent communications and experiences across all channels.

Banking products, services and processes are complex and challenging to navigate for the customer, which makes it imperative for retail banks to deliver processes that create, execute and manage value adding services with SQ and CX being the centre of desired outcomes. Customers are more sophisticated and organisations are now competing in the global arena where customers have easy access to information, products and services from all over the world.

Customers use their experience with organisations from other sectors as a yardstick and this informs their perception and expectation of requirements from retail banks. Edvardsson et al. (2005) states that customer's experiences have a strong impact on customer's quality perceptions and companies like Ikea and Volvo design service components into physical products based on factors that enhance customer experiences. This study provides key evidence and findings relating to the service quality factors that predict customer experience in the South African retail banking environment.

5.4 Discussion Pertaining to Hypothesis 2

Higher levels of customer satisfaction have a positive effect on customer experience.

Satisfaction levels emphasises the customer's frame of mind subsequent to any service encounter and has either a positive or negative influence on their emotions and attitude towards an organization, product or service (Getty & Thompson, 1995; Palmer, 2010). As discussed earlier, CX entails the customer's feeling or response throughout, that being, pre-, during and post- the service process over various interactions with an organisation and according to Richardson (2010), it is not just a point-in-time but the sum-totality of how customers engage with an organisation, thus a long term engagement. In contrast CS is transaction specific or derived on a service to service basis, assessed at a point after service consumption (Athanassopoulos, 2000; Levesque & McDougall, 1996).

CS has long been a key performance indicator in organisations because it measures the extent to which products and services are able to meet customer needs and expectations. Businesses typically collect information on satisfaction immediately post a service encounter thus emphasising that CS measures the customers feeling at a point in time. Typically, service-based organisations monitor and examine customer satisfaction levels on an on-going basis, based on their last service encounter (Peterson & Wilson, 1992).

5.4.1 *Relationship between CS and CX in Retail Banking*

The research findings, through regression analysis, provides empirical support for the relationship between CS and CX with a p-value less than 0.01 (0.0022), implying with 99% confidence a positive relationship between the variables (table 9). Findings provide evidence of a positive relationship between CS and CX with a correlation coefficient of 0.25, which implies that for a (one) category increase in CS there will be a theoretical 0.25 increase in CX. This observation supports hypothesis H2, and confirms the assumption that CS is a predicator of CX.

Customers evaluate their levels of satisfaction by comparing the cost of what they are giving up with the reward of what they receive with a particular service (Tam, 2004). Respondents were asked six questions to understand their current satisfaction levels with their bank. The highest drivers of CS within this sample comprised:

- Satisfaction with the bank's reputation and image,
- Customers intention of using their banks products and services in the future,
- Overall satisfaction with current banking products and services.

Retail banking customers within this sample are thus generally satisfied with their bank's suite of products and services, expressing the need for them now and in the future. This implies that retail banks are currently providing much needed offerings that enrich the lives of their customers. Reputation and image is another important contributor to CS, this finding implies that customers are comfortable with putting their trust, livelihood and finances in the hands of their bank.

The above section highlights positive CS drivers within the sample; however it is important to mention that there are factors that require improvement. Within this sample customers have expressed negative sentiment towards their bank's knowledge of who they are, inefficient service recovery procedures and complicated processes. These ratings are important to note because it suggests that although banks are deeply involved in their customers' lives, they still cannot leverage capabilities to truly understand their customers. Customers are not banking experts and require support when using or applying for banking products. It is also interesting to note that customers perceive their banks have little knowledge of who they are. CX is an individualised concept therefore banks should consider tailored solutions.

Previous studies conducted in retail banking used different factors to assess CS, for example a Greek study revealed that service quality (thought to be a causal antecedent of CS), price, convenience and innovation were primary drivers (Athanassopoulos, 2000) whereas, a more recent study on Kuwait, found that fast service, courtesy and helpfulness of staff, and the availability of self-service banking were significant factors (Al-Eisa & Alhemoud, 2009). While, the CS constructs selected for this study, namely, products and services, processes, reputation and individualism, differ slightly from the studies mentioned, there is certainly alignment with the other predictors, notably SQ. Having noted the close correlation between these predictors, literature is not considered contradictory, but rather a matter of classification. The CS constructs selected for this study are thought to be reflective of the uniqueness of South African retail banking customers' and will therefore differ slightly from previous research.

5.4.2 *Implications for Retail Banking*

According to Tatikonda (2013) CS and CX share many like characteristics; however, the biggest differentiator's are behavioural intention and attitude. CS is derived from the customer's emotional state of mind in response to or after encountering a particular service (Westbrook, 1981). Therefore it is important to note that each customer will experience the same service, but perceive it differently (Java et al., 2007). Levels of CS enable businesses to understand if customers are pleased with a service. CX is the sum of all the customers' interactions, thoughts and feelings with an organisation, product or service over time that determines their actions now and in the future (Solis, 2015).

CS is thus limited in scope, compared to CX, because it primarily measures whether an organisation was able to deliver a service that meets, surpasses or fails to meet customer expectations at the end of a service encounter, at a particular point in time. It is however an important factor in predicting whether the customer's experience is being enhanced or reduced and can give key insights into areas that require attention to enable an organisation to deliver truly seamless customer experiences.

The primary drivers for CX within the banking fraternity include flexible products and services, effective customer communication throughout the service process, banks financial expertise, and the bank's ability to provide product and services that meet customer needs.

Dynamics of Flexibility

Within current environmental and economic constraints, such as interest rate hikes and inflation the importance for flexibility in various banking products, services and supporting processes has increased. Findings revealed that retail banking customers display negative sentiment towards service fulfilment processes which contribute to poor experiences. Retail banks in South Africa are confronted by challenges such as tight legislative and compliance requirements; archaic systems and processes; and silos' in business operations. This hampers their ability to be flexible and agile causing a downstream 'ripple effect' on customers, who find it difficult to understand and navigate the environment. Retail banks in South Africa need to implement process and system flexibility to their vast array of capabilities to best meet customer and environmental needs.

In an effort to reduce costs and improve customer convenience, retail banks have increased their online presence and offerings. This is beneficial to banks and customers'; however creates the additional need for improved alignment between various channels (what is available in the physical channel must be available online) and processes that support execution. Yoon (2010) found that online satisfaction in Chinese retail banks were mainly driven by ease of use, speed, design, security, information content and customer support services.

South African retail banks need to take these factors into consideration when building and implementing online services.

Communication is Key

In the technological age, customers are connected; more informed and have greater access to various services over different platforms (physical and electronic) therefore amplifying the importance of effective and coherent communications. Customers' interact with retail banks on various platforms and there are multiple touchpoints during the service encounter. Each touchpoint results in a 'moment of truth' for the customer and this either enhances or reduces their experience, thus making it important for banks to create consistent experiences across all service platforms. Customers are seeking to derive value from their banking services and want to have access to these at any given time over any interface.

As stipulated earlier, customer satisfaction is service specific and experience encompasses the overall 'feeling' over multiple service encounters. It is important for retail banks to reconsider their traditional and outdated communications strategies; communications do not end after a single service, but needs to include the entire customer lifecycle supported through traditional and non-traditional platforms. Retail banking customers in South Africa have embraced social media platforms, 63% use Facebook to interact with service providers and 45% applaud or complain about services on social media (Finscope, 2013). Banks need to leverage internal and external customer data, current technologies and social media platforms to deliver valuable, informative, easy to understand, and personalised communications throughout the customer lifecycle to enhance customer satisfaction and consequently their overall experience.

Banks are Experts but the Customer is King

The banking industry in South Africa, including non-bank financial institutions provide financial services and support to approximately 31 million people (Finscope, 2013). Customers are reliant on their banks to provide them with services and to suggest the most suitable products and services to enrich their lives. The sheer volume of banking customers' make it difficult for banks to know their customers' and provide truly 'individualised services'. Findings in this study provide evidence supporting the inability of banks to understand their customers' individual needs (30% of the sample). Misalignment between banks' and customers' is caused by current strategy, which forces banks to segment customer bases by income. Competitive advantage in retail banking can be achieved by formulating customer-focused strategies and effective market segmentation techniques that drive fit between product and service differentiation and mobilise resources and capabilities required to meet these needs (Athanassopoulos, 2000). Retail banks in South Africa need to gain a deeper understanding of their customers' needs and wants through thorough market research, and apply effective and focused segmentation techniques that provide their customers' with the feeling of 'individualised' experiences.

Switching Behaviour

The South African retail banking environment is changing, marked by further deregulations within the industry. This has allowed a plethora of banking and non-banking institutions, for example retail, insurance and telecom companies, to enter the market with greater ease. According to Athanassopoulos (2000), these 'newer banks' possess the ability to employ more innovative approaches to banking, implement later technologies and allow for greater customer convenience; whereas, traditional banks, although rigid in their ways, have the advantage of trust, longevity and prestige, which may be valued by customers. The increase in the number of competitors gives customers a greater variety of choice and buying power. This coupled with aggressive marketing has increased the propensity for customers to switch when dissatisfied.

Levesque and McDougall (1996) highlighted two primary drivers of switching behaviour, core performance (getting it right the first time) and service failures. Their findings revealed that improved customer evaluations regarding core performance decreased the intention to switch, whereas service issues and problems increased the intention to switch. This study indicated that 27% of customers find their bank's service recovery processes ineffective. Banks need to understand their service breakpoints and manage them effectively with customers to improve customer satisfaction and experiences.

5.5 Discussion Pertaining to Hypothesis 3

Stronger brand relationships have a positive influence on customer experience.

BR is formed from repeated interactions between a brand and customer, resulting in an affectionate connection very similar to experiences between people, such as commitment, emotions, intimacy and interdependence. Berry and Seltman (2007, p. 200) state that ‘a service brand is essentially a promise about the nature of a future experience with an organisation or individual service provider’. This relationship also creates perceptions, expectations and leads to behaviour. Verhoef et al. (2009) state that the non-functional expectations of brands have become more important in customers’ evaluations of products, therefore BR was included as an independent variable and predictor of customer experience in this study.

5.5.1 *Relationship between BR and CX in Retail Banking*

Literature supports the notion of an association between BR and CX, however interestingly enough the results did not show evidence of a relationship with a p-value (0.31) greater than 0.05. The research findings suggest a low to no association between BR and CX in retail banking.

When customers choose a banking brand they are generally thinking about a long term relationship, therefore the results of the regression analysis are not as the researcher expected. Banking products are not a single encounter, but multiple encounters, spanning multiple products and services over a length of time. It is therefore thought that customers make an informed decision based on perception, value and needs before choosing a banking brand, with a view to establishing a long and prosperous relationship.

To understand a customer’s relationship with their current retail banking brand, seven questions were asked and respondents rated them on a Likert scale, from strongly disagree to strongly agree. BR's had a lower overall positive agreement rating (60%) as compared to the other predictors, namely SQ (73%) and CS (69%). Analysing the constructs that make up BR's, the higher ranked items included trust, good banking experience and commitment to the brand. These sentiments signify customers trust and commitment to their bank of choice. A key feature from the data is that a significant percentage of customers (44%) have been with their bank of choice for a long period of time (in excess of 10 years). This possibly highlights the level of trust and commitment that customers have with their bank, and their relationship forged over this period is most likely one of the primary reasons for their loyalty, or customers don't see the value proposition in changing a service provider that is meeting a basic requirement.

As the data suggests, trust, commitment and experience are key indicators when customers chose a banking brand with the innate view to build a relationship. Trust and commitment work hand in hand when choosing a brand because customers invest their livelihood in the bank they choose (Mukherjee & Nath, 2003). Customers do not change their banking brand easily and it will take a number of bad experiences for them to do so.

Lower ranked BR items include customers' lack of confidence with alternate banking providers, alignment to personal values and lifestyle and their bank's ability to add value to their needs and lifestyle. The results allude to the lack of movement or switching being attributed not only to the complex switching process, and possible inconvenience thereof, but customers also do not perceive other banks' products, services and value as being superior to their current bank. This references a well-known anecdote, 'the grass is not always greener on the other side'.

5.5.2 *Implications for Retail Banking*

Prior research suggests that customers' evaluations of non-functional expectations of brands have become more important and are driven by elements such as trust, liking and sophistication (Palmer, 2010). Customers make brand choice decisions that are congruent with their image, lifestyle or personal values, basically, there needs to be alignment between the brand and the customer. The banking industry has previously been seen as rigid institutions governed by compliance, legal and regulatory requirements; however customers and the industry are evolving. Customers are exposed to a variety of banking products and services by other non-bank organisations such as SnapScan and Paypal (mobile applications that facilitate payments). Other industry players are also entering the banking market place like Amazon, integrating payments into their processes, suggesting that the historical high barriers to entry are diminishing. This shift has amplified customer expectations and changed the way they perceive services and build relationships with brands, including banks.

The research findings imply that there is misalignment between the products and services offered by the banks versus the customer perceptions of what they are receiving. Customers are not necessarily seeing banking brands as representative of their lifestyle, personal values and value-add. These lower rated items allude to the notion that has been building; banks do not value their customers as important individuals, offering personalised services. While it is appreciated that it is not practically possible for a bank to offer personalised services to millions of customers, standardised services need to be tailored for customer clusters creating the perception of individualised services (Athanassopoulos, 2000). Alternatively, the implication could be that banking brands are not important to customers, as they are all seen as the same with very little differentiation.

According to Shaw-Ching Liu et al. (2007), customer experiences can be further enhanced through various interactions with a brand, including activities and alignment of values. Customers' reaction to experiences with a brand can be both positive and negative; however this is dependent on their relationship with the brand. A high number of interactions with a personal touch or individualised attention assist in forming and improving relationships, this can be achieved through driving a consistent experience within all channels both physical and electronic and effective customer segmentation methods. Customers perceive brands as extensions of themselves, thus enabling the fostering of strong relationships is likely to enhance their experience. For example, customers that have a strong relationship with the brand Apple demonstrate their commitment and affection by not even considering other brands when making purchasing decisions. This form of relationship is based on emotion and suitability or alignment between the brand and the customer and according to Palmer (2010), CX is influenced by their perception of the brand.

Modern customers' are exposed to, and are also influenced by a variety of stimuli including media messaging and advertising, social media and social groups and shared communities, which they identify with certain values and beliefs and form relationships and opinions. A high percentage of customers' in this sample found little or were neutral towards their bank's fit to their lifestyle (52%). This implies that banking brands or relationships formed with banks do not truly resonate with customers' lifestyle and values. To improve customer-bank relationships, banks in South Africa need clearly identify and articulate the 'persona' that they want to portray to their customers' and the market, and align all their branding, marketing and strategies on this, for example, associations with groups or communities.

Following from the analysis above, it is not entirely clear, contrary to literature why the findings lacked empirical support for a relationship between BR and CX. While the selection of constructs built into the BR dimension, by the researcher, can be brought into question, it is thought that the reasoning is quite simply, the absence of an intimate relationship between customers' and their bank, despite lengthy commitment years. Customers form long term partnerships with their banks, due to their basic product and service requirements being met, however a deeper commitment or relationship is missing. Customers' only stay with their bank because, of the inconvenience of switching or the perception that other banks do not offer anything spectacularly different. Banks need to create a sound value propositions at every stage in their customer's lives by providing the relevant products, services and advice at any point in time.

Although the hypothesis was not supported, there is evidence of the relationship between BR and CX. Factors such as individualised service, customer expectations and emotions are telling factors affecting CX. Banking is a long term commitment, with repeated interactions and opportunities to foster relationships. Banks should know their customers and be proactive about their needs. This finding highlights a gap in the South African retail banking fraternity where relationships are only based on output and not emotion or lifestyle.

In summary, this research study did not provide empirical evidence for the relationship between BR and CX, however there is scope to test this relationship further. Some amendments to the research structure are required, a refined scale including elements such as trust and commitment. BR’s are built over time and might require a study that is longitudinal in nature to better gauge the relationship between constructs.

5.6 Discussion Pertaining to Hypothesis 4

Brand loyalty is a positive predictor of customer experience.

Brand loyalty is measured as the NPS in this study and is referred to interchangeably. NPS is an indicator of customer loyalty and is used to evaluate the extent to which customers would recommend a brand, product or service to his/her friends, relatives or colleagues.

NPS is a popular industry agnostic metric, used by various organisations to gauge customer loyalty, satisfaction and experience. A sense of the customer’s impression about a product or service is assessed by asking a single question, ‘would you recommend this organisation, product or service to a friend, colleague or relative?’ While the question may be relatively simple, the underlying notion is that if a customer is satisfied or enjoys the experience with a particular organisation’s product or service, they will share it with those near and dear. The NPS score reflects a customer’s emotional loyalty and highlights the customer’s perception of a product or service.

5.6.1 *Relationship between BL and CX*

The findings suggest that the relationship between BL and CX is supported with a p-value of 0.0055, at a 99% confidence level.

The research findings suggests a low association between BL and CX (coefficient = 0.09). The magnitude of BL measured as NPS in relation to CX is 0.09, which implies that for every one category increase in NPS, there will be a theoretical 0.09 category shift in CX. Further, the coefficient is positive which indicates a directly proportional relationship (positive slope) between the variables. This observation supports hypothesis H4, and confirms the assumption that NPS is a predicator of customer experience.

Having established that a positive relationship exists, a deeper understating of the score is required to unpack the implications. The effectiveness of the NPS is in its simplicity, based on a scale of 1-10 customers rate their feeling about an organisation. The results are sub-divided into three categories (table 21):

Table 21: Categories of NPS

Category	**Score**	**Definition**
Promoters	9-10	Loyal enthusiasts that keep buying from an organisation and urge their friends and relatives to do so
Passives	7-8	Satisfied but unenthusiastic customers who can easily turned to competitors
Detractors	1-6	Unhappy customers trapped in a bad experience

The NPS index ranges from scores -100 to 100 that measure the willingness of customers to recommend a company's products or services to others. The score is calculated by subtracting the detractors from the promoters.

Within the context of this study, the overall NPS score across the four major banks in South Africa was calculated as -22. This suggests that within the South African retail banking industry, there are a significant number of customers that are not brand loyal. This is a slight contradiction since a fair percentage of respondents (44%) have remained with their bank for more than 10 years. Further, 84% of customers have stayed with their bank for over four years. According to Sheth and Parvatiyar (1995), the length of the relationship that customers have with their bank inhibit their propensity to move, possibly due to comfort and basic requirement being met. It follows that the assumption relating to the complexity of switching and inconvenience may hold true for the longevity observed and not necessarily BL. The negative NPS is noted, but is not considered alarming, since it does provide banks with opportunities and insights into customer demands and loyalty. This can be linked to the banking industry's scuffle to acquire new customers, deliver profit and maintain sustainable growth.

A further breakdown of NPS scores for the major banks in this sample, illustrated in figure 15, is as follows: ABSA (-46), First National Bank (21), Nedbank (16) and Standard Bank (-43). Only First National Bank and Nedbank were above the industry score calculated (-22) earlier which implies that they have more promoters or loyal customers. ABSA and Standard Bank are below the average, implying that their customer loyalty is not high. It is interesting to note that ABSA and Standard Bank have the highest number of active accounts in South Africa but display the lowest NPS in this sample. This implies that they are most susceptible to customers leaving or tempted to leave. Customers can therefore be tempted by aggressive competitor marketing, easier switching, and provocative offers.

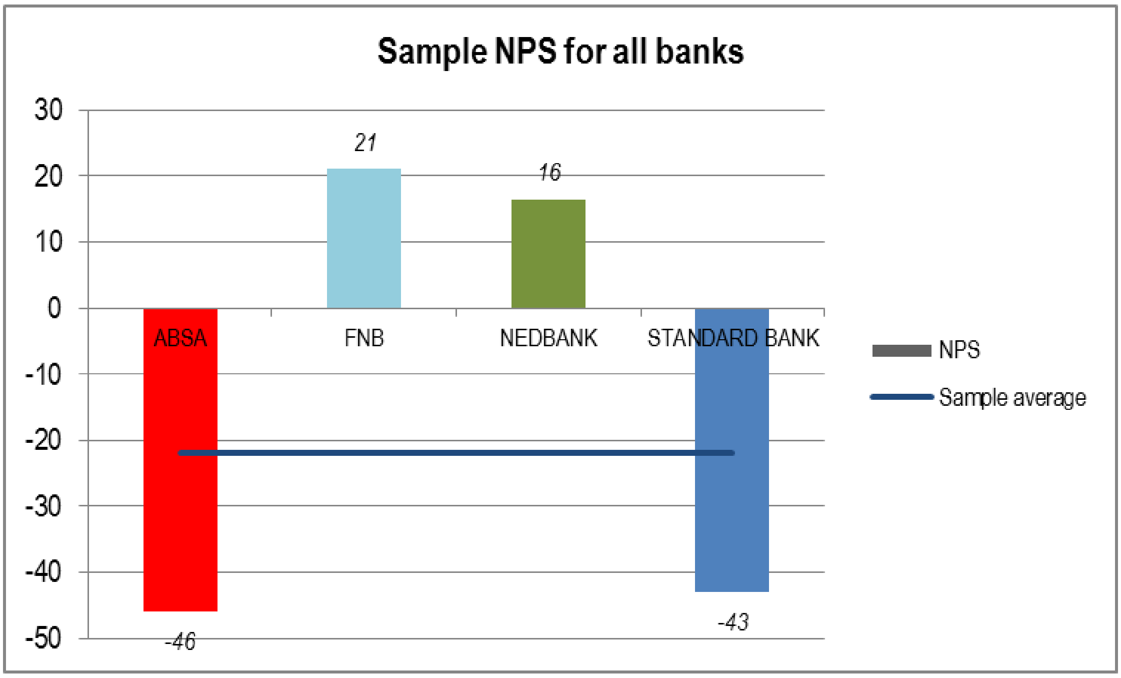

Figure 15: Sample NPS for all Banks

The findings showed a positive moderate relationship between BL and CX, which implies that the NPS scores can be used as a fairly good indicator of the customers' experience and a benchmark for understanding CX.

5.6.2 *Implications for Retail Banking*

The measurement of CX is complex, based on both tangible and intangible aspects of an entire service experience. NPS alone is not indicative of customer loyalty, but can be used effectively with other measures such as, satisfaction and quality to gauge experience. Beerli et al. (2004) state that a brand is affected indirectly by perceived quality and has a direct influence on customer satisfaction. Cohen et al. (2007) found in a study with New Zealand banks that loyal customers take less time during transactions and are less sensitive to price changes.

Another interesting finding within this study suggests that even though CS levels are high, BL is low. This infers that overall; customers are somewhat satisfied but not loyal or loyal enough to promote their banking brand. The underlying reason could be that customers are not truly satisfied, but not necessarily dissatisfied with their banks. Beerli et al. (2004) found that switching costs and satisfaction have an impact on loyalty. A Greek study revealed some interesting findings regarding switching behaviour amongst channels used and product type, for example: customers that use Automated Teller Machines (ATM) are less concerned about services as long as their electronic transactions are completed reliably, however are more likely to switch based on minor offences; customers with time accounts are seeking maximum benefits with their deposits, and; customers with loan accounts, are the least like to switch (Athanassopoulos, 2000). This study found that customers view South African retail banking products and services in a similar light, with little differentiation between them. Retail banks find new and innovative ways of differentiating themselves from the pack; creating superior customer experiences that are memorable is one such avenue.

In the digitally connected environment, customers can easily voice their opinions about a particular service or brand immediately. Social media has added complexity to how organisations deal with dissatisfied customers and service recovery processes. Customers are connected to more people than ever before and can change perceptions in a single ‘tweet’ or ‘Facebook post’. Organisations need to have effective means of navigating and keeping abreast of these situations and implement effective processes to manage customers. Their aim in this situation is to turn customers around and make them promoters through effective service recovery.

In order to address these modern challenges and improve brand loyalty, banks need to leverage the wealth of information that they have available to them. Every interaction, be it a click, swipe, “like”, buy, comment and search creates a unique log of every customer. Banks’ own social media channels have become critical to customer responsiveness and therefore NPS. In the event of any unexpected problems, the social detractors that emerge have to be dealt with swiftly and ideally turned into advocates or even promoters. To do this, banks have to actively monitor and identify customers about a poor experience or problems and provide direct, timely support and ratification. It is no longer acceptable to ignore these posts, customers’ want personalised responses and regular, informative updates. Even if the issue cannot be resolved immediately, good responsiveness can calm detractors and prevent the problem being broadcast widely. If a bank can immediately solve an issue reported on social media, the original detractor is an opportunity to create a promoter by sharing the positive, timely resolution to their problem.

5.7 Other Factors

Age, measured as ‘young’ and gender, measured as ‘male’ were other factors included in the initial regression analysis to determine any impact that they may have on CX. There was an initial view that age and gender play a role in the types of experiences that customers may need or want from their bank, or banking products. According to Sheth and Parvatiyar (1995) the length of the customer- bank relationship bank prevent their propensity to move, however, the analysis in this study illustrates that both these factors are not statistically significant contributors to customer experience, age less than 20% and gender less than 10%.

5.8 Summary of Findings

As discussed in depth within this chapter, SQ, CS, BR and brand loyalty are factors that affect customer experience. Table 22 summaries the research finding and a customer experience model is presented in Figure 16.

Table 22: Summary of Findings

	Hypothesis	Hypothesis Supported
H1	Service quality has a positive influence on customer experience	✓
H2	Customer satisfaction has a positive influence on customer experience	✓
H3	Brand relationships has a positive influence on customer experience	✗
H4	Brand loyalty has an effect on customer experience	✓

5.9 Customer Experience Journey

The findings from the correlation analysis bring an interesting dynamic to the original research hypotheses. There was a high positive association between SQ and CS, CS and BR, BR and NPS and CS and NPS, all above 70% which implies that each of these factors is highly correlated to each other. According to Siddiqi (2011), the combination of SQ, CS and BL factors can assist managers in finding creative and innovative insights into improving experiences and gain competitive advantage in the retail banking industry. Findings from this study in South African retail banks imply that service quality factors can determine or impact the customer’s satisfaction. Highly satisfied customers build better relationships and loyalty with brands. Better brand relationships are also a telling factor in determining customer loyalty.

In addition to the above relations, the correlation analysis found moderate positive relationships between SQ and BR and SQ and NPS, above 60%. This implies that SQ factors such as aesthetics, range, convenience, helpful employees and service expectation factors contribute to building brand relationships and increasing loyalty.

The proposed model, Figure 16, contextualises and proposes the customer experience journey within the South African retail banking industry. Prior to any service encounter customers form perceptions and expectations based on past experiences and knowledge gained from media and/or other people. During the service, customers evaluate quality on features such as timeous service delivery, visual appeal, helpfulness of staff and convenience. Post the service, customers access their satisfaction with the service, they are either satisfied or dissatisfied. Satisfied customers are prone to repeat purchases which build brand relationships and brand loyalty and dissatisfied customers need effective service recovery processes. The customer experience is created and/or reinforced during the entire service journey.

BR did not reveal a significant statistical relationship with CX within this study, however there is sufficient evidence in literature supporting this relationship; therefore it has been included in the formulation of the customer experience journey model. Future research is required to validate BR item scales and re-evaluate its relationship with CX.

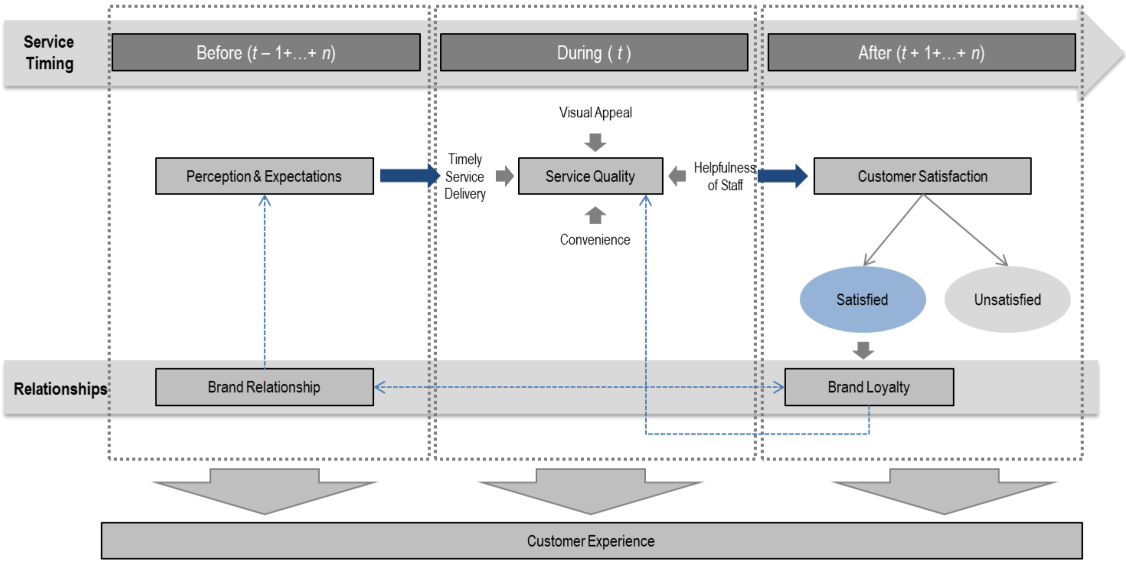

Figure 16: Proposed Customer Experience Journey for Retail Banking

In conjunction with the customer journey proposed above, organisations need effective customer experience measures and metrics to better understand their current performance against the actual experience delivered. Measuring customer experience includes physical and psychological factors, which add complexity in deriving applicable measures, therefore it is important to understand customer needs and wants, factors predicting customer experience, business environment specific determinants, and the link to organisations' profits.

Chapter 2 presented two popular customer experience surveys, Forrester's Customer Experience Index (CxPi) and ISO Best Customer Experience (BCX). Both these indices are used to gauge customer experiences with various brands in the countries and industries they assess. Forrester's CxPi has gained popularity, starting out only in the United States and now being used in Europe and China whereas BCX is primarily being used in Latin American countries (Molina, 2012). These surveys are able to provide managers with useful insights with regard to their delivery of customer experiences; however it is only specific to the countries in which they operate.

The South African customer satisfaction index (SAcsi) is a measure of customer satisfaction and loyalty across all industries in South Africa and based on aspects of perceived service quality, expectations, perceived value, customer satisfaction, customer loyalty and customer complaints. Managers use this model to identify key determinants of satisfaction, benchmark with other organisations and make decisions (SAcsi, 2016a).

Rather than restrictive models implemented by individual organisations and countries, it is important to define a standard measurement model which can be used to compare customer experience data, rankings and research that evaluate all organisations under common criteria.

Results from this study found that service quality, customer satisfaction and brand loyalty factors can effectively be used to predict customer experience with retail banks in South Africa. Table 23 highlights the alignment and congruence in measures derived by this study, CxPi, BCX and SAcsi.

Table 23: Comparison between Forrester CxPi, ISO BCX, SAcsi and Research Findings

Forrester CxPi	ISO BCX	SAcsi	Research Study
Meets basic needs	Experience with the product	Service quality Customer satisfaction Customer expectation	Service quality Customer satisfaction
Easy to do business	Interactions with the brand	Perceived value	Brand relationships Customer satisfaction
Enjoyable Experience	Experience with the brand	Customer satisfaction	Customer satisfaction Customer experience
Enjoyable Experience	Experience with the brand	Customer loyalty	Brand loyally

5.10 Conclusion

The objective of this research study was to determine the predictor effect of SQ, CS, BR and BL on CX. The findings provide evidence supporting the viability of SQ, CS and NPS on predicting CX; however, BR effect on CX was not proven true. Key drivers of customer experience within South African retail banking were found to be banking expertise and support, flexibility of products and services and effective communication during the service encounter. Important findings relating to individual scale items provide valuable insight into SQ, CS, BR and BL.

- Highly rated SQ factors included banks physical setting or visual appeal, range and convenience of channels and helpfulness of employees.
- The primary drivers of satisfaction within this study included reputation and image, products and service offerings and the intention of customers to use their bank's products and services in the future.
- Highest ranked brand relationship items included trust, good banking experience and commitment to the brand.
- High customer satisfaction does not necessarily drive NPS scores.

In conjunction with the findings above, strong correlations between factors showed an interrelation between the dependant variables. Noting the high correlations and the confirmed predictor effects on CX, it follows that the notion of CX being a holistic measure of SQ, CS, and BL as defined in literature holds true. This implies that one variable cannot be considered in isolation but rather along a cyclic continuum. Based on literature and findings from this study, a customer experience journey model is proposed in Figure 16.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

This purpose of this research study was to examine and provide empirical evidence supporting the predictor effect of service quality (SQ), customer satisfaction (CS), brand relationships (BR) and brand loyalty (BL) on customer experience (CX). This chapter discusses the conclusions of this study, makes recommendations to the South African retail banking industry and proposes areas for future research.

6.2 Conclusions of the study

The findings of this study proved that SQ, CS, and BL are predictors of customer experience in the South African retail banking industry; however, the findings did not reveal any significant empirical evidence supporting the relationship between BR and CX. Features such as, banking expertise, customer support, effective communications pre-, during and post- service fulfilment and flexibility of products and services was found to be the most important drivers of experience for banking customers. The findings also highlighted the need for retail banks to provide customers with timely services and assistance, deliver seamless experiences across channels, simplify processes and cater for customer's individual needs.

The first hypothesis (H1) provided evidence of a positive relationship between SQ and CX, thus supporting previous literature (Chahal & Dutta, 2014; Palmer, 2010; Verhoef et al., 2009). SQ factors driving CX in this study include layout and setting of physical branches, range of products and services, convenience and employee behaviour. This finding implies that customer experience is amplified when customers' perception and expectations are met.

The second hypothesis (H2) statistically proved the predictor effect of CS on CX. Satisfaction factors such as image and reputation, product and service offerings and the intention of customers to use their bank's products and service in the future rated highly. Therefore it can be stated that satisfied customers are more likely to have had a positive experience with the service.

Hypothesis 3 proposed stronger BR enhance CX with an organisation, product or service. This hypothesis was not supported in this study; however it was interesting to note that the highest ranked brand relationship items included trust, and good banking experience. Interestingly, commitment to the brand rated highly, but this could be attributed to high cost and frustration to move banking products.

The final hypothesis (H4) measured the effect of brand loyalty, measured by NPS on CX. NPS highlights the willingness of customers to promote a brand to their social circles. This finding was supported by a positive relationship with CX, which implies that customers that promote a brand are more likely to have experienced a positive service interaction with their bank. Table 24 summarises the findings of the regression analysis.

Table 24: Summary of Findings

	Hypothesis	**Hypothesis Supported**
H1	Service quality has a positive influence on customer experience	✓
H2	Customer satisfaction has a positive influence on customer experience	✓
H3	Brand relationships has a positive influence on customer experience	✗
H4	Brand loyalty has an effect on customer experience	✓

6.3 Recommendations

The business environment is advancing through rapid transformation, the context and traditional methodology of doing business has changed, driven by factors such as increased competition, advances in technology, easing industry regulations, improved connectivity, greater dissemination of information, convergence between industries and globalisation. These shifts have a massive impact on organisations, their management and operations. Customers have more power than ever, complemented by access to information and increased choice between products and services from a range of service providers with similar offerings. Providing customers with superior experiences has become a key differentiating factor in the market making it essential for management to finding smarter, more creative ways of providing customer value.

Over the next five years, retail banking strategies will be shaped by increased focus on customer-centric design, innovation and simplification of business operating models (Jones, 2014). PeopleMetrics (2013) designed a retail banking study in order to understand the challenges and explore trends in customer experience creation and delivery. The key findings from the study is summarised as follows:

1. The biggest differentiating factor between growth-banks and non-growth banks is the ability to action individual customer feedback. Growth-banks are better organised in terms of sharing common customer experience definitions, making decisions based on the customer, and using customer experience measures for improvement.
2. Community banks and credit unions engage their customers' frequently and develop a deeper understanding of their needs; therefore, they are able to nurture loyalty.
3. The internal misalignment between bank-customer priorities has and impact on the customer.

New market dynamics has challenged the South African retail banking industry's status quo, the rules of engagement have changed. Industry leaders have diversified their offerings and services and transcended industries, for example, social media organisations offering payment solutions, retailers offering lending products and online and mobile start-ups facilitating convenient methods of account management and payments. This section highlights recommendations to banking practitioners to assist in creating and delivering superior customer experiences.

Customer Experience Management at the heart of organisational strategy

Gartner (2016) defines customer experience management (CEM) as "the practice of designing and reacting to customer interactions to meet or exceed customer expectations and, thus, increase customer satisfaction, loyalty and advocacy." Organisations need to change and align their mind-set, culture, processes and technologies to reap maximum benefits from implementing CEM.

Customers are no longer satisfied with products and services, they are seeking experiences when interacting with their banks and they are looking for their bank to support them through their life's journey with products and services that matter. For this reason, it has become prevalent that banks need to shift focus further by not only focusing on customers, but on the experience component of their delivery.

Banks need to implement CEM at the core of their business strategy by bundling value added, customer-centred products and services with superior experiences. Delivering a successful CEM strategy involves elements such as transparent business practices, delivery of consistent customer experiences, employee training and buy-in, personalising experiences, measuring and analysing customer feedback and emotions, creating a centralised CEM team, and designing a holistic total customer experience.

Consistent, seamless and memorable customer experiences

Retail banks in South Africa provide customers with services across multiple channels, thus face the risk of creating disjointed and inconsistent experiences for customers. Some of these challenges include:

- Inconsistent service delivery and experiences across physical and electronic channels
- Misaligned and inconsistent messages to customers across physical and electronic channels due to distribution and locations of staff and silo management and teams
- Disparate systems, processes and operations cause incoherent and disjointed service delivery

With the aid of CEM, management need to define a clear customer centric strategy and disseminate a consistent, coherent message to staff and online platforms including social media. Management need to understand their current internal environment and deficiencies, thereafter with the customer in mind, design new processes and implement technologies to deliver superior customer experiences. Tools such as customer journey mapping assist management in understanding 'moments of truth' or moments that matter to the customer in processes – thereby aiding in design decisions. Retail banks that understand customer journeys are able to design memorable experiences that resonate in their customers' minds.

Data is another key element of design - management need to acquire customer feedback, and with the use of analytics define the operational activity required to exceed customer expectations.

Simple, convenient, and efficient banking

Banking rules and regulation, processes and systems are complex. Customers are not experts in banking and are not aware of all the requirements when originating banking products and services. Over and above the complexity, customers are inundated with banking specific terms and process that have no meaning to them. Customers are looking for simplicity and they have basic needs, for example, borrow money, transact, save or invest. The banking fraternity has taken these simple needs and 'bankified' them, creating multiple products and attaching complicated naming conventions to them, thus making it difficult for customers to know what they need and want. Another challenge customers' face involves the various misaligned service interfaces that banks have, and they all have inconsistencies.

Management need to understand customer needs and wants and deliver suitable and applicable services to them. Customers are seeking timeous delivery of services, convenient banking hours, and information about the progress of their service. Banks have the advantage of using technology and their physical footprint to give customers great experiences. The crux of improvement lies in knowing customers' needs through data, feedback and research, and designing efficient, flexible customer-centric supporting processes.

Recover well

A key finding in this research highlighted that banks do not recover well from failed services. Increased competition and decreasing switching costs between banks, makes it important for management to consider service recovery processes. Dissatisfied customers are quick to advertise their concerns across social media and other platforms thus diminishing brand value. Management need to reconceive their service recovery processes, this done correctly will show customers that banks care and thus win their hearts and build loyalty.

Make it Personal

A high percentage (30%) of customers in this sample stipulated that their banks do not know them or their needs. This creates undesired customer experiences, for example, a customer who has banked with a particular service provider for years requests a loan and gets declined with no reason provided. Retail banks need to focus on understanding their customers' needs and wants more effectively using the plethora of data that they have available. Key customer experience metrics need to be defined, supported by strong analytics capability, where management can understand unique customer requirements. Using these techniques, management can create and define superior, personalised customer experiences.

Co-create experiences with customers

Historically, retail banks have built processes and technologies that are internally focused. Banking terminology and requirements have been forced on the customer, about which they have little knowledge. New technologies have created an avenue for banks to bridge the gap between themselves and customers. Management have an opportunity to integrate customers into their processes or co-create services and experiences with customers. This will enable the customer to be in control of their wants and needs from banking services, with the added benefit of convenience. Banks can make customer a part of the experience creation through conversation and interaction through social media, banking websites and blogs.

Create a customer experience ecosystem

The battle for market share in the South Africa banking sector has become fierce, stimulated by the rise of 'Capitec Bank', non-banking institutions entering the market and retailers gaining banking licenses. This makes it imperative for retail banks to differentiate themselves in new and unique ways, such as building superior customer experiences. Building customer experience in a complex banking system involves strategy, integration of technologies, orchestrating business models, brand management and commitment from the top.

Retail banks that are aiming to deliver superior customer experiences, must find alignment between all the key stakeholders in their ecosystems such as customers, employees and partners. Banks need to find avenues of entrenching themselves into the markets in which they operate. Management need to focus on baskets of products and services that deliver a seamless, wonderful experience to customers. Banks are already crafting superior ecosystems that help customers achieve their big-picture goals.

Look outside- growth is not always inside

Smaller technology start-ups are flooding the market with innovative banking products and services for examples:

1. SnapScan, a small South African technology company that provides customers and merchants a simple payment solution using Quick Response (QR) codes
2. TYME, another South African based technology company that designs, builds and operates digital banking ecosystems

These companies are agile and respond to customer needs and wants quickly, delivering superior customer experiences through convenience, ease of use and simply being savvy. South African retail banks have the opportunity to leverage the capabilities of these smaller businesses through partnerships or acquisition. Management need to consider the alternatives available instead of trying to build similar systems in-house.

Benchmark with other industries

As discussed earlier, the lines that define industries are dissipating. Customers have access to various services in other industries which they like and have grown accustomed to. It is essential for management to scan the environment, across industries to understand the capabilities of other organisations. Organisations such as Amazon, Disney and Apple have changed the way customers view services, and have created high expectations for banks. This makes it pertinent for management to understand what is available and reuse or leverage learnings from other organisations. The South African customer satisfaction index (SAcsi) can be used to benchmark satisfaction within and between industries; however, there is potential to develop this metric further to include key customer experience measures.

Keep score

To drive a successful customer experience strategy, organisations need to be focused on the right measures and metrics. It is important to align employees (through Key Performance Indicators), channels and messaging to drive a consistent customer experience with all delivering on the matching and applicable metrics. This will enable organisations to have a holistic measure of experience and the key drivers involved.

6.4 Further Research Agenda

This study provides customer insights into South African retail banking experiences within the context of service quality, customer satisfaction, brand relationships and brand loyalty. The following section highlights areas for future research based on research findings, factors not covered beyond the scope of this study, and other issues affecting an evolving retail banking industry.

- There may be additional latent factors providing further insights to understand behaviour and enhance customer experience.

- There is an opportunity to replicate this research study:

    - *With a larger sample size*

  There were 151 valid responses to the survey, which is a small percentage of the total banked population in South Africa. There is an opportunity to conduct this study on a larger scale with a bigger sample to improve the reliability of the results.

    - *Across other market segments*

  This study was limited to the South African retail banking industry and includes all personal banking customers. The sample comprised of responses from lower, middle and private banking customers; however the distribution across these segments varied. There will be value in duplicating this research in order to gain an in-depth understanding of segment specific customer experiences. Business and corporate banking customers experience banking services differently, however were also excluded from this study, highlighting another future research opportunity.

    - *In other service industries*

  Enhanced customer experiences have the ability to deliver value to customers and organisations, however this varies across industries. This study can be extended to other service industries to gain an understanding into predictors and key drivers of customer experience.

- Customer experiences are not static and evolve through various interactions with brands, products and services. It is important to understand the reasons and factors affecting customers' experiences over time, making it valuable to conduct a longitudinal study.

- Majority of the respondents within the surveyed sample bank with one of the 'big four' banks in South Africa i.e. Standard Bank, ABSA, First National Bank and Nedbank; there is an opportunity to include customers from other smaller banks and non-bank institutions offering similar products and services. Conducting research into this dynamic environment can provide key insights from a different customer base and their experiences.

- Experiences can differ in high-contact, high-touch and low-contact, low-touch environments. This study can highlight experiences between different service execution environments.

- Customer experience is derived from physical and emotion aspects of a service. There is value in conducting a qualitative research study to understand the primary factors or reasons that create enhanced experiences.

- The relationship between brand relationships and customer experience was not empirically proven during this study. There is an opportunity to relook at the brand relationship scale items and retest the relationship and impacts.

- Brand loyalty was measured using one scale item, that is, the Net Promoter Score. Future studies should include other items to measure brand loyalty and its impact on customer experience.

- Relationships between customer experience and brands are complex, and there is a possibility to distinguish between the different types, including relationships with employees, relationships with brands and relationships with interfaces.

- Customers have experiences across different service channels, including physical channels, online channels and mobile channels. It is important to understand how these service interfaces affect customer experience.

- Understand the customer experience dynamic from the organisation's perspective, including design and execution thereof.

- Customer experience has been identified as being a key differentiator for business success; however more research is required to understand the link between customer experience, customer lifetime value and organisational profit.

- There are currently disparate and differing views on customer experience and its measures. There is an opportunity to define and test customer experience using robust customer experience measurement factors.

REFERENCES

Abbott, L. (1956). Quality and competition: an essay in economic theory.

Al-Eisa, A. S., & Alhemoud, A. M. (2009). Using a multiple-attribute approach for measuring customer satisfaction with retail banking services in Kuwait. *international journal of bank marketing, 27*(4), 294-314.

Arnould, E. J., & Price, L. L. (1993). River magic: Extraordinary experience and the extended service encounter. *Journal of consumer Research*, 24-45.

Athanassopoulos, A. D. (2000). Customer satisfaction cues to support market segmentation and explain switching behavior. *Journal of Business Research, 47*(3), 191-207.

Bagozzi, R. P. (1992). The self-regulation of attitudes, intentions, and behavior. *Social psychology quarterly*, 178-204.

Bansal, H. S., & Taylor, S. (1997). *Investigating the relationship between service quality, satisfaction and switching intentions.* Paper presented at the Proceedings of the 1997 Academy of Marketing Science (AMS) Annual Conference.

Barroso Castro, C., Martín Armario, E., & Martín Ruiz, D. (2004). The influence of employee organizational citizenship behavior on customer loyalty. *International journal of Service industry management, 15*(1), 27-53.

BASA. (2016). Association and Industry Overview. Retrieved from http://www.banking.org.za/about-us/association-overview

Bateson, J. E., & Hoffman, K. (1997). Essentials of services marketing: USA, Dryden Press.

Beerli, A., Martin, J. D., & Quintana, A. (2004). A model of customer loyalty in the retail banking market. *European Journal of Marketing, 38*(1/2), 253-275.

Berry, L., Carbone, L., & Haeckel, S. (2002). Managing the total customer experience. *MIT Sloan Management Review, 43*(3), 85.

Berry, L., Wall, E., & Carbone, L. (2006). Service clues and customer assessment of the service experience: Lessons from marketing. *The Academy of Management Perspectives, 20*(2), 43-57.

Berry, L. L., & Seltman, K. D. (2007). Building a strong services brand: Lessons from Mayo Clinic. *Business Horizons, 50*(3), 199-209.

Boulding, W., Kalra, A., Staelin, R., & Zeithaml, V. A. (1993). A dynamic process model of service quality: from expectations to behavioral intentions. *Journal of marketing research, 30*(1), 7.

Burns, M., Strohmenger, R., Manning, H., Schmidt-Subramanian, M., Parrish, R., Collins, E., . . . O'Connor, C. (2014). Introducing Forrester's Next-Generation Customer Experience Index

Great Customer Experiences Create And Sustain Customer Loyalty. *For Customer Experience Professionals.* Retrieved from https://www.forrester.com/report/Introducing+Forresters+NextGeneration+Customer+Experience+Index/-/E-RES113364

Businesstech. (2015). Battle to be the Biggest Bank. Retrieved from http://businesstech.co.za/news/banking/86284/battle-to-be-the-biggest-bank-in-sa/

Caruana, A. (2002). Service loyalty: The effects of service quality and the mediating role of customer satisfaction. *European Journal of Marketing, 36*(7/8), 811-828.

Chahal, H., & Dutta, K. (2014). Conceptualising customer experiences: Significant research propositions. *The Marketing Review, 14*(4), 361-381.

Christopher, M., Payne, A., & Ballantyne, D. (1991). Relationship marketing: bringing quality customer service and marketing together.

Christopher, M., Payne, A., Ballantyne, D., & Pelton, L. (1995). Relationship marketing: Bringing quality, customer service and marketing together: Pergamon.

Churchill Jr, G. A., & Surprenant, C. (1982). An investigation into the determinants of customer satisfaction. *Journal of marketing research*, 491-504.

Cohen, D., Gan, C., Yong, H. H. A., & Chong, E. (2007). Customer retention by banks in New Zealand. *Banks and Bank Systems, 2*(1), 40.

Cornford, T., & Smithson, S. (1996). Collecting research data *Project Research in Information Systems* (pp. 90-107): Springer.

Cowley, E., Farrell, C., & Edwardson, M. (2005). The role of affective expectations in memory for a service encounter. *Journal of Business Research, 58*(10), 1419-1425.

Creswell, J. W. (2013). *Research design: Qualitative, quantitative, and mixed methods approaches* (3rd ed.): Sage publications.

Davis, S., & Halligan, C. (2002). Extending your brand by optimizing your customer relationship. *Journal of Consumer Marketing, 19*(1), 7-11.

Devlin, J. F. (2001). Consumer evaluation and competitive advantage in retail financial services-A research agenda. *European Journal of Marketing, 35*(5/6), 639-660.

Dick, A. S., & Basu, K. (1994). Customer loyalty: toward an integrated conceptual framework. *Journal of the Academy of Marketing Science, 22*(2), 99-113.

Ding, D. X., Hu, P. J.-H., Verma, R., & Wardell, D. G. (2009). The impact of service system design and flow experience on customer satisfaction in online financial services. *Journal of Service Research*.

Edvardsson, B., Enquist, B., & Johnston, R. (2005). Cocreating customer value through hyperreality in the prepurchase service experience. *Journal of Service Research, 8*(2), 149-161.

Fin24. (2015). Customers slightly happier with SA Banks. Retrieved from http://www.fin24.com/Companies/Financial-Services/Customers-slightly-happier-with-SA-banks-index-20150302

Finscope. (2013). Customer Service Excellence in South Africa- Mind the Gap (pp. 1-6): Interactive Intelligence Group.

Fournier, S. (1998). Consumers and their brands: Developing relationship theory in consumer research. *Journal of consumer Research, 24*(4), 343-353.

Frow, P., & Payne, A. (2007). Towards the 'perfect'customer experience. *Journal of Brand Management, 15*(2), 89-101.

Gartner. (2016). Customer Experience Management (CEM). Retrieved from http://www.gartner.com/it-glossary/customer-experience-management-cem

Gentile, C., Spiller, N., & Noci, G. (2007). How to sustain the customer experience:: An overview of experience components that co-create value with the customer. *European Management Journal, 25*(5), 395-410.

Getty, J. M., & Thompson, K. N. (1995). The relationship between quality, satisfaction, and recommending behavior in lodging decisions. *Journal of Hospitality & Leisure Marketing, 2*(3), 3-22.

Gilmore, J. H., & Pine, B. J. (2002). Customer experience places: the new offering frontier. *Strategy & Leadership, 30*(4), 4-11.

Golafshani, N. (2003). Understanding reliability and validity in qualitative research. *The qualitative report, 8*(4), 597-606.

Gummesson, E. (1997). Relationship marketing as a paradigm shift: some conclusions from the 30R approach. *Management decision, 35*(4), 267-272.

Gupta, S., & Vajic, M. (2000). The contextual and dialectical nature of experiences. *New service development: Creating memorable experiences*, 33-51.

Harris, K., Harris, R., & Baron, S. (2001). Customer participation in retail service: lessons from Brecht. *International Journal of Retail & Distribution Management, 29*(8), 359-369.

Holbrook, M. B. (2006). Consumption experience, customer value, and subjective personal introspection: An illustrative photographic essay. *Journal of Business Research, 59*(6), 714-725.

Hopperman, J. (2015). *Customer Experience In Banking Needs More than Just Channels*. Retrieved from

Jamal, A., & Naser, K. (2002). Customer satisfaction and retail banking: an assessment of some of the key antecedents of customer satisfaction in retail banking. *international journal of bank marketing, 20*(4), 146-160.

Java, R. G., Ueltschy, L. C., Laroche, M., Eggert, A., & Bindl, U. (2007). Service quality and satisfaction: an international comparison of professional services perceptions. *Journal of Services marketing, 21*(6), 410-423.

Jones, G. (2014). Significant Changes in Store fo Retail Banking Sector. Retrieved from http://www.bdlive.co.za/business/financial/2014/04/15/significant-changes-in-store-for-retail-banking-sector

Klaus, P. (2013). Preservers, Transformers & Vanguards: Measuring the Profitability of Customer Experience Strategies. *Design Management Review, 24*(4), 24-29.

Klaus, P., & Maklan, S. (2013). Towards a better measure of customer experience.

Knox, S., & Freeman, C. (2006). Measuring and managing employer brand image in the service industry. *Journal of Marketing Management, 22*(7-8), 695-716.

Kotler, P., & Keller, K. (2011). *Marketing management 14th edition*: Prentice Hall.

Kotler, P., Keller, K. L., Ancarani, F., & Costabile, M. (2014). *Marketing management 14/e*: Pearson.

Kumar, M., Tat Kee, F., & Taap Manshor, A. (2009). Determining the relative importance of critical factors in delivering service quality of banks: an application of dominance analysis in SERVQUAL model. *Managing Service Quality: An International Journal, 19*(2), 211-228.

Lee, D. G. J. (2015). *Business Statistics Made Easy in SAS*: Silk Route Press.

Lee, M. C., & Hwan, S. (2005). Relationships among service quality, customer satisfaction and profitability in the Taiwanese banking industry. *International Journal of Management, 22*(4), 635.

Leventhal, R. C., Mascarenhas, O. A., Kesavan, R., & Bernacchi, M. (2006). Lasting customer loyalty: a total customer experience approach. *Journal of Consumer Marketing, 23*(7), 397-405.

Levesque, T., & McDougall, G. H. (1996). Determinants of customer satisfaction in retail banking. *international journal of bank marketing, 14*(7), 12-20.

Meyer, C., & Schwager, A. (2007). Understanding customer experience. *Harvard business review, 85*(2), 116.

Molina, C. (2012). How to Measure Customer ExperienceCustomer Experience: A multidimensional Vision of Experience Marketing (pp. 38-45): #CEMbook. Retrieved from www.thecustomerexperience.es. Retrieved from www.thecustomerexperience.es

Mukherjee, A., & Nath, P. (2003). A model of trust in online relationship banking. *international journal of bank marketing, 21*(1), 5-15.

Neal, W. D. (1999). Satisfaction is nice, but value drives loyalty. *Marketing research, 11*(1), 20.

O'Shaughnessy, J., & O'Shaughnessy, N. J. (2002). *The marketing power of emotion*: Oxford University Press.

Oliver, R. L., Rust, R. T., & Varki, S. (1997). Customer delight: foundations, findings, and managerial insight. *Journal of retailing, 73*(3), 311-336.

Olsen, L. L., & Johnson, M. D. (2003). Service equity, satisfaction, and loyalty: from transaction-specific to cumulative evaluations. *Journal of Service Research, 5*(3), 184-195.

Palmer, A. (2010). Customer experience management: a critical review of an emerging idea. *Journal of Services marketing, 24*(3), 196-208.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1985). A conceptual model of service quality and its implications for future research. *the Journal of Marketing*, 41-50.

Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). Servqual. *Journal of retailing, 64*(1), 12-40.

PeopleMetrics. (2013). *A Shifting Landscape: Customer Experience Trends and Priorities in Retail Banking*. Retrieved from

Peterson, R. A., & Wilson, W. R. (1992). Measuring customer satisfaction: fact and artifact. *Journal of the Academy of Marketing Science, 20*(1), 61-71.

Pine, B. J., & Gilmore, J. H. (1998). Welcome to the experience economy. *Harvard business review, 76*, 97-105.

Prahalad, C., & Ramaswamy, V. (2004). Co-creation experiences: The next practice in value creation. *Journal of interactive marketing, 18*(3), 5-14.

Puccinelli, N. M., Goodstein, R. C., Grewal, D., Price, R., Raghubir, P., & Stewart, D. (2009). Customer experience management in retailing: understanding the buying process. *Journal of retailing, 85*(1), 15-30.

PwC. (2014). *Retail Banking 2020: Evolution or Revolution*. Retrieved from

Rawson, A., Duncan, E., & Jones, C. (2013). The truth about customer experience. *Harvard business review, 91*(9), 90-98.

Reichheld, F. F., Markey Jr, R. G., & Hopton, C. (2000). The loyalty effect-the relationship between loyalty and profits. *European Business Journal, 12*(3), 134.

Richardson, A. (2010). Understanding Customer Experience. *accessed September, 26*, 2010.

Roberts, K. (2004). The future beyond brands: Lovemarks. *Budapest: Magyar Könyvklub*.

SAcsi. (2016a, 25 March 2016). About SAcsi. Retrieved from http://www.sacsi.co.za/aboutsacsi.aspx

SAcsi. (2016b). SAcsi and the ACSI Methodology. Retrieved from http://www.sacsi.co.za/sacsimethodology

Salas, E., & Fogli, L. (2006). *Customer service delivery: Research and best practices* (Vol. 20): John Wiley & Sons.

SARB. (2016). About Us. Retrieved from https://www.resbank.co.za/AboutUs/Pages/About%20Us-Home.aspx

Schouten, J. W., McAlexander, J. H., & Koenig, H. F. (2007). Transcendent customer experience and brand community. *Journal of the Academy of Marketing Science, 35*(3), 357-368.

Shaw-Ching Liu, B., Petruzzi, N. C., & Sudharshan, D. (2007). A service effort allocation model for assessing customer lifetime value in service marketing. *Journal of services marketing, 21*(1), 24-35.

Sheth, J. N., & Parvatiyar, A. (1995). The evolution of relationship marketing. *International business review, 4*(4), 397-418.

Siddiqi, K. O. (2011). Interrelations between service quality attributes, customer satisfaction and customer loyalty in the retail banking sector in Bangladesh. *International Journal of Business and Management, 6*(3), 12.

Solis, B. (2015). Customer Experience is the Sum of Emotional Reactions. *NEOCOM 2015*: briansolis.com.

Tam, J. L. (2004). Customer satisfaction, service quality and perceived value: an integrative model. *Journal of Marketing Management, 20*(7-8), 897-917.

Tam, J. L. (2005). Examining the dynamics of consumer expectations in a Chinese context. *Journal of Business Research, 58*(6), 777-786.

Tatikonda, L. U. (2013). The Hidden Costs of Customer Dissatisfaction. *Management Accounting Quarterly, 14*(3), 34.

Verhoef, P. C., Lemon, K. N., Parasuraman, A., Roggeveen, A., Tsiros, M., & Schlesinger, L. A. (2009). Customer experience creation: Determinants, dynamics and management strategies. *Journal of retailing, 85*(1), 31-41.

Westbrook, R. A. (1981). Sources of consumer satisfaction with retail outlets. *Journal of retailing, 57*(3), 68-85.

Winter, G. (2000). A comparative discussion of the notion of'validity'in qualitative and quantitative research. *The qualitative report, 4*(3), 1-14.

Yee, R. W., Yeung, A. C., & Cheng, T. E. (2010). An empirical study of employee loyalty, service quality and firm performance in the service industry. *International Journal of Production Economics, 124*(1), 109-120.

Yoon, C. (2010). Antecedents of customer satisfaction with online banking in China: The effects of experience. *Computers in Human Behavior, 26*(6), 1296-1304.

Zeithaml, V. A., Berry, L. L., & Parasuraman, A. (1993). The nature and determinants of customer expectations of service. *Journal of the Academy of Marketing Science, 21*(1), 1-12.

APPENDIX A: RESEARCH QUESTIONNAIRE

Customer Experience within Retail Banking

Dear Participant,

My name is Sacheen Kala, and I am currently pursuing a degree in business administration through The University of the Witwatersrand (Wits). In my journey I am required to complete a research project, for which I have chosen the lucrative and competitive world of banking.

I am now at a point where I humbly request your assistance in enabling me to complete my task. My research is centered on how effectively banking institutions achieve customer experience through service quality, customer satisfaction, and building brand relationships. Attached is a questionnaire that should take no longer than 20 minutes to complete. You are not required to provide your name, so your response is completely anonymous. You are required to please provide some demographic information, which is used purely to establish patterns between different demography's.

The body of the survey is made up of four sections, namely; service quality, customer satisfaction, brand relationships and customer experience. Each section has a series of subject related statements, for which you are simply required to tick the appropriate block on a rating scale from 'strongly disagree' to 'strongly agree'. Only one rating per statement is permitted, so please consider each statement individually, choosing the rating you deem most appropriate. By completing this survey you will be assisting me in contributing to a body of academic knowledge in the banking industry. Thanking you in advance. Please feel free to contact me should you have any queries in this regard at sacheenkala@gmail.com or on 0828508134.

Sincerely,

Sacheen Kala

T&C: I have read and understood the above consent form and desire of my own free will to participate in this study.

- ❍ Yes (1)
- ❍ No (2)

If No Is Selected, Then Skip To End of Survey

SQ Service Quality: Please indicated to what extent you agree or disagree with each statement:

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
My banks channels (branch, call centre, online) have all the services that I need (1)	❍	❍	❍	❍	❍	❍	❍
My banks physical facilities are visually appealing (e.g. layout, cleanliness, etc.) (2)	❍	❍	❍	❍	❍	❍	❍
The employees at my bank are helpful (3)	❍	❍	❍	❍	❍	❍	❍
I receive the services I require in a timely manner (4)	❍	❍	❍	❍	❍	❍	❍
The service I receive from my bank is according to my expectations (5)	❍	❍	❍	❍	❍	❍	❍
The channels (branch, call centre, online) my bank offers is convenient (6)	❍	❍	❍	❍	❍	❍	❍
My bank operates at convenient hours for me (7)	❍	❍	❍	❍	❍	❍	❍

CS Customer Satisfaction: Please indicate to what extent you agree or disagree with each statement:

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I am satisfied with my banks products and services (1)	❍	❍	❍	❍	❍	❍	❍
The way my bank deals with me when things go wrong will make me stay with them (2)	❍	❍	❍	❍	❍	❍	❍
My banks processes are simple and easy to follow (3)	❍	❍	❍	❍	❍	❍	❍
I will use my banks products in the future (4)	❍	❍	❍	❍	❍	❍	❍
I am satisfied with my banks reputation and image (5)	❍	❍	❍	❍	❍	❍	❍
My bank knows who i am, and understands my needs (6)	❍	❍	❍	❍	❍	❍	❍

NPS: On a scale from 0-10, how likely are you to recommend your bank to a friend or colleague?

- ❍ 0 (0)
- ❍ 1 (1)
- ❍ 2 (2)
- ❍ 3 (3)
- ❍ 4 (4)
- ❍ 5 (5)
- ❍ 6 (6)
- ❍ 7 (7)
- ❍ 8 (8)
- ❍ 9 (9)
- ❍ 10 (10)

BR Brand Relationships: Please indicate to what extent you agree or disagree with each statement

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I trust my bank (1)	❍	❍	❍	❍	❍	❍	❍
I am committed to my bank (2)	❍	❍	❍	❍	❍	❍	❍
Using my bank is a good experience for me (3)	❍	❍	❍	❍	❍	❍	❍
I use my bank because it aligns to my personal values (4)	❍	❍	❍	❍	❍	❍	❍
I stay with my bank because I am not confident about using an alternative provider (5)	❍	❍	❍	❍	❍	❍	❍
My bank fits my lifestyle (6)	❍	❍	❍	❍	❍	❍	❍
Compared to other banks, the relationship I have with my bank adds more value to my needs/ lifestyle (7)	❍	❍	❍	❍	❍	❍	❍

CX Customer Experience: Please indicate to what extent you agree or disagree with each statement

	Strongly Disagree (1)	Disagree (2)	Somewhat Disagree (3)	Neither Agree nor Disagree (4)	Somewhat Agree (5)	Agree (6)	Strongly Agree (7)
I am confident with my banks expertise; they know what they doing (1)	❍	❍	❍	❍	❍	❍	❍
My banks processes are customer centric as they were designed with the customer in mind (2)	❍	❍	❍	❍	❍	❍	❍
My bank has the required capabilities (people, process, technology and data) to offer solutions that address my specific needs (3)	❍	❍	❍	❍	❍	❍	❍
It is important that my bank is flexible in its products and service offering (4)	❍	❍	❍	❍	❍	❍	❍
My bank keeps me updated with information pertaining to my account (5)	❍	❍	❍	❍	❍	❍	❍
It is difficult to get the timely help i need from my bank (6)	❍	❍	❍	❍	❍	❍	❍
My bank offers a seamless experience across all customer touch points (e.g. branch, contact center, web, etc.) (7)	❍	❍	❍	❍	❍	❍	❍

Age: Age

- ❍ Younger than 20 (1)
- ❍ 21-30 (2)
- ❍ 31-40 (3)
- ❍ 41-50 (4)
- ❍ Older than 51 (5)

Gen: Gender

- ❍ Male (1)
- ❍ Female (2)

BankAcc: My primary account is with

- ❑ ABSA (1)
- ❑ Capitec (2)
- ❑ FNB (3)
- ❑ Investec (4)
- ❑ Nedbank (5)
- ❑ Standard Bank (6)
- ❑ Other (7) ____________________

Reas: I mainly use banking (Branch, Call Centre, or Online channels) for

- ❑ Account Enquiry (1)
- ❑ Lodge complaints/compliments (2)
- ❑ Loan application (3)
- ❑ Investment/savings (4)
- ❑ Transactional (5)
- ❑ Other (6) ____________________

HowL: I have banked with this bank for

- ❍ Less than 1 year (1)
- ❍ 1-3 years (2)
- ❍ 4-6 years (3)
- ❍ 7-10 years (4)
- ❍ More than 10 years (5)

Q17: I have changed my bank, why?

- ❍ Yes (1) ____________________
- ❍ No (2) ____________________

Emp: My employment status

- ❍ Unemployed (1)
- ❍ Self-employed (2)
- ❍ Employed (3)

Inc: My current monthly income is(use the slider to choose range)

______ Monthly Income (1)

Channels: I use these banking channels

- ❑ Branch (1)
- ❑ Internet Banking (2)
- ❑ Mobile Banking (3)
- ❑ Telephone Banking (4)
- ❑ Cellphone Banking (5)
- ❑ Call Center (6)
- ❑ Private Banking (7)
- ❑ Other (8) ____________________

BServices: I currently use other banking type services

- ❑ Paypal (1)
- ❑ Snapscan (2)
- ❑ Masterpass (3)
- ❑ ApplePay (4)
- ❑ Other (5) ____________________

EDU: My education Level

- ❍ Matric and below (1)
- ❍ Undergraduate degree (2)
- ❍ Post graduate degree (3)
- ❍ Other (4) ____________________

ADD: Is there anything else that you would like to add that can assist your bank in delivering you with a superb experience in the future?

APPENDIX B: FREQUENCY OF SURVEY RESPONSES

The graphs below illustrate the frequency of responses for each individual item on a seven point scale.

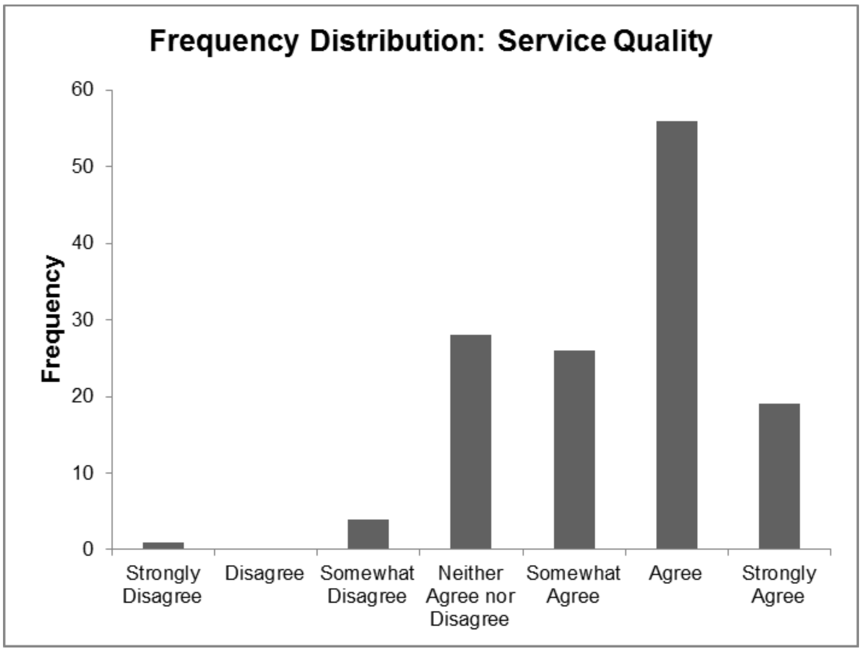

Figure 17: Frequency Distribution of Service Quality Scale Items

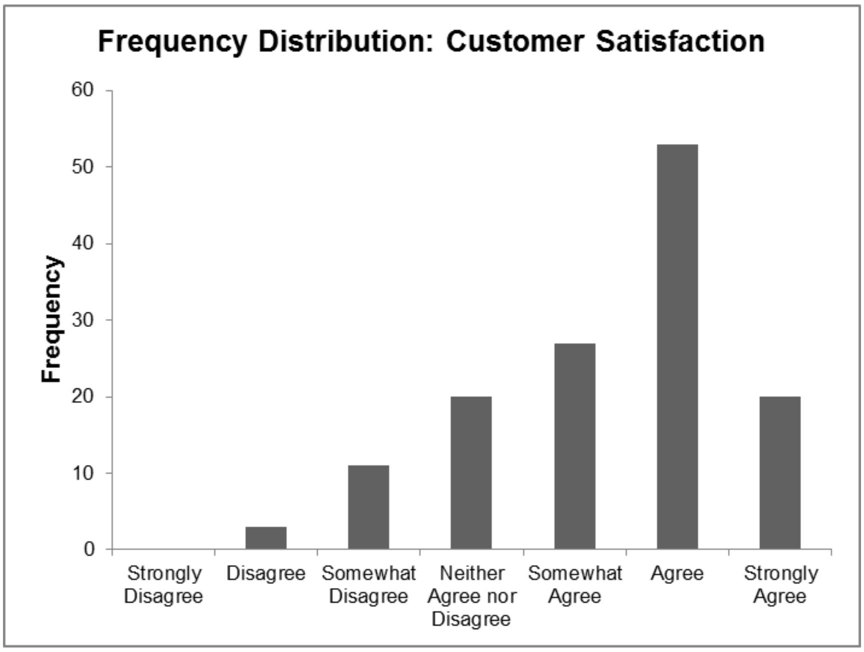

Figure 18: Frequency Distribution of Customer Satisfaction Scale Items

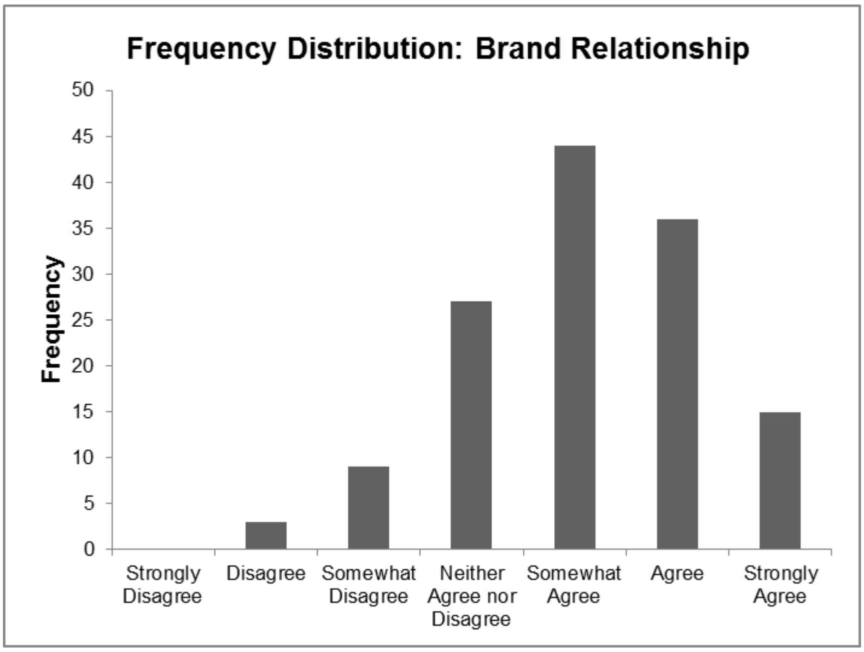

Figure 19: Frequency Distribution of Brand Relationship Scale Items

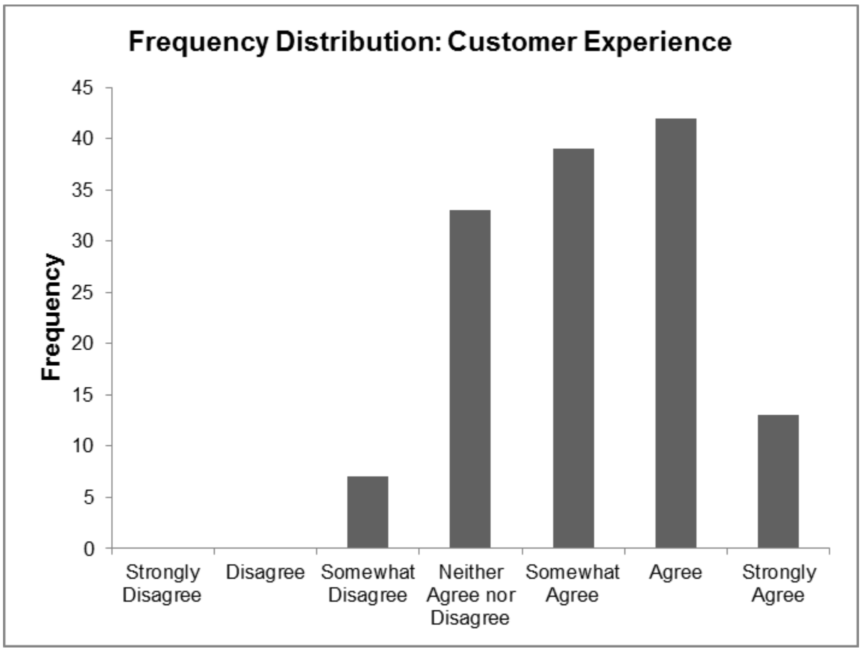

Figure 20: Frequency Distribution of Customer Experience Scale Items

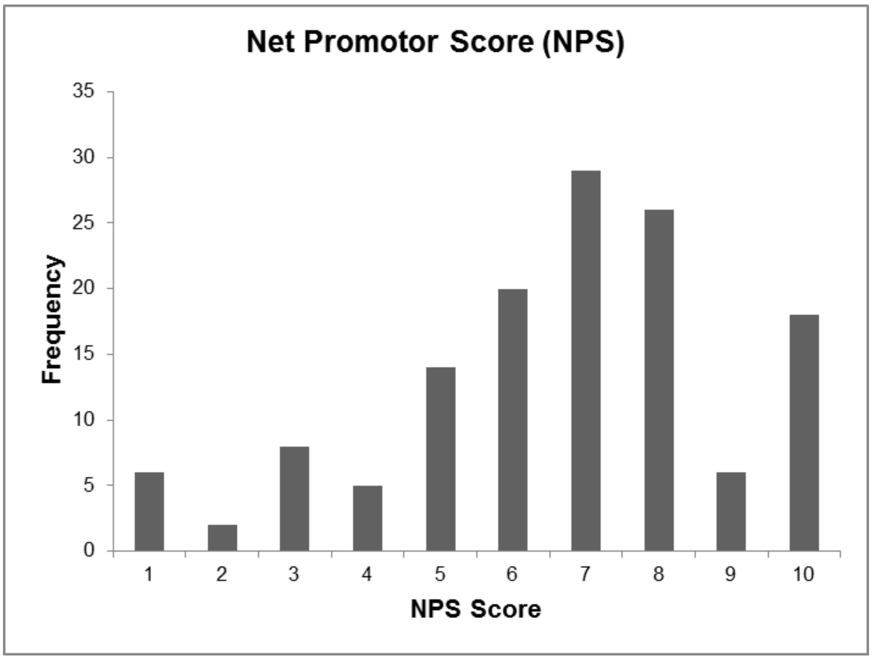

Figure 21: Frequency Distribution of NPS

APPENDIX C: REGRESSION AND DIAGNOSTICS

Regression

A basic multiple regression analysis was conducted on all predictors of customer experience calculated as the average of the four performance indicators, which is SQ, CS, BR and NPS.

After conducting an initial basic regression analysis, a stepwise regression analysis method was used to build a customer experience model through the process of adding and deleting variables based on their *t*-statistic.

Model Diagnostics

Prior to a detailed analysis of the significant relationships between the dependent variables (DV) and independent variables (IV), regression analysis requires that a variety of diagnostic checks related to traditional assumptions be undertaken, to ensure that there are no major assumption violations. Referring to the Pearson correlation (table 16), there are moderate to strong correlations observed between the independent variables. There is very strong evidence of association between SQ and CS (0.843), and large correlations with good evidence of association between SQ and NPS (0.678), and, CS and NPS (0.759). These observations are supported by theory in that service quality is related to the customer’s perceptions and expectations before a service encounter, customer satisfaction is post service and brand relationships and loyal is continuously informed by both the above factors. These observations suggest the effects of multicollinearity (statistically significant relationships between IV’s) and endogeneity (causal relationships between IV’s).

An analysis of the data shape, from the main residual plot (figure 22) and the separate IV plots (Figure 23) did not suggest any evidence of non-linearity or heteroscedasticity. Non-linearity would refer to a shape other than a straight line. Heteroscedasticity refers to linear shape, but the residuals from the regression are not regular (Lee, 2015).

The effect of influential outliers is considered negligible, referring to the studentized residual plot (Figure 23), as there are only five points lying above and below the +-2 boundary and none greater than 3.

The two residual normality plots are shown in Figure 23. From the plots it can be seen that the plot is diagonally straight (relatively) from the bottom left to top right, suggesting that the residuals are probably normal. Further the actual residual histograms generally follow the bell curve, indicating normality.

The diagnostics indicators suggest no major assumptions violations except for multicollinearity, which is expected due to the nature of the interrelationships and dependencies between the constructs of the IV's. Theory suggests that there is a correlation between all these variables as they are related to a customer's perception before, during and after any service encounter.

Model Fit

Assessing the fit commences with what is referred to as the 'global assessments of fit', the R^2 and ANNOVA F-statistic. R^2 is that percentage of variance of a dependant variable that is accounted for by the regression line (Lee, 2015). R^2 is therefore a size measure of the regression fit (Lee, 2015). The R^2 figure is 0.7564, which implies that a significant 75.64 of the data is accounted for by the regression line.

The ANNOVA F-statistic is a formal statistical significance test of fit; therefore ANNOVA F is a measure of accuracy (Lee, 2015). For this test we look at the associated p-value. The p-value is <0.001 which implies ANOVA F is significant.

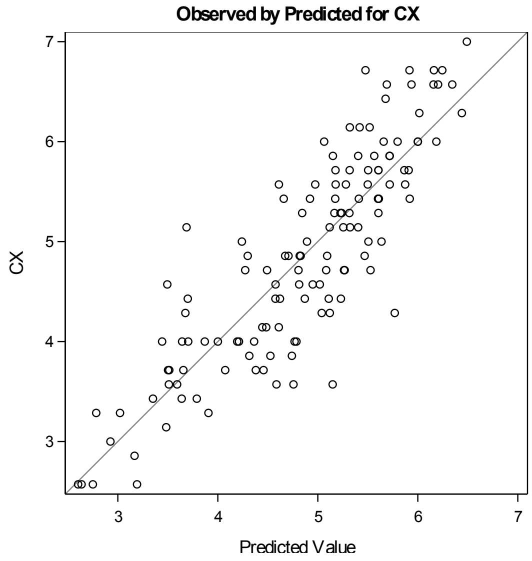

Figure 22: Main Residual Plot

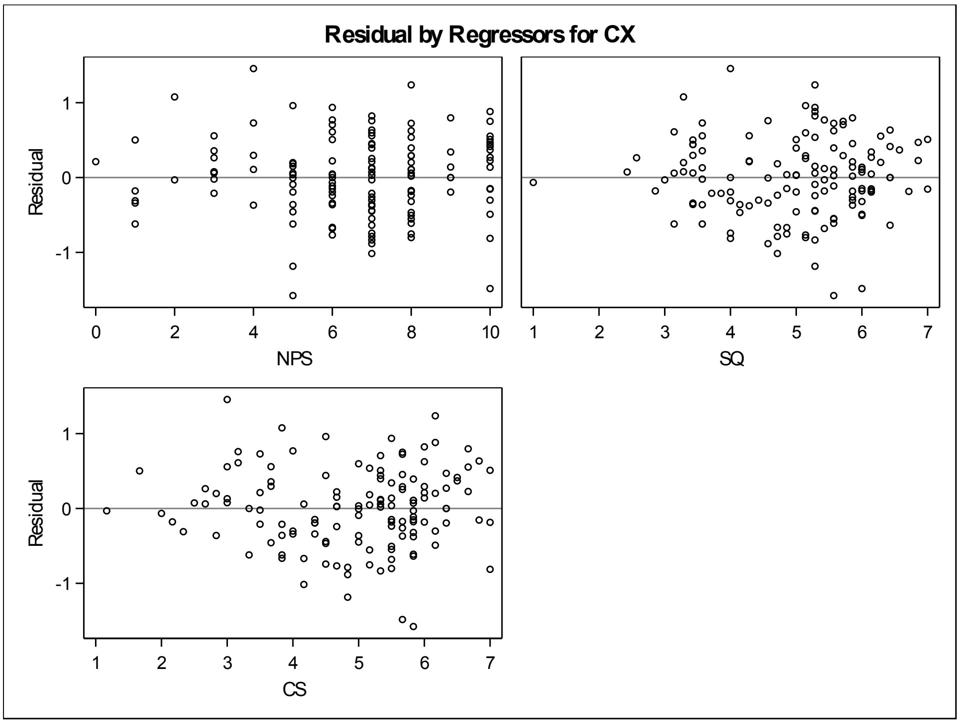

Figure 23: Separate Individual Variable Plots

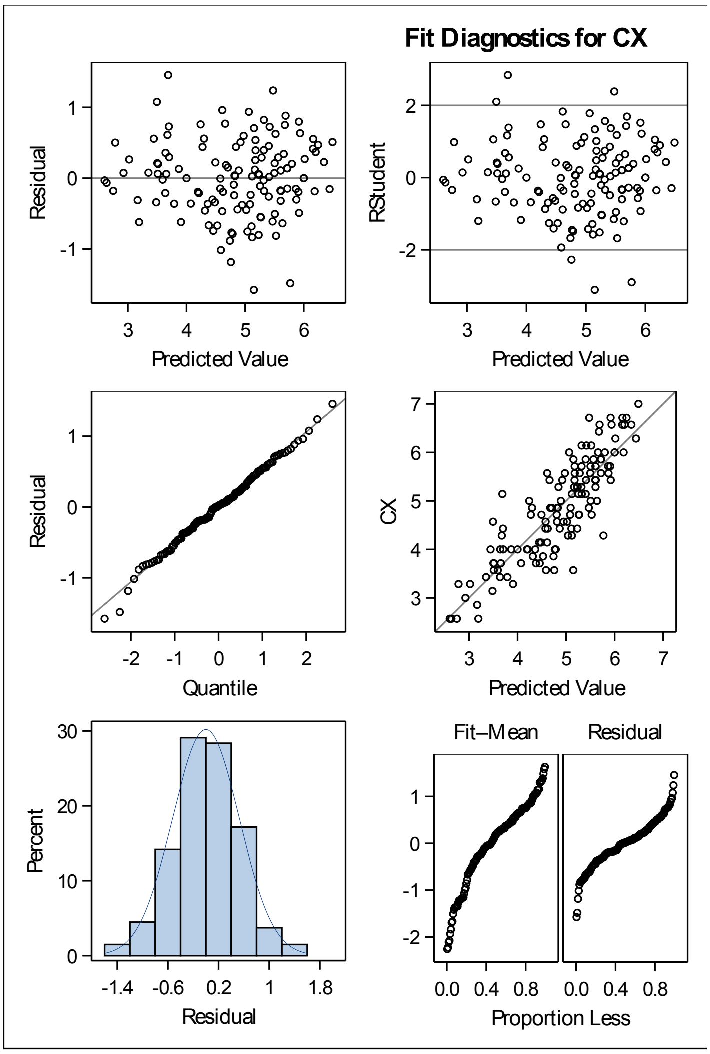

Figure 24: Fit diagnostics for Customer Experience

APPENDIX D: SERVQUAL SAMPLE QUESTIONS

The table below describes the high-level constructs and original 22 questions used to define the SERVQUAL questionnaire (Parasuraman et al., 1988).

Table 25: Sample SERVQUAL Questionnaire

Main Factor	Dimension/Question Area
Tangibles	Up-to-date equipment
	Physical facilities are visually appealing
	Employees well-dressed/neat
	Appearance of the physical facilities are consistent with the type of service industry
Reliability	The firm meets their promised time-frames for response
	The firm is sympathetic and reassuring, when the customer has problems
	They are dependable
	They provide their services at the times promised
	They keep accurate records
Responsiveness	They shouldn't be expected to tell customers exactly when the service will be performed, negative
	It is not reasonable to expect prompt service from employees, negative
	Employees do not always have to be willing to help customers, negative
	It's OK to be too busy to respond promptly to customer requests, negative
Assurance	Employees should be trustworthy
	Customers should feel safe when transacting with employees
	Employees should be polite
	Employees should get adequate support from the firm to do their job well
Empathy	Firms should not be expected to give each customer individualized attention, negative
	Employees should not be expected to give each customer individualized attention, negative
	It is unrealistic to expect employees to fully understand the needs of the customer, negative
	It is unreasonable to expect employees to have the best interests of the customer at heart, negative
	Firms should not necessarily have to operate at hours convenient to all customers, negative

APPENDIX E: CUSTOMER EXPERIENCE QUALITY (EXQ)

Klaus (2013) defined the Customer Experience Quality (EXQ) measurement. Respondents are asked to rate their customer experience on each scale item using a seven-point scale (1 strongly disagree- 7 strongly agree) scale. The items in the table below are detail the measurement constructs:

Table 26: Sample EXQ Questionnaire

Main Factor	**Dimension**
Peace of mind	PEA1. I am confident in their expertise; they know what they are doing.
	PEA2. The whole process was so easy, they took care of everything.
	PEA3. It is not just about the now; this company will look after me for a long time.
	PEA4. I am already a customer; they know me and take good care of me, so why should I go somewhere else?
	PEA5. I have dealt with them before so getting a mortgage was really easy.
	PEA6. I choose them because they give independent advice.
Moments-of-truth	MOM1. It was important that the company was flexible in dealing with me and looking out for my needs.
	MOM2. It is important that they keep me up-to-date and inform me about new options.
	MOM3. I want to deal with a safe company, because a mortgage is a lot of money.
	MOM4. It is important that the people I am dealing with are good people; they listen, are polite and make me feel comfortable.
	MOM5. The way they deal (t) with me when things go (went) wrong will decide if I stay with them.

Outcome focus	OUT1. Yes, there are other companies, but I would rather stay with mine; it makes the process much easier.
	OUT2. It was more important to get the mortgage than to shop around for a better rate.
	OUT3. I stay with my company because I am not confident about using an alternative provider.
	OUT4. It was important that the advisor had a mortgage too; he/she knew what I was going through.
Product experience	PRO1. I want to choose between different options to make certain I get the best offer.
	PRO2. It is important to me to receive mortgage offers from different companies.
	PRO3. Unless I can compare different options, I will not know which one is the best for me.
	PRO4. It would be great if I could deal with one designated contact through the entire process of getting my mortgage.

APPENDIX F: INDIVIDUAL SCALE ITEMS PER CONSTRUCT

The figures below illustrate the responses per question within each individual scale

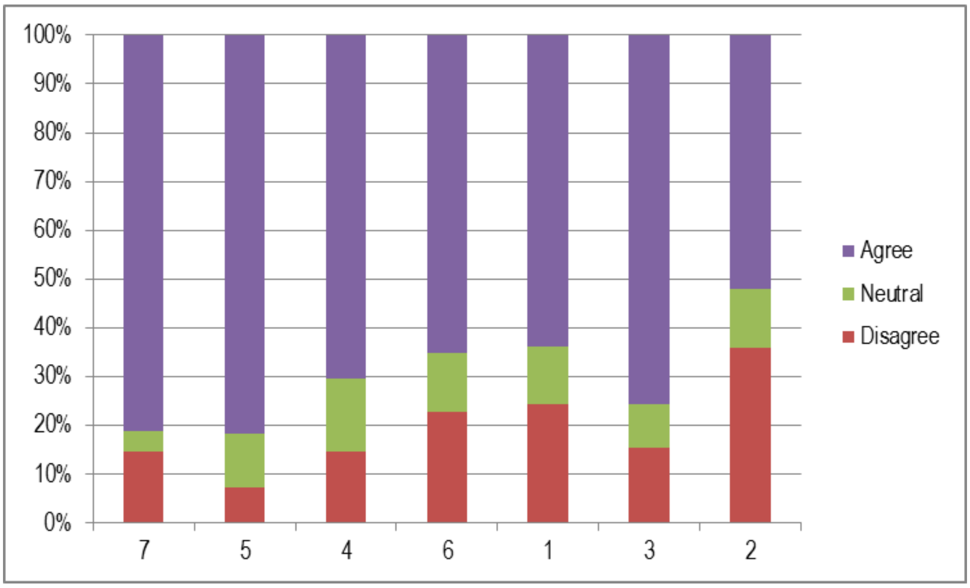

Figure 25: Responses for Service Quality

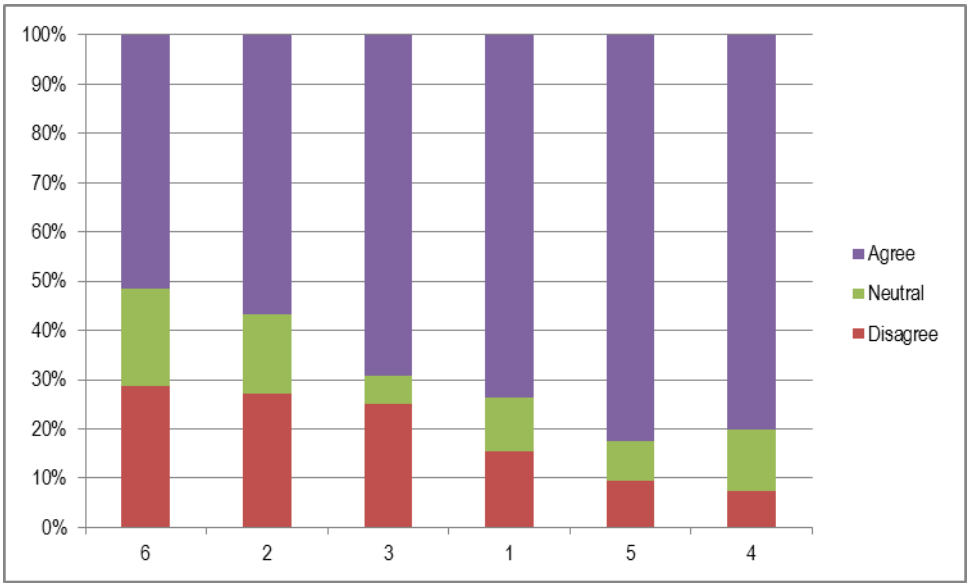

Figure 26: Responses for Customer Satisfaction

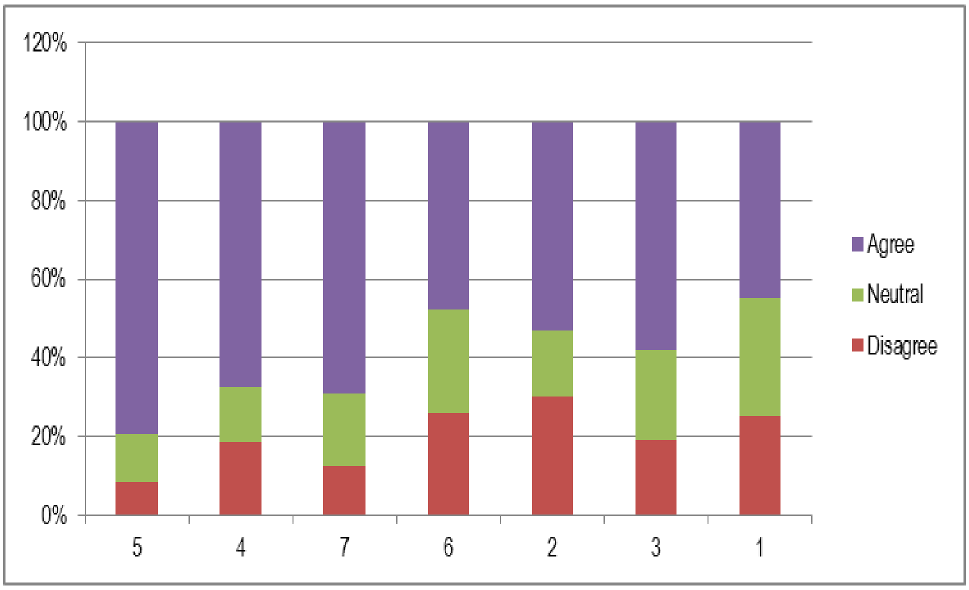

Figure 27: Responses for Brand Relationships

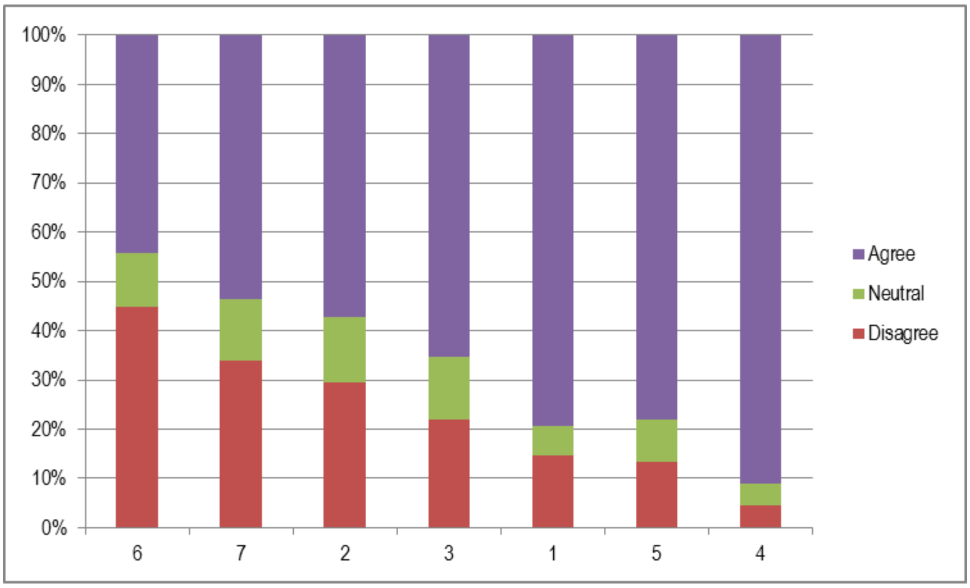

Figure 28: Responses for Customer Experience