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A theoretical analysis of how the enhancement of social media utilization can improve customer experience in South African retail banks

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Thesis presented in partial fulfilment for the degree of Master of Business Administration to the Faculty of Commerce, Law, and Management, University of the Witwatersrand

March 2020

DECLARATION

I, Lebohang Rapitsi, declare that this research report entitled

A theoretical analysis of how the enhancement of social media utilization can improve customer experience in South African retail banks

This study is my own unaided work. I have acknowledged, attributed, and referenced all ideas sourced elsewhere. I am hereby submitting it in partial fulfilment of the requirements of the degree of Master of Business Administration at the University of the Witwatersrand, Johannesburg. I have not submitted this report before for any other degree or examination to any other institution.



Lebohang Rapitsi

Signed at Johannesburg on 31st March 2020.

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ABSTRACT

Purpose: The banking industry has seen a rapid shift with the emergence of digital banks and non-direct competitors, as a result banks have responded with increased focus on the use of technology in efforts to defend market share. There is currently a lack of empirical evidence which relates to how the enhancement of social media usage by South African retail banks can improve customer experience. The purpose of this study is to examine empirical evidence to support the predictor effects of customer perception, service quality, customer satisfaction, with the aim of enhancing customer experience in retail banks by utilizing social media platforms.

Design/Methodology/ Approach: The empirical study was of a quantitative nature, whereby factors pertaining to customer perceptions, service quality, customer satisfaction and customer experience were assessed accordingly. The sample consisted of 62 respondents from the various retail banks in South African. Various statistical tests were initiated in order to understand the relationships between the abovementioned variables.

Findings: The results from the study indicate a positive relationship between customer satisfaction as a predictor of customer experience on social media platforms. The findings also suggest although there may be associations between service quality and customer perceptions with customer experience, they are however not significant.

Implications: It is critical for retail banks to continue to seek innovative ways to improve customer experience. The benefit of utilizing social media platforms is that it allows for banks to establish valuable interactions with customers whilst leveraging information in order to understand the needs of their customers.

Key words and phrases

Customer experience, customer satisfaction, service quality, customer perception, social media, retail banking

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DEFINITIONS OF KEY TERMS AND CONCEPTS

Term	Definition
Customer engagements	Customer engagement is a business communication connection between an external stakeholder and an organization through various channels of correspondence.
Customer experience	Customer experience is defined as “a culmination of knowledge or skill that results from direct participation in events or activities” Palmer (2010)
Customer Loyalty	Customer loyalty is the likelihood that existing and previous customers continue purchasing from a specific company.
Customer satisfaction	It is a judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment.
Retail Banking	normal banking in which individual customers use local branches of larger commercial banks. Services offered include savings and checking accounts, mortgages, personal loans, debit/credit cards and certificates of deposit (CDs)
Service quality	is describes as the ultimate goal of customer service. It reflects at each service encounter. Customers form service expectations from past experiences, word of mouth and marketing communications (Abedin, 2016)
Social Media	According to Kaplan and Haenlein (2010), social media is defined as a series of websites and applications designed to allow people to share content efficiently, in real-time Babu (2018).

CHAPTER 1: INTRODUCTION TO RESEARCH

The introductory chapter presents the background of the study, which is followed by the purpose to the study. This will be accompanied by the research conceptualization which will briefly state the problem statement, provide the research questions we aim investigate. Finally, the chapter concludes by identifying the study's significance and delimitations and assumptions.

1.1 Context and background to the study

Customer experience is the end to end journey with a customer from pre-purchase to post purchase service, these are the various points of interaction that make the customer's experience memorable whether good or bad. In retail banking, there is limited differentiation amongst competitors, banks typically differentiate themselves through service and levels of customer satisfaction Rahman (2005).

Suvarchala and Rao (2018) stated that due to the dynamic landscape, banks are now utilizing customer experience and service as critical differentiators in the retail banking industry.This has compelled banks to seek innovative methods in retaining and attracting new customers. Dumitrescu (2011) suggested that customer experience is crucial in that it provides the opportunity for innovative and creative solutions whilst building key relationships with consumers. In service organizations such as retail banks, customer loyalty is deemed to be critical in the sustainability of organization Rahman (2005).

The modern-day customer is informed and connected, frequently sharing their experiences with organizations on social media, which could be beneficial for retail banks if their service exceeds the customers' expectations on the various channels. Keiningham et al. (2007) advised that customer experience benefits include endorsements by customers, which impacts customer satisfaction, which could result in word of mouth and increased foot traffic.Furthermore, the modern-day consumers seek simple product offerings which provide a cohesive customer experience consistently. For many retail banks, being able to connect and interact with customers through the various social media platforms provides them an opportunity to engage in a timely manner as stated byNadeem (2012).

This is important as it emphasized how retail banks can communicate and respond timeously to customers whilst building relationships between the brand and the customer. Verhoef et al (2009) highlighted that it is pivotal for retail banks to use various channels in exploring customer experience. The key implication for retail banks is to explore new ways to improve customer experience.

Research conceptualisation

1.2.1 The research problem statement

Customer experience has become the new buzz word for organizations across industries in the last couple of years. This has resulted in a rapid shift with the emergence of digital banks and non-direct competitors, and banks have responded with increased focus on the use of technology in efforts to defend market share. Suvarchala and Rao (2018) suggested that the increased competition that retail banks are confronted with are as a result of the changing landscape of disruptive innovations which have led to inter- industry blur and new market entrants. The industry is constantly experiencing dynamic changes which have shifted banks to adopt a more strategic focus in order to anticipate customer insights and expectations.

Palmer (2010) stated that customer experience is a consolidated structure which reduces the theoretical and practical limitations within service industries. There is a plethora of literature that have been written regarding customer experience, which indicates the relevancy of researching this subject. Organizations are constantly seeking innovative approaches to understand customer experience, as the ultimate outcome is of customer experience is customer loyalty Dumitrescu (2011). In previous literature relating to this topic, several authors have written about utilizing online channels to improve customer engagements and loyalty making use of the latest technology.

Dumitrescu (2011) further stated that retail banks are no different, as they are constantly striving to improve customer relationships though interactions on social media, which culminate into profitability in the long term. Verhoef (2009) advised that although customer experience may be deemed critical for organizations, there has been very limited academic contribution on the topic. The modern-day consumer is well informed and connected, frequently sharing their experiences on various social media platforms.

Maecker et al (2015) illustrated that social media emulates the traditional word of mouth approach through engagements within the customer's networks and played a significant role in referrals. In a study conducted by Forbes (2019), it is was revealed that thirty percent of customers reported that they would share a negative customer experience on social media if they encountered one.

There is currently, limited literature pertaining to the influence of social media on customer experience in retail banks. This was due to the limited previous research into understanding the relationships between these variables and as such this study would provide value into discovering the relationships between these variables. The key implication drawn here was that the desire to amplify interactions and improve customer experience through new channels such as social media is an uncharted territory to most organizations.

1.2.2. The research purpose statement

Previous authors have interrogated whether there are associations between customer loyalty and customer satisfaction and their impacts on social media engagements. Verhoef (2009) stated that the topic of customer experience had not been identified exclusively. The overall aim of this study was not to attempt to revere social media as a perfect mechanism but to provide clarity on how banks can improve customer experience. Customer experience encompasses all the various channels that the customer engages with when interacting with an organization's products and services Meyer and Schwager (2007). The empirical study therefore sought to understand the factors could be used in the pursuit of improving customer experience through social media in South African retail banks. Palmer (2010) stated that social media allows brands the opportunity to engage with customers and create a personalized experience.

1.2.3 Research objectives

a) Primary research objective

The main research problem was to understand and empirically test the associations between customer satisfaction, customer perception and service quality on customer experience particularly on social media channels in retail banks of South Africa.

b) Secondary research objectives

1. The first sub problem was to determine the predictor effects of customer perception on customer experience on social media platforms.
2. The second sub problem was to determine the predictor effects of service quality on customer experience on social media platforms.
3. The third sub problem was to determine the predictor effects of customer satisfaction on customer experience on social media platform**.**

2.13 Research Questions

Research Questions	**Null Hypothesis (H0)**	**Alternative Hypothesis (Ha)**
1. To determine the predictor effects of customer perception on customer experience on social media	Higher levels of customer perception do not have any influence on customer experience on social media.	Higher levels of customer perception have a positive influence on customer experience on social media.
2. To determine the predictor effects of service quality on customer experience on social media	Higher levels of service quality do not have any influence on customer experience on social media.	Higher levels of service quality have a positive influence on customer experience on social media.
3. To determine the predictor effects of customer satisfaction on customer experience on social media	Higher levels of customer satisfaction do not have any influence on customer experience on social media.	Higher levels of customer satisfaction have a positive influence on customer experience on social media.

Table 1: Research questions, null and alternative hypothesis

1.4 Delimitations and Assumptions of the research study

The following delimitations and assumptions were considered with the nature of the study:

The nature and topic of this research and the methodology used in conducting the research resulted in the following limitations:

The study was focused on personal retail banking customers in South Africa and excluded business and corporate customers. The study was specific to retail banking products provided by the big five banks in South Africa being Standard Bank, First National Bank, Capitec Bank, ABSA and Nedbank. The sample selected was representative of the South African populations using retail banking services on any channel from any of the five various banks. Respondents were expected to reflect normal experiences in order to ensure that the study reflected the true nature of the experience

1.5 Significance of the research study

The banking industry is dynamic and constantly evolving, as a result it requires banks to have sufficient foresight and to be proactive in anticipating changes in the market. Understanding customer experience will assist banks to improve their efficiencies and quality of service to exceed customer expectation. This is critical as customer experience enables retail banks to seek approaches that will encourage working together across various business functions to meet and exceed the customer's expectations Rawson (2013). The study adds to the current literature on customer experience.

1.6 Preface to the research report

This report has six chapters. Following this introductory chapter,

Chapter 2 consists of a comprehensive literature review covering the problem, reflecting on previous studies, the explanatory framework and concludes with a conceptual framework.

Chapter 3 explores the proposed research strategy, design, procedures, reliability and validity measures as well as limitations.

Chapter 4 presents the findings of the study and provides statistical methods of analysis

Chapter 5 explains the results presented and delves into discussion regarding the findings, respectively, and provides answers to the research questions.

Chapter 6 concludes the research, lists the limitations and provides recommendations for future research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter has three broad objectives; namely to understand the research problem, to identify the knowledge gap, and to develop a framework for interpreting the research findings. Specifically, in Section 2.1, background of the retail banking industry of South Africa is provided, followed by the definition of customer experience, then the evolution of customer experience is reviewed and the Customer satisfaction Index in South African retail banks is looked at, followed by the role of social media in customer experience, a conclusion is then reached that considers the impact of social media on customer buying decisions. In Section 2.2 we review studies that have attempted a similar study or research. With this knowledge, a framework is identified, and detailed hat is used to interpret the research findings in Section 2.3, followed by a literature summary in section 2.4.

2.1.1 Background of retail banking in South Africa

According to Mboweni (2004), South Africa is known to have an advanced banking industry which is known to perform favourably when compared to other emerging countries. However, the economy of South Africa accounts to less than 1 per cent of global GDP (Baxter, 2008). The banking industry is heavily regulated, with the likes of the South African Reserve Bank (SARB) who set the industry standards and enforce regulations, as well as the National Credit Act which ensures that processes and services are designed and carried out in an ethical manner. According to the Centre of Affordable Housing in Africa (2019), the banking sector currently consists of 19 registered banks, four mutual banks, four co-operative banks, 15 local branches of foreign banks and 30 foreign banks with approved local representative offices (Esipisu, Tembe, Kaplan, Rey, 2019).In the recent SA Banking Industry Report (2019), it was reported that South African retail banks face increasing competition from both direct and indirect competitors who offer similar products and services such as payments, lending, deposits, asset management, and advisory services. Furthermore, the emergence of direct and indirect competitors has led to an increase in competition which has created a marketplace without boundaries. This highlights the need for banks to develop creative and innovative solutions in order to differentiate themselves and to shift the focus to adopting a customer centric approach

2.1.2 The definition of customer experience

The focus for differentiation in retail banking has transformed into collaborating technical capabilities together with building sustainable relationships with customers. Market dynamics have compelled retail banks to embrace innovative approaches to acquire customer retention through building relationships; which has highlighted the importance for customer experience in the banking industry. Dumitrescu (2011) stated that banks continuously seek innovative ways on how to create sustainable customer experience as customer experience impacts customer behaviour, exceeding the actual product or service being offered.

Rahman (2005) further emphasised that organisations are exploring alternative methods of differentiation, as the traditional competitive approaches are no longer viable as customers' needs change over time. Palmer (2010) stated that the customer experience journey entails a consolidation of factors such as knowledge of staff and the engagements in ensuring that the expectation of the customer is exceeded even after the purchase has taken place. Customer experience is therefore the interactions that take place from pre purchase stage to post sales stage as well as the interactions a customer may have with the organization, which evoke an emotional reaction which is personal to the customer Dumitrescu (2011).

2.1.3 The evolution of customer experience

The key implication drawn is that customer experience is about forming relationships and interactions with the customer. Palmer (2011) stated that the open-ended debate amongst academics and consultants is whether integrating relationships has had an impact on the competitive advantage of service organizations such as retail banks.

According to Batra and Athola (1991), customer experience could be divided into two separate views, namely the utilitarian and hedonistic views:

1. The utilitarian view: this view is directed at achieving a goal, which is usually focused on the customer's perceptions of the brand and functionality of the product.
2. The hedonistic view: these views are associated with the sensory appeals during the experiences, essentially the aim is to exceed the customer's expectations and to create a sense of gratification and entertainment.

Various authors stated that the literature had shifted from the utilitarian view to the hedonistic view, stating that customers are more inclined to experiences that create value. Dumitrescu (2011) highlighted that customer experience aimed to establish valuable experiences that bring about positive emotions. According to Price Waterhouse Cooper's industry report (2017), customer experience could be achieved through leveraging from established networks and creating high value offerings to customers.

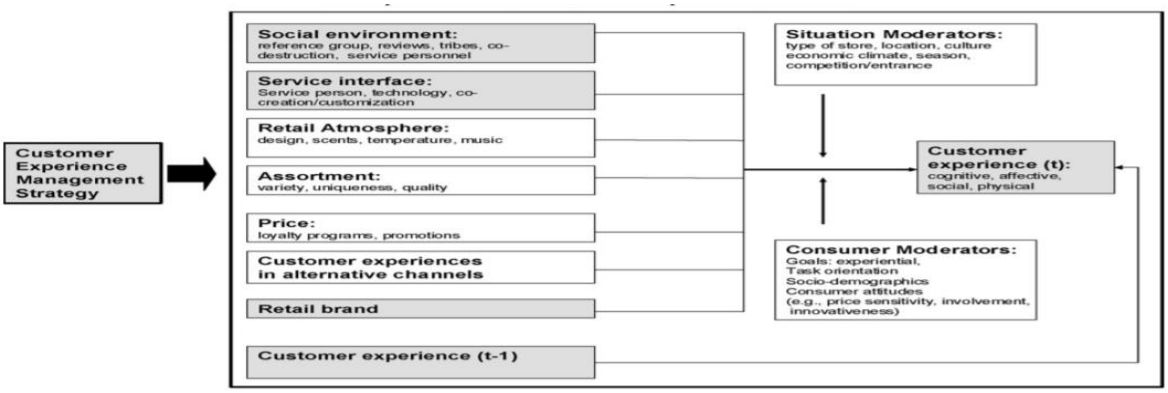

Figure 1: Conceptual model of customer experience creation Verhoef (2009)

In the conceptual model of customer experience model by Verhoef (2009), describes two major components of customer experience. The first aspect analyses the social environment factors that make up customer experience. The second aspect examines the intermediary factors which influence interactions for customers. Meyer and Schwager (2007) stated that customer experience takes place both in a direct and an indirect manner. Direct customer experience is usually customer initiated, it usually occurs throughout the customer purchasing journey of a product or service. Indirect customer experience is characterised as an unplanned encounter with the organisation's products and services; this is usually driven by referrals and recommendations from others who have experienced the product or service (Meyer & Schwager, 2007).

The key implication here is that customer experience affects every aspect of the organisation, therefore organisations need to critically analyse the various channels through which customers interact with their products and service in order to realise customer experience.

2.1.4. Customer satisfaction Index in South African retail banks

Bank	Market Cap	Number of Customers	Customer satisfaction index (2019)	Likelihood to recommend
FNB	R347.1 billion	±8.2 million	81.5	47.9%
SBSA	R299.5 billion	8.1 million	77.0	28.6%
Nedbank	R114.8 billion	7.9 million	79.3	37.1%
Capitec	R137.9 billion	11.4 million	84.9	59.8%
ABSA	R134.6 billion	±8.5 million	76.3	21.9%

Table 2: Comparison of South African major retail banks, based on market capitalization, number of customers and customer satisfaction index and likelihood to recommend (SA-csi 2019)

Table 1 Illustrates the top five retail banks in South Africa in 2019, comparing them in terms of their market capitalisation, number of customers and customer satisfaction index and likelihood to recommend. The South African Customer satisfaction Index (SA-sci) is a measure of customer satisfaction ratings by an organisation named Consulta. According to the SA-csi, the customer satisfaction index for the retail banks is an extensive survey which is measured at a national level (SA-csi, 2019).

The survey analyses responses from over fifteen thousand consumers in the retail banking industry, focuses on factors such as customer loyalty, perceived quality, customer expectations and perceived value to customers which relates to customer complaints. The current average retail banking customer satisfaction index in 2019 is 79.8.

2.1.5. The definition of Social Media

Social media is defined as: “various internet-based platforms that allow users to create content and exchange information on platforms” (Kaplan and Haenlein, 2010). The significance of social media is its ability to allow its members to exchange information within their networks (Kaplan and Haenlein, 2010), therefore social media in retail banks, may be used to communicate information to a large audience. Modern day customers constantly share their experiences on various platforms which may be

beneficial or detrimental, depending on the experience. Stone (2009) advised that the benefits of social media include instant sharing of information and offers customers the platform to provide feedback to retail banks and engage with their network community. Social media is a popular web-based platform for users with whom they share their experiences, articulate views, share contents, exchange information and make interactions (Boyd and Ellison, 2007; Choi, 2016). The emergence of social media has had a critical influence in enhancing customer experience in South African retail banks. Social media therefore allows for a more cost-effective approach to marketing by personalising service offerings to customers, in which customers can share the experience with their network (Dumitrescu, 2011).

2.1.6 The role of social media in customer experience

The retail banking industry experiences dynamic changes which have shifted banks to adopt a more strategic focus and to anticipate customer insights and expectations. As a result, banks continue to pursue innovative opportunities to differentiate themselves through their customer experiences. Dumitrescu (2011) stated that online engagements play a critical role in influencing customer experience. This allows retail banks the opportunity to create a convenient, personalised experience for the customer whilst providing information. Social media facilitates platforms for customers to share experiences and engage with one another about products and services (Tont, 2015).

Social media is a relevant channel for retail banks to investigate customer behaviours and to improve engagements. Kuchiak (2013) advised that the platforms enable retail banks to share new information and engage in conversation with their customers through an online channel. When applied correctly, customer experience benefits the organisation through increased word of mouth which results in repeat business and referrals (Rahman, 2005). Palmer (2010) further emphasised that bonded customers tend to be more loyal, when they are invested in interactions with the products and services.Verhoef (2009) noted the importance of maintaining consistency throughout various channels as they may have a domino effect onto another channel and could compromise customer experience. Retail banks are becoming aware that social media platforms allow customers to engage with one. Nadeem (2012) stated that for retail banks to capitalise on social media, they would need to ensure that engagements are

insightful and exceed customer expectations. Klaus and Nguyen (2013) highlighted that utilising multi-channel environments can provide opportunities for customer loyalty through efficient engagements and easy to use applications. This has however been critiqued by Johns and Perrot (2008), who argued that excessive automation in the financial services industry may create a disconnect between retail banks and their customers. However, social media utilization has been proven as an effective mechanism for building sustainable relationships (both locally and globally) and improving communication channels (Kuchiak, 2013). In a previous study conducted, it was discovered that customers who interacted frequently on the various social media platforms were forty percent more loyal (Barry, et al., 2011).

2.1.7 The effects of social media on customer experience

a)The effect of customer perception on customer experience

Customer perception is based on how customers perceive a product or a service, in a service industry such as banking, it may be complex to determine customer perception, as there would be several touchpoints which include various modes and channels. In efforts to investigate the relationship between customer perception and its influence on customer experience on retail banks, it was critical to understand and adapt to the ever changing customer's needs and wants as they would have a direct influence on revenue generation and company market share.

By understanding customer perception on social media platforms, South African retail banks would be able to track customer loyalty through their online engagements and instantaneous feedbacks. This was critical, as studies have shown that timely recovery methods can prevent customers from switching banks due to dissatisfaction. Therefore it was important to highlight that the aim of making use of customer perception as a variable in the study, was to understand the customer perceptions bsed on the service offerings of retail banks in South Africa. Futhermore, this information would be gathered for various uses such as for new product development. This data could also be beneficial as retail banks could leverage from customer experiences with other banks that were shared on various social media platforms and this information would assist in answering the research questions of this study.

b) The effect of service quality on customer experience

Over the last few decades, we have seen the growing importance of service industries in the overall economy. In South Africa,the service industry plays a critical role as the major generator of employment as well as through increasing competitiveness amongst industry players. The increased pressures have driven organisations toward top quality services, making the measurement of service quality and its subsequent management of overall importance. Service quality was originally conceptualised as a gap between expectations and the consumer's overall assessment of the service encounter (Parasuraman et al. 1988).

Therefore several authors have argued that service quality on its own may be too limited to capture that which firms would aim to achieve through improved customer experience. Service quality was selected as a variable as for the study as, prior to this study there was limited literature pertaining to the influence of service quality on customer experience on social media. The quality of service has become an essential aspect of customer satisfaction.Although it my be complex to measure service quality on social media, retail banks would leverage from the information based on service quality to improve on their current offering. It has been noted that there are evident similarities between service quality and customer satisfaction.

Wilson et al., (2008) suggested that service quality focuses specifically on dimensions of service whereas customer dissatisfaction is aimed at a much broader concept. Koirala (2012) further emphasized the the interrelations that customer satisfaction and service quality share, stating that when perceived service quality is high, then it will lead to increase in customer satisfaction

c) The effect of customer satisfaction on customer experience

Customer satisfaction is a measurement to determine how satisfied customers are with a product or service. Therefore, customers are important stakeholders in organizations and their satisfaction is a priority to management (Koirala, 2012). Customer satisfaction builds market share profitably, thus improving shareholder value (Anderson et al. 1994, 2004; Fornell et al. 2006), improves cash flow while reducing risk (Gruca & Rego 2005) improves customers' commitment, deepens customers' relationship with the retail bank. Findings from this study would be beneficial, as retail banks will gain value by leveraging from analysing their customer

satisfaction indexes in order to improve their services. Customer satisfaction on social media is measured using various metrics, such as net promoter scores as indicated in *Table 2* .Futhermore, the data would provide valuable insights into what works and asssit to idenfity opportunities for optimization. Customer satisfaction on social media plays a pertinent role in consumer markets, however, it also presents new challenges to service providers such as banks. Among the growing diversity in online social media, consumer review forums remain the most important social media source for product information, as over 60% of consumers read customer reviews online prior to making purchases (Lightspeed Research 2011). (Kim et al. 2009, Susskind 2002) highlighted that although mistakes such as service failures do occur, it is the service provider's response to the failure or lack of response is the most likely cause of dissatisfaction (Hoffman et al., 1995; Smith et al., 1999).

2.1.8 The impact of social media on customer buying decisions

It is critical for retail banks to ensure that they have an effective online presence to interact with customers effectively in order to capitalise the benefits of social media. In an analysis conducted by Bain, it was discovered that more than seventy percent of customers began their search on the internet before exploring alternative approaches (Vater, et al., 2012).

Facebook only accounted for fifty percent of total referrals, whilst according to Business Insider Forbes (2019) reported that a high percentage of percent of consumers' buying decisions were as a result of social media platform influence, which illustrated the impact of customer's buying decisions on new products or brands. This also revealed the importance of online reviews and referrals from customers, as these have been found to have significant influence on consumers' buying decisions (Zhou, et al., 2013). It has become evident over the years, that customer engagements are increasingly becoming important in their ability to impact customer's buying patterns and decisions (Zailskaite, 2012).

The benefit of social media for retail banks could lead to increased marketing, as well as knowledge sharing with customers. Therefore, retail banks are required to increase their focus on building these relationships through communicating effectively and understanding customers' expectations. Vater, et al. (2012) argued that most retail

banks have had a gradual shift into using social media technologies as they prioritize in-house processing enhancements as opposed to customer experience.

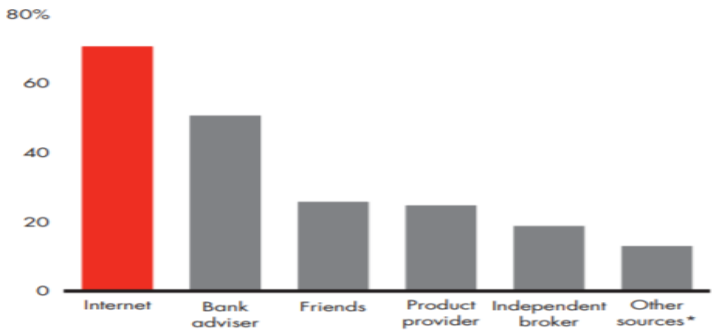

Figure 2 indicates the percentage of customers who use the Internet as their primary source of information about financial products and services (Bain Retail Banking Study, 2012)

This approach only results in a marginal growth as opposed to increasing the bank's competitive advantage. Kuchiak (2013) advised that by increasing online presence, retail banks will be able to engage with customers and improve customer experience which will allow the bank to gain a specific insight into their customer's needs.

2.2. Research knowledge gap analysis

Customer experience has become a buzzword amongst many marketers, consultants and academics over the past couple of years. Palmer (2010) stated that academics have begun to understand the significance of customers' experience for both customer relationships and brand equity.

The key implication for retail banks is to improve customer experience in order to integrate it as a competitive differentiator. The banking industry has had a slow reaction in adopting social media utilization when compared to other industries; this is due to the industry being heavily regulated and monitored systems. Kuchciak (2013) stated that the increased use of social media by retail banks to engage and interact with customers emphasises the importance of the influence that social media has in shaping the world in which we live. In performing a gap analysis for the study, the following studies were analysed;

Study 1: A quantitative study in the Eastern Cape by Yakobi (2016) investigated the social media impact in retail banks, reviewing its impact on effective communication and collaboration within internal functions. The empirical study investigated the

perceptions that employees had towards the utilisation of social media. The outcome of the study revealed that most employees believed that the increased use of social media would present safety threats and opportunities for fraud and hacking of customer data. Yakobi (2016) highlighted the point that at the time of this study, there was insufficient literature on the impact of social media in financial institutions.

Study 2: An empirical study by Kuchiak (2013) highlighted the importance of how brands could capitalise on social media to influence the customers as well as to establish a probable market position. The study aimed at investigating how social media could assist in improving customer relationships and developing the effectiveness of the organisational structure. The findings of the study affirmed that retail banks needed to increase customer engagements and loyalty in order to improve their relationships. Furthermore, retail banks need to expand clear policies for social media and interactive online presence which allows customers to connect with their brand, thus creating a value-added customer experience. Barry, et al. (2011) suggested that social media is a recent theory and that gaps between various industry players is likely to grow over time.

Study 3: The empirical qualitative study by Nadeem (2012) reviewed the use of social media in enhancing customer loyalty and customer behaviour across various industries. The study was focused on analysing how organisations could use various channels to drive customer loyalty and the profit implications for management within those organisations. Key elements in consumer behaviour that could improve customer experience were identified, including the reasons customers engaged with brands on social media as illustrated in *figure 3*. Globally, most of the participants of the study state that the reason for their using social media was the need to learn more about brands, to share appreciation and to get advance news of new products. The outcomes of the empirical study revealed that organisations needed to pay more attention to customer trends and construct innovative ways to capture customer insights which will assist in building the brand equity.

Study 4: A quantitative empirical study by Farook (2016) reviewed social media marketing's influence on customer engagement. The study examined the factors influencing customer engagement, by investigating the impact that social media had on customers when compared to the cost implications in the media industry. The

empirical study data was collected through questionnaires on Facebook as it is deemed the most popular and most used medium by both consumers and marketers alike. The outcome of the study acknowledged that customer engagement was dependent on five key variables, being trust in information, perception of reliability, concern for privacy and security. The key implication drawn was that organisations needed to apply these variables to financial measures in order to improve decision making and quantify value for social media spend. The significance of study was that retail banks are constantly seeking approaches to reduce costs and increase profitability. Therefore, based on previous literature, a conclusion can be made that there is a significant relationship between customer loyalty and customer engagement in service industries.

Retail banks need to improve their focus by implementing sustainable social media strategies that will assist them to engage timeously with their customers on the various channels. It is also critical to understand customer behaviour and financial implications that social media contribute to the organisation. The critical point is that social media allows for heightened engagement by providing the customers with information; this opportunity will allow retail banks to attract new and retain existing customers. The gap identified revealed that previous literature highlighted the impact of social media on customer loyalty, with limited literature regarding the critical role of social media on customer experience in retail banks. This study contributed to literature as there is a currently inadequate literature pertaining to the role of social media in South African retail banks (Yakobi & Ngcamu, 2016).

2.3. Conceptual framework of hypotheses for interpreting research findings

2.3.1 Service quality gaps

The current literature on customer experience identifies its key concepts and drivers however, it does not define the relationships between them. In the first framework, we review the Customer Experience Gap Model by Zeithaml, et al. (1985) which examined the customer experience journey both from the perspective of the customer and the provider. The framework was applicable for the study as it balanced the customer's perceptions in comparison to the customer's needs which provided theoretical insight into customer expectations of the overall experience.

Lemke (2010) stated the importance of recognising the customer's experience that holistically broadens the understanding for both academics and practitioners from focusing exclusively on the customer and the provider. To evaluate a retail banking service was more complex than it is to evaluate a product due to its intangibility. In the framework, in instances whereby the customer's perceptions exceeded the expectations equated to high levels of satisfaction, considering the excellent service and quality. Siddiq suggested that the SERVQUAL model had been previously used in retail banking studies (Siddiq, 2011). The model is based on five key elements, being reliability, assurance, tangibles, empathy and responsiveness. Zeithaml, et al. (1985) identified five key gaps that customers are faced with during the customer experience journey.

The Knowledge Gap	The difference between the customer's perception and managers' perception of customer expectations.
The Policy Gap	The difference between the service quality specifications and managers' perception of customer expectations.
The Delivery Gap	The difference between the service quality specifications and service delivery
The Customer Gap	The difference between expected service and perceived service.
The Communication Gap	The difference between the service delivery and the external communication to customers

Table 3: Summary of service quality gaps

The Knowledge Gap: This gap occurs when there is a misalignment between the customer's perception and managers' perception of customer expectations. In relation to the study, this gap could occur if retail banks lack foresight and do not understand customer behaviour and patterns to anticipate their needs.

The Policy Gap: This gap develops when retail banks are inadequate in transforming the customer's expectation into specific service quality delivery.

This gap is critical as it may lead customers to seeking alternative service options such as a competitor; factors for this gap include poor service design and failure to maintain consistency of customer experience on various channels of the retail bank.

The Delivery Gap: This gap pertains to skill and talent of the workforce in the retail bank, the gap may be as a result of a lack of product knowledge and the inability to deliver a service in the customer experience. Retail banks need to know that their staff are equipped to manage consumer's needs and ensure the appropriate policies and processes are in place to exceed customer expectations across the various channels.

The Customer Gap: Customer perception affects a customer's opinion of the services, the brand as well as any past experiences. In relation to the study, these perceptions may be based on the online presence and engagements with the retail bank and the shared experiences of interactions on social media.

The Communication Gap: This is a common gap which occurs when the product/service does not match the service delivery. This results in customers being disgruntled, sharing their experiences on social media and seeking alternative products.

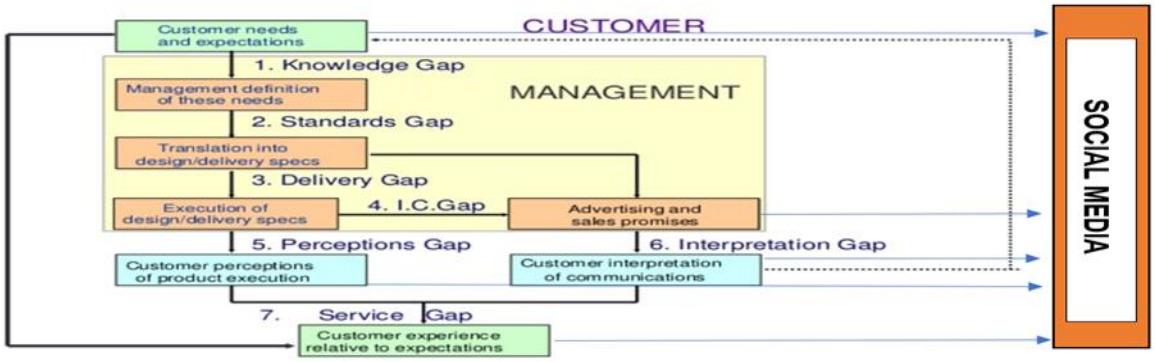

Figure 3: Model of service quality gaps (Parasuraman et al., 1985; Curry, 1999; Luk & Layton, 2002)

2.3.2 The SERVQUAL Framework

According to Siddiq (2011), the following are the characteristics of the SERVQUAL model which have been linked to the research questions:

- Tangibles – the physical appearance of the facilities' appearance of the personnel and equipment

  Research question: this variable is linked to the research question regarding whether a customer's perceived value of the retail bank may have a positive influence on customer experience; this include physical elements and the brand.
- Reliability – the accuracy and dependability of the service.

Research question: this variable is linked to the research question regarding whether system functionality and dependability of the retail bank's products and services have a positive influence on customer experience. This will also include factors such as ease of use of applications and convenience.

- Assurance – the competency and capabilities of the staff to assist customers with knowledge and courtesy across the various channels

  Research question: this variable is linked to the research question regarding whether having a low complaints resolution on various channels influences on customer experience in retail banks, by observing the customer satisfaction indices in Table one, as well as responding promptly to customer's complaints.
- Responsiveness – is the eagerness to assist customers and provide efficient service.
- Empathy – the ability of staff to provide a personalised service or interaction to the customer

  Both variables were combnd to address this question regarding whether having an interactive social media presence has a positive influence on customer experience of a retail bank; the ability of the bank to effectively assist customers with their requests and to empower customers with information regarding their products and customising the interaction to the customer.

2.3.3. Critique of the SERVQUAL Model

There have been several critics of the SERQUAL gap model which is key to understanding the relationship between customer satisfaction and customer experience. The key challenge with evaluating service, is that due to its intangibility, it is often a challenging task. Gilmore suggested that the model's dimensions were not comprehensive in expounding service quality and performance gaps (Siddiq, 2011). Futhermore, (Sureshchandar et al. 2002) argued that the SERVQUAL model's dimensions were too limited to capture the broad concept of customer experience (Verhoef et al. 2009). However, in a study conducted to evaluate service quality, it was revealed that the model is the best measure of service quality in retail banking, furthermore the model is used by most researchers (Siddiqi, 2011). Since then, the model has been adjusted, according to as an extension of Parasuraman's 1985 model. The model has been expanded by adding two more gaps, mainly the perceptions and interpretation gap (Shahin, 2012).

- Perception gap- this gap is mainly due to the expectations that a customer has regarding the product or service, usually due to past experiences or referrals
- Interpretation gap- this gap may emerge as a result of ineffective and ambiguous communications, resulting in over promising.

2.4 Summary of Literature Review

2.4.1 Literature conclusion

The literature review discussed the background of the South African retail banking industry, detailing composition, market capitalisation and customer satisfaction measurements; this is followed by a review of the evolution of customer experience and social media. Increased emphasis for retail banks was on the core business and reviewing organisational structures in order be prepared for the future world of banking. The definitions and concepts of customer experience are defined with several references to literature. The impact of social media on customer experience was reviewed, considering the dynamic changes that the retail banking landscape was currently confronted with. Miltic (2012) argued that the increased levels of competition have contributed to the collusion amongst major banks due to the limited differentiation amongst industry players. In order to remain competitive, some organisations have embraced the utilisation of social media to manage customer experience, however we do note that the banking industry has been delayed in adopting these concepts.

We analysed the roles which social media played in customer buying decisions and how retail banks could capitalise from increasing their online presence.Furthermore, we discussed the gap analysis for the study and previous research that had been undertaken. Through evaluation of existing literature on customer experience, we were able to identify applicable potential frameworks that will assist us in interpreting our findings. Through evaluation of the existing literature on customer experience the following hypothesis emerge for further study and analysis.

Alternative Hypothesis one (Ha):

Higher levels of customer perception have a positive influence on customer experience on social media.

Customer's buying decisions and perceptions of brands play a pivotal role in customer experience, as stated in the literature review. By examining the relationship between

customer perception and customer experience, this will assist retail banks to enhance their marketing strategies and the way to better manage social media interactions with customers.

Alternative Hypothesis two (Ha):

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

As per the literature review, service quality is a critical factor for customer experience, the aim of the fist hypothesis is to determine whether there is a relationship between service quality and customer experience. It is critical to understand this relationship for retail banks to leverage from their social media interactions and improve their customer experience.

Alternative Hypothesis three (Ha):

Higher levels of customer satisfaction have a positive influence on customer experience on social media.

Customer satisfaction has a critical influence in understanding the various dynamics surrounding customer experience; retail banks will need to understand this relationship in order to improve on their social media engagements.

2.4.2 Proposed research strategy, design, procedure and methods

In previous literature regarding this topic, the focus was predominantly on understanding the key relationships between customer satisfaction, customer loyalty and engagements when relating to social media. The foundation of the study was quantitative in nature, this facilitated identifying relationships between customer experience and its variables. The quantitative method was associated with interpreting phenomena and utilising statistically based methods to analyse data (Creswell, 1994).

Taheerdoost (2016) emphasised that having a larger sample size reduced the probability of biased findings. Furthermore, the quantitative approach allowed access to a larger population size, which assisted in drawing inferences in affirming or opposing previous studies relating to this topic. A descriptive research design was assigned for the study, as it described customer behaviour and broadens the insights by validating the findings through data collection.

CHAPTER 3: RESEARCH STRATEGY, DESIGN, PROCEDURE AND METHODS

Chapter 3 summarizes the research methodology that has been used to understand the effects of customer perception, customer satisfaction and service quality on customer experience on social media. The chapter begins with discussing the research strategy in section 3.1. This is followed by the research design in section 3.2 and the research procedure methods in 3.3. The chapter then unpacks the Research target population and selection of respondents in 3.4 and the ethical considerations and Research data and information processing and analysis. The chapter concludes with the strengths and limitations of the study through validity and reliability.

3.1 Research strategy

Previous literature was aimed at understanding key relationships between customer satisfaction, customer loyalty and engagements when relating to social media. However, none of the studies had attempted to investigate how the enhancement of the social media could improve on customer experience in retail banking. Mohamed (2015) suggested that the importance of the research strategy was aimed at answering the research questions and to provide a structure to the study. The foundation of the study was quantitative in nature, which provided a positivist explanation to statistically investigate the various relationships between social media enhancements and customer experience factors.

Saunders and Thornhill (2012) further emphasized that the research strategy was guided by the existing literature, the availability of time and the research objectives. Kowalczyk (20\16) advised that the quantitative research methods involved the use of numbers were used to explain findings. Creswell (1994) further highlighted that the quantitative method was associated with interpreting phenomena and utilized statistically based methods to analyse data. Techo (2016) suggested that the quantitative research methods were utilized in cases where the researcher attempted to understand relationships between variables. Table 4 highlighted the key advantages and disadvantages of the chosen research strategy. The purpose of the study was to understand and empirically test the associations between customer

satisfaction, customer perception and service quality on customer experience particularly on social media channels in retail banks of South Africa.

Advantages	Disadvantages
Allows for a broader study with more subjects which enhances the results	The study may miss contextual details
Allows for greater objectivity and about the phenomenon under study.	Rigid approach which employs an inflexible process of discovery
Quantitative research involves few variables and many cases, and employs prescribed procedures to ensure validity and reliability	The development of standard questions by researchers can lead to "structural bias" and false representation
The research can be replicated, analysed and compared with similar studies in the future	Researcher may collect a much narrower and sometimes superficial dataset
Personal bias can be avoided by using accepted computational techniques	Results are limited as they provide numerical descriptions rather than detailed narrative

Table 4: The advantages and disadvantages of the chosen research strategy

According to a study conducted by Kuchciak (2013), the study was focused at investigating ways of maintaining customer relationships in retail banking and its impact on the overall organizational structure. The quantitative research strategy was selected to understand the relationships between internet applications and financial institutions, through understanding new ways of gathering information in retail banking. The benefit derived from this strategy presented the researcher with various possibilities generated using social media certain challenges that organizations may encounter. The key implication drawn from Kuchciak's study which benefited this study was understanding that retail banks need to find innovative maintain positive relationships with customers and improve on customer experience.

3.2. Research design

The purpose of a research design was to assist with answering the research questions as well as reducing threats to design validity. Mohamed (2015) emphasised that the significance of research design derived from its role as a linkage between the theories and arguments that informed the research and the empirical data collected. According to Bryman (2012) research designs can be classified into five categories, namely cross-sectional, longitudinal, case study, comparative, and experimental.

The selected research design for the study, was the descriptive design, as it was generally centrally concerned with constructing research that is high in causal (or internal) validity. Causal validity is the accuracy of statements regarding cause and effect relationships. Creswell (1994) illustrated that the overall aim of descriptive research was to provide accurate insights about a population, situation or phenomenon. The objectives of the target population were to assist in investigating the relationships between the independent and dependent variables and the ability to be able to improve customer experience using social media in South African retail banks.

3.3 Research procedure and methods

3.3.1 Research data and information collection instrument(s)

The data was collected through Qualtrics, an online survey platform which allows respondents to anonymously complete a survey. The respondents of the study were sent a link to participate in the survey over a period of two months. The survey was composed of close-ended questions and five-point Likert scales due to their simplicity and convenience. Once all the data was collected, it was coded into SPSS, a statistical a data analysis software used to facilitate the analysis and interpret the data into results. The data collection method was selected due to its speed, low cost and ability to reach a wide variety of respondents to draw meaningful research conclusions. The sampling method that was utilised for the study was the convenience sampling method, which is a non-probability sampling method.

Ding et al (2009) emphasised the expediency of utilizing a binary layered framework consisting of both physical and relational components in analysing customer experience in a service system such as banking. Birmingham (2013) stated that in order for a survey to be effective, the questions should be clear which enables the transmission of accurate data from the respondent to the researcher. The instrument for collecting data was selected due to its ability to assist in answering the research questions as well as its ability to allow for the transmission of information from the respondents in a timely manner. The structure of the data collection was a fully structured online survey which consisted of predetermined questions. The key benefit of utilizing this approach was to enable the study to contact large numbers of people

efficiently. Furthermore, structured surveys have fewer instances of nonresponse and the ability for an interviewer to mitigate inappropriate responses.

Similarly, online surveys were used in a study by Greenland et al (2006) to identify critical influencers of customer satisfaction and the objective was to understand service quality and consumer satisfaction in emerging markets. The significance of online surveys is critical as they are cost effective and they provide for a broader base of respondents over a limited period.

The questions in the online survey were sourced from the research questions as well as the literature review. The questionnaire collected data pertaining to the following elements

1. Demographic information: demographic information was collected regarding respondent's age, primary bank account and preferred banking channels of communication.

2. The measures were used to collect data on service quality, customer perceptions, customer satisfaction and customer experience. Furthermore, the existing measures were aligned to the South African retail banking industry in order to test for the hypotheses of the study.

   Customer perception:

   Higher levels of customer perception have a positive influence on customer experience on social media.

   In the age of social media, customer perceptions of a retail bank are critical and banks to manage seamless engagements across all channels of the bank and on social media. The significance of a customer's perception is linked to their likelihood to remain loyal to the brand as well as their ability to recommend the bank to their networks.

   Service quality:

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

Parasurman's (1985) SERVQUAL model measures service quality and it had been proven to be relevant in measuring service quality in the retail banking industry Siddiq (2011).

Customer satisfaction:

Higher levels of customer satisfaction have a positive influence on customer experience on social media.

The South African Customer satisfaction index (SAcsi) was a scoring system which was based to measure customer expectation and loyalty. This score was used as a benchmark and to test the applicability of the findings in the study. The aim of the study was to determine the key impacting factors of customer experience and to understand how banks could enhance their social media to improve on customer experience.

3.4 Research target population and selection of respondents

3.4.1 Research target population

Define target population

A target population is defined as "the entire aggregation of respondents that meet the designated set of criteria" (Burns & Grove 1997:236). A target population refers to the group of people who possess attributes which separate them from the population. According to the Finscope (2018) the survey revealed that, only sixty three percent of the population is formally banked by the major retail banks. The targeted population constituted of customers of the retail banks from the ages of eighteen to sixty years old. This age group was selected, as majority of the labour force in South Africa falls within these age groups. Futhermore, as the study refers to social media, this group of respondents would also be the most computer savvy group as it consists mainly of the working class in urban areas.Participants of the survey was aimed at residents whose primary residence was in Gauteng, South Africa. This was also due to the fact that despite being the smallest province, Gauteng contributed generated just over a third of South Africa's gross domestic product (GDP) in 2019 as per Stats SA. In order for the study to provide an accurate representation of the population, the study was inclusive of all people from various gender groups, marital statuses, education levels,occupation and ethnic background. The sample selected was representative of the customers with active retail banking products and services from the five major

banks being Standard Bank, First National Bank, Capitec Bank, ABSA and Nedbank. This was critical as the findings would indicate how the various customers from the major banks responded to the study.The study did not include customers who belong to corporate and business banking products and services as their banking needs are different from those within the retail banking segment.

3.4.2 Sampling or selecting respondents from the target population

The selected research strategy does have an impact on the type of sampling approach. The sampling methods that were utilized for the study were the normal and convenience sampling method.Taherdoost (2016) stated that this is the preferred sampling method as it is more economical than other approaches. Nonprobability sampling is “a technique in which units of sample are selected on a basis of personal judgement or convenience; the probability of any particular member of the population being chosen is unknown” Zikmund & Babin (2007). Furthermore, the sampling method was selected due to its convenience as it is dependent on respondent’s availability.

Ackoff (1953) stated that this type of sampling is preferred in most studies as it is cost effective when compared to other sampling methods. The selected method was appropriate for the study as it allowed for respondents to respond to the online survey at their convenience. The respondents were asked to complete the online survey and upon completion, forward to their colleagues, family and friends which would result in an increased number of responses. In a similar study conducted by Droskie(2009) which was aimed at seeking a competitive strategy that would be a strategic differentiator amongst banks in South Africa, the convenience sampling method was utilized due to its convenience. Therefore in a similar manner, the convenience sampling method was selected as it allowed for the inclusion of units that were easily accessible within the sample. The guideline provided for the sample size was thirty respondents, however in order to obtain a representative sample, a sample size of sixty five respondents was selected for the study.

3.5 Ethical considerations when collecting research data

Ethics are critical in research, Bejou (1998) stated that they played an integral role in the evaluation of relationship quality in the financial services industry. The ethical

considerations related to all data collection for the empirical study protocols were as follows:

- Informed voluntary participation: consent was obtained from respondents before the data collection process for the empirical study was conducted. There was voluntary participation in the study and the purpose, aims and objectives were highlighted as well as the methods and uses of the study.
- Right to refuse or withdraw: the respondents would be allowed to withdraw at any time during the study or refuse to answer certain questions.
- Confidentiality and privacy: the privacy and confidentiality of all respondents were adhered to and no personal information was published; all information will be purely for the academic study. Reponses from the survey were coded into to protect personal information.
- Risks and benefits: The respondents in the study did not benefit by participating in the study and there was minimal exposure to risk to respondents as there will be no collection of sensitive information.
- Payment: There was no compensation to the respondents for participating in the study, nor was there a cost incurred to participate in the study.

3.6. Research data and information processing and analysis

Online surveys were used to collect data for the empirical study, from the retail bank customers on service quality, customer perception and customer experience. The pilot survey included a sample of fifteen respondents, the aim of the pilot survey was to test the content, language usage and length of the survey. The online survey was quantitative nature, once all the responses had been received, the data was extracted and exported into Microsoft Excel. In this process, all missing and incomplete data was removed, and the final data set was transferred into SPSS statistical software for analysis. Descriptive statistics was used to present the data that was analysed using correlation and regression analysis.

- Correlation analysis- the model was utilized to identify variables, measure impact and to understand the associations among the variables in the study.

- Regression analysis- the regression analysis aimed to assist in understating relationships between the dependent variables which are in this case, service quality, customer perception and customer satisfaction on customer experience.

3.7 Description of the research respondents

This section summarized the profile of the survey sample according to demographics such as age, gender, primary bank account and number of years with bank. The sample selected was representative of the South African populations using retail banking services on any channel from any of the five various banks.

- Gender: all gender types were included for the study
- Age groups: for the purpose of the empirical study, the targeted age group was from eighteen to sixty years old.
- Primary bank account: the focus was on the primary bank account and number of years with bank.

Utilizing closed ended questions in the online survey enabled for definition of respondent's characteristics and behaviours through categorizing the questions regarding the respondents age and average internet usage. In relation to customer experience, it allowed for respondents to share their opinions on their perceptions and levels of customer satisfaction during their online interactions with retail banks. Furthermore, understanding the significance of respondents' characteristics would assist the retail banks to make inferences between groups of respondents in terms of overall customer perception and customer experience.

The data was operationalized according to the variables pertaining to the study, this process would assist in developing immeasurable variables into measurable variables in order to utilize them in the study.

3.8 Research strengthens: reliability and validity measures applied

Reliability refers to the coherence of a measure which is critical in the research study. Heale (2015) stated that validity was defined as the extent to which a concept was accurately measured in a quantitative study. Reliability is defined as the measure of quality in a quantitative study which related to the accuracy of the data collection instrument. It is critical that a research instrument is reliable as it may be used on different occasions however the results will remain the same. Fraenkel and Wallen

(2003) emphasized that it was imperative for data collection instruments to be validated as the quality of the instruments may impact the overall results of the study as conclusions would be drawn from the instruments.

In order to evaluate the validity and reliability of the survey, a pilot test was conducted on a sample of respondent. A random sample of fifteen respondents was selected from the various retail banks were requested to complete the online survey. The respondents were asked to comment on their views regarding the questions for the proposed survey to be utilized in the study. Furthermore, the respondents were also asked to comment on any ambiguous questions in the survey. Benkharafa (2013) stated that validity in research refers to the credibility of the research and ensures that it serves its intended purpose. Furthermore, the fundamentals of the research are based on validity being a critical factor of dependability. Burns (1999) emphasised that "validity is an essential criterion for evaluating the quality and acceptability of research."

3.8.1 Internal validity

According to Benkharafa (2013) the purpose of internal validity was to rationalize the research findings with reality. These results were then compared to the similar previous literature and surveys to insure internal validity. Golafshani (2003) stated that internal validity is aimed at the integrity of the data collection process and understanding whether the results obtained from the research were purely from the variables within the study and not influenced by external factors.

For the purpose of the empirical study, the research sought to test the relationships between customer perception, customer satisfaction and service quality. Factors such as state of mind during the time of the interaction, user-friendliness of apps and moods were not accounted for in the study however they could play an indirect part in the study. The factors were minimized through the design of the online survey as well as through utilizing existing literature and validated survey questions.

3.8.2 External validity

Winter (2000) suggested that external validity referred to the extent to which findings from the research may be hypothesized in different contexts. Benkharafa (2013) defined external validity with being in relation to the relevance of the findings in other

settings or with other subjects. External validity could be threatened when a study did not consider the interactions of variables in the real world such as instances of selection bias whereby specific demographics being more likely to take part in the online survey.

In the empirical study, there were certain factors that affected the external validity such as demographics, situations and time periods. It was critical to be mindful that customer experience could differ according to the various channels and segments of the retail bank, therefore it may be challenging to generalize across the entire population.

3.9 Research weaknesses—technical and administrative limitations

The research strategy presented limitations with the inability to control the environment which may be related to factors occurring during a set time which may also have an impact on the method of data collection i.e. online surveys.

The selected research design for the empirical study which was descriptive presents limitations, in that it does not allow the ability to determine cause and effect relationships. Furthermore, utilizing online surveys as a method of data collection was limited in respondents could be concerned with providing responses which are deemed more desirable as opposed to honest responses which may impact the overall results of the study.

Customer experience is an abstract construct which is influenced by multiple factors, the following are the limitations which may exist:

- There was a possibility that the data may be skewed to a segment or bank type.
- There were several variants on instruments that are utilized to collect data on customer experience, as a result there are questions that may need to be refined, which beckon the reliability and validity of the instrument.
- The issue of privacy and confidentiality could potentially hinder the responses, resulting less honest responses.
- The online surveys did not require any supervision from the researcher, which could lead to gaps in clarification of certain questions.
- The quality of the data could be compromised due to the length of the online survey.

- The issue of time frame of collecting online surveys and analysing data could become a lengthy process.
- Survey responses could have limited outcomes which could result in missing contextual details which m be linked to the responses of the customers.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

Chapter 4 is a presentation of the results from the survey and the analysis conducted within the context of the study i.e. identifying those factors that influence customer experience in retail banks on social media. The analysis was aimed at understanding the empirical evidence and the various relationships between customer perception, customer satisfaction, service quality and customer experience measured on social media. Factors such as age, primary bank accounts were included in order to determine their impact in determining a predictor model of customer experience.

The responses received from the survey were checked to ensure completeness and any incomplete surveys and large portions of missing data were removed from the sample. Once the missing data had been checked and removed, descriptive statistics were run on each of the central variables. The regression was conducted with customer experience as the dependent variable and customer perceptions, customer satisfaction and service quality being the independent variables.

4.2 Missing data

The data collected for the study was collected through Qualtrics, an online survey tool. Once all the responses had been collected, the data was exported to Microsoft Excel in order to analyse for completeness and for any potential missing data; the incomplete responses were omitted from the sample. In total, sixty-five responses were received for the survey, of which three (5%) were incomplete. The responses contained large portions of missing data and as a result, had to be removed from the sample and analysis.

Total respondents	Complete	Incomplete
65 responses	62 (95%)	3 (5%)

Table 5: Survey response summary

4.3 Descriptive statistics

The graphs below illustrated the frequency of Reponses for each individual item on a five-point Likert scale

1. Age; Figure 6 is a graphical representation of the respondents by their age, the sample was divided into five categories, being 18 to 25, 26 to 33, 34 to 40, 41 to 47 and 47 years and older. Most of the sample were between 26 to 33 (48%) and only 6% of the respondents were 47 years and older. It can be noted that 15% of the sample were 18 – 25 years old, while 48% were 26 – 33 years, 24% were 34 – 40 years and 6% apiece were 40 – 47 and 48 and above.

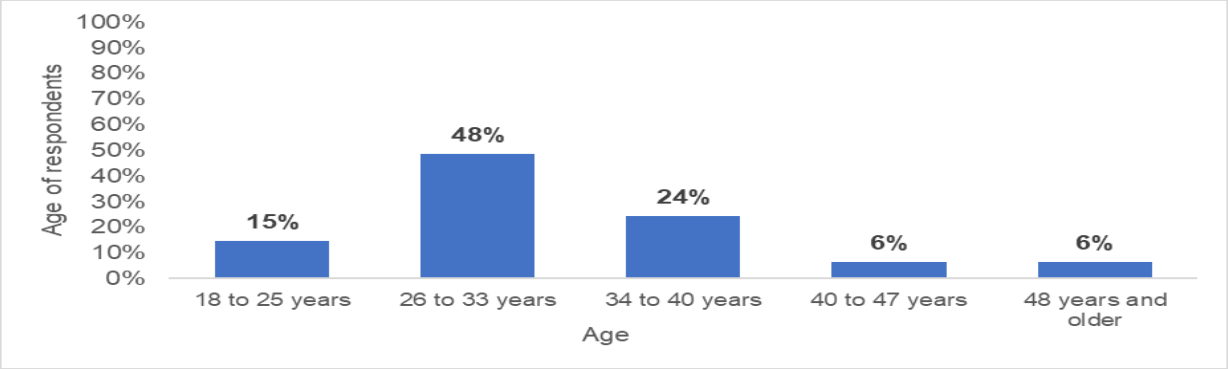

Figure 4: Profile of respondents by age

2.Employment status: Figure 7 summarised the information on the employment status of the respondents in the sample which consisted of four categories, being unemployed, temporarily employed, permanently employed and self-employed. Most of the respondents were permanently employed (68%), followed by those that were self-employed (15%) and temporarily employed (13%). A proportion of 5% were unemployed.

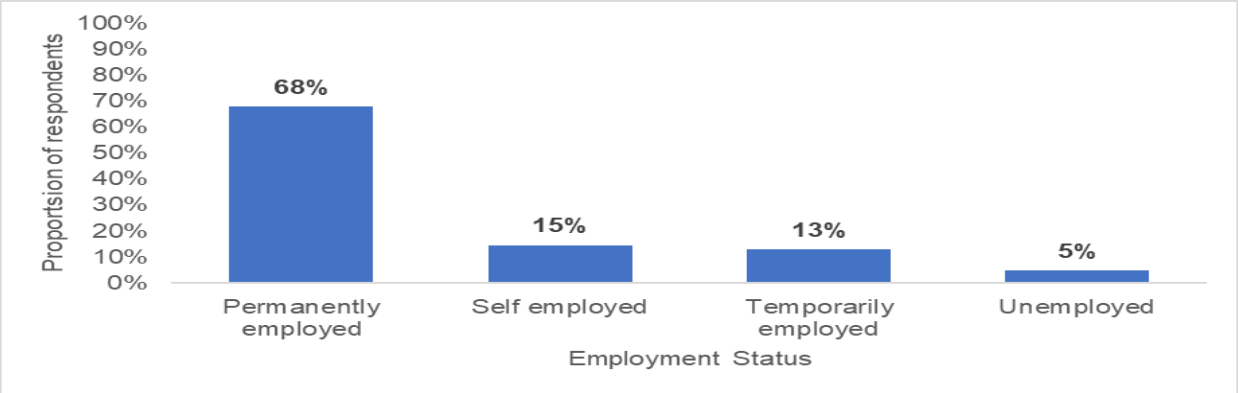

Figure 5: Percentage breakdown by respondent's employment status

3.Primary bank account: Figure 8 segmented the respondents by their primary bank account. FNB (48%) was the highest mentioned in terms of the primary bank account followed by SBSA (18%), Capitec 915%), ABSA (11%) and Nedbank (8%).

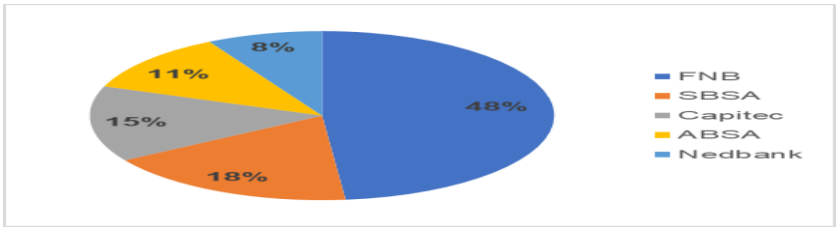

Figure 6: Percentage breakdown by primary bank account

4.Number of years with bank: respondents indicated their tenure with their current bank, the sample consisted of four categories namely 0 to 1, 1 to 3 years, 3 to 5 years and 5 years and more. The results indicated below that 68% of respondents has been with their current bank for five years and more.

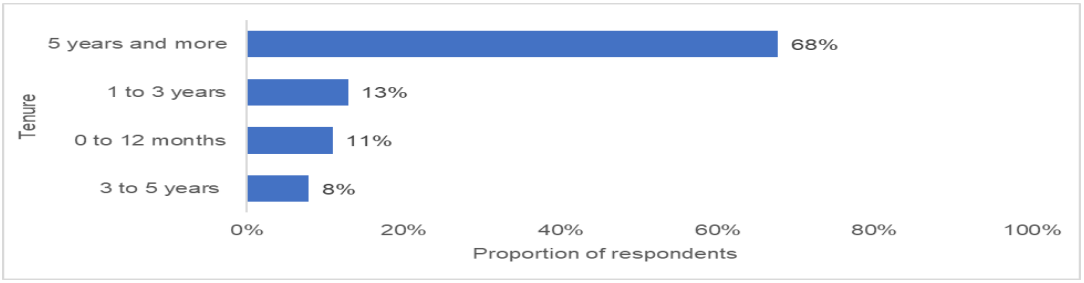

Figure 7: Tenure with bank

5.Preferred social media platform: Respondents were asked which social media platform they used predominantly, the sample consisted of three categories namely Facebook, Twitter and Instagram. The results revealed that 37% of the respondents predominantly used Twitter, 32% Instagram and the other 31% predominantly used Facebook

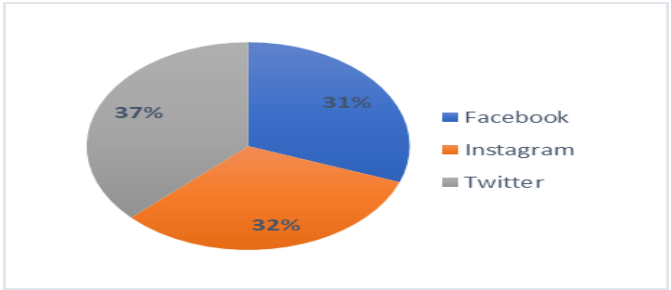

Figure 8: Respondents most preferred social media platform

6.Preferred method of communication: Respondents were asked which method of communication they were most likely to utilise to communicate a query to their bank. The results indicated below, show that 47% of respondents preferred to make use of the mobile banking application, only 6% of the respondents indicated social media as their preferred method of communication.

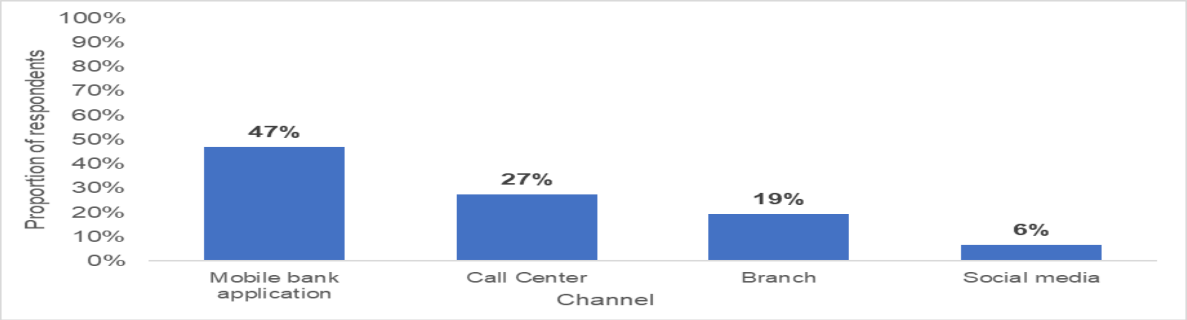

Figure 9: Preferred channel of communication

4.4 Validity of Constructs

Exploratory Factor analysis (EFA) was conducted to assess the validity of the constructs. The results are presented in the following tables:

Customer perceptions		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.788
Bartlett's Test of Sphericity	Approx. Chi-Square	79.670
	Df	10
	Sig.	.000
Customer satisfaction		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.807
Bartlett's Test of Sphericity	Approx. Chi-Square	104.131
	df	15
	Sig.	.000
Service quality		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.601
Bartlett's Test of Sphericity	Approx. Chi-Square	15.595
	df	3
	Sig.	.001
Customer Experience		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.769
Bartlett's Test of Sphericity	Approx. Chi-Square	75.436
	df	10
	Sig.	.000

Table *6*: KMO and Bartlett's Test

The results in Table 6 show that the (KMO) values for all the four constructs were above the minimum required value of a least 0.5. The result suggested that the sample was adequate to run factor analysis per construct. The Bartlett's Test values were significant for all the constructs (p-values < 0.305), which indicates that construct was correlated strongly enough to conduct factor analysis.

The following tables that indicate total deviance of the initial items explained by the retained constructs are presented in table 7 below:

Construct	Items	Factor Loading	Total Variance Explained
Customer perceptions	CP5. The relationship I have with my bank adds value to my life	.788	54%
	CP3. I believe that my bank offers the best services compared to other banks	.748	
	CP2. I am loyal to my bank	.622	
	CP1. My bank matches my lifestyle	.610	
	CP4. I am with my current bank as I am not confident about other banks	.464	
Customer satisfaction	CS6. I would recommend my bank to my network on social media	.769	51%
	CS4. My bank responds promptly when I have a query or an issue	.710	
	CS5. I am satisfied with my bank's image and reputation on social media	.704	
	CS2. My banks processes are simple and easy to follow	.583	
	CS3. My bank knows and understands my needs	.541	
	CS1. I am satisfied with the various products and services my bank offers	.525	
Service quality	SQ5. The employees are knowledgeable and helpful	.743	53%
	SQ1. The service I receive at my bank exceeds my expectations	.486	
	SQ4. I receive service in a timely manner	.437	
Customer experience	CE4. My bank's processes and mobile applications are easy to use and convenient	.737	53%
	CE1. My bank communicates effectively with me and always keeps me updated with information regarding my account	.651	
	CE5. It is important that my bank is flexible and agile with their product offering	.647	
	CE2. My bank offers seamless service at all various channels e.g. branch, call centre etc	.604	
	CE3. I receive prompt assistance from my bank regarding queries even on social media	.572	

Table 7: Final Constructs, Factor loading, and Total variance explained

The factor analysis results indicated that all the constructs retained the initially hypothesised items except for Service quality where items "The bank's physical facilities are visually appealing'' and ''The various channels of the bank offer the services I require and are convenient'' were eliminated from the construct because they had low factor loading.

The Customer perceptions construct explained 54% of variation in the initial five items that were in the construct, while Customer satisfaction explained (51%), Service quality (53%) and Customer experience (53%). It can also be noted that each item loaded highly onto their respective factors. Thus, all the factors were unidimensional since they had some factors each.

4.5 Reliability of the scale

Cronbach's Alpha was computed for the items retained in each construct after performing EFA. The results are shown in the table below:

Construct	N of Items	Cronbach's Alpha
Customer satisfaction	6	.803
Customer experience	5	.777
Customer perceptions	5	.777
Service quality	3	.557

Table *8*: Reliability of the scale

It can be noted that there was a good reliability level for each of Customer satisfaction (α = 0.803), Customer experience (α = 0.777), and Customer perceptions (α = 0.777) since the Cronbach's Alpha values were above 0.7. The reliability for Service quality (α = 0.557) was a bit on the low side but was still acceptable since it was still above 0.5. Since all the factors had an acceptable reliability level, the items within each construct were combined to form a composite scale for the construct. An average of each of the items in the construct was calculated and a further analysis was conducted using the composite scores for the constructs.

4.6 Correlation

The Pearson correlation analysis was undertaken in order to establish the relationships among the constructs. The results of the correlation analysis indicated positive associations to each of Customer perceptions ($r = 0.672$, p-value < 0.01), Customer satisfaction ($r = 0.796$, p-value < 0.01), and Service quality ($r = 0.476$, p-value < 0.01). Customer Experience (mean = 3.91) was the highest rated construct followed by Service quality (mean = 3.68), then Customer satisfaction (mean = 3.59) and Customer perceptions (mean = 3.58).

Construct	Descriptive Statistics			Pearson Correlation			
	N	Mean	Std. Deviation	Customer perceptions	Customer satisfaction	Service quality	Customer Experience
Customer perceptions	62	3.58	0.846	1			
Customer satisfaction	62	3.59	0.853	.778**	1		
Service quality	62	3.68	0.886	.500**	.534**	1	
Customer Experience	62	3.91	0.791	.672**	.796**	.476**	1

**. Correlation is significant at the 0.01 level (2-tailed)

Table *9*: Descriptive Statistics and Pearson Correlation

4.7 Regression

The multiple regression model with the independent variables namely, customer perceptions, service quality, customer satisfaction and customer experience as the dependent variable was fitted to assess the hypotheses.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.810[a]	.656	.638	.49476	1.966
a. Predictors: (Constant), Service quality, Customer perceptions, Customer satisfaction					
b. Dependent Variable: Customer Experience					

Table *10*: Model Summary

An R-square of 0.656 shown in Table 10 is an indication of service quality, customer perceptions, and customer satisfaction and explained 65.6% of customer experience.

The ANOVA table in figure 11 indicated results on whether service quality, customer perceptions, and customer satisfaction were significant in predicting customer experience. The results in the ANOVA table indicated that the p-value for F (3,58) was 36.852 with a p-value of 0.000. This means that Service quality, Customer perceptions, and Customer satisfaction were, together, significant in predicting Customer Experience.

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.062	3	9.021	36.852	.000[b]
	Residual	14.198	58	.245		
	Total	41.260	61			
a. Dependent Variable: Customer Experience						
b. Predictors: (Constant), Service quality, Customer perceptions, Customer satisfaction						

Table *11*: ANOVA table

4.8 Statistical hypothesis testing

(H1): Higher levels of customer perception do not have a positive influence on customer experience on social media.

The results indicated that although customer perception (B = 0.128, β = 0.131, t-value = 1.059, p-value = 0.294) had a positive influence on customer experience, the influence was not significant. The influence was positive because the coefficient for customer perception (B = 0.128) was greater than zero and it was insignificant because the p-value was greater than 0.05. Since the p-value was greater than 0.05, it means that the null hypothesis was not rejected. This implied that there was no relationship between customer perception and customer experience on social media.

(H2) Higher levels of service quality do not have a positive influence on customer experience on social media.

The results shown indicate that although service quality (B = 0.071, β = 0.076, t-value = 0.828, p-value = 0.411) had a positive influence on customer experience, the influence was not significant. The influence was positive because the coefficient for service quality (B = 0.071) was greater than zero and it was insignificant because the p-value was greater than 0.05.

Since the p-value was greater than 0.05, it means that the null hypothesis was not rejected. This implied that there is no relationship between service quality and customer experience on social media.

(H3). Higher levels of customer satisfaction have a positive influence on customer experience on social media.

The results shown indicate that Customer satisfaction (B = 0.635, β = 0.659, t-value = 5.178, p-value = 0.000) had a positive and significant influence on customer experience. The influence was positive because the coefficient for Customer satisfaction (B = 0.635) was greater than zero and it was significant because the p-value was less than 0.05. The p-value was less than 0.05, it means that the null hypothesis was rejected in favour of the alternative. This implies that higher levels of customer satisfaction have a positive influence on customer experience on social media.

Summary of the results

	Hypothesis	Outcome
H1	Higher levels of customer perception have a positive influence on customer experience on social media.	✗
H2	Higher levels of service quality have a positive influence on customer experience on social media.	✗
H3	Higher levels of customer satisfaction have a positive influence on customer experience on social media.	✓

4.9 Comparison to similar studies

Study 1: A quantitative study by Yakobi (2016) was focused at understanding social media's influence on understanding staff perceptions and the effect of social media on collaborations within retail banks. The overall reliability score of this study exceeded the recommended Cronbach's Alpha value of 0.70 which indicated a dependable scoring of the research. Correlation: A Pearson Chi-square test used to understand associations and relationships between the various variables revealed significant associations between variables in the study. The hypothesis testing results indicated that social media played a positive integral role in the collaboration amongst employees.

Study 2: An empirical study by Kuchiak (2013) proposed to highlight the importance of how brands can capitalise on social media to influence customers as well as to establish a probable market position.

The focus of the qualitative study was to understand social media's impact in retail banking and to investigate ways to enhance customer engagements. The findings of the study further affirm that retail banks need to improve their customer relationships in order to improve their customer experience. Banks need to understand the value of having effective strategies to leverage from social media platforms and engagements. (Kuchciak, 2013).

Study 3: A mixed study by Chahal and Dutta was aimed at measuring customer experience's influence on satisfaction, brand equity and word of mouth in the banking

sector in India (Chahal & Dutta, 2014). A questionnaire was distributed as the instrument to capture the data where customers were asked which factors were significant to them in customer experience. The overall reliability Cronbach Alpha score for the study was above the score of 0.7 which indicated a dependable scoring of the research. Furthermore, in the test for validity customer satisfaction and word of mouth were justified.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

Chapter 5 discusses and interprets the findings presented in Chapter 4 which include descriptive, correlation and statistical tests which were conducted, based on the online survey. The objective of this chapter is to provide an in-depth discussion of the data as well as to understand the relationships between the variables that may have an influence on customer experience on social media in retail banking.

The chapter highlights the following:

- The descriptive statistics, reliability and correlation between predictors of customer experience in social media
- Discussion of the findings presented in chapter 4 and their implications to the banking industry.

Statistical findings	Result
R^2 (adjusted R^2)	0.64 (0.638)
ANOVA F (p- value)	0.00
Pearson Correlation and Cronbach Alpha	• Strong positive correlations between customer perceptions and customer satisfaction • Weak positive correlation between Service quality • High reliability scores (Cronbach Alpha 0.7) for customer perceptions and customer satisfaction • Reliability for Service quality (α = 0.557) a bit on the low side but was still acceptable since it was still above 0.5.

5.2 Descriptive Statistics and Correlation

The following section provides a discussion on the findings specifically related to the descriptive statistics on each of the predictor constructs tested and correlation between variables, as presented in Chapter 4.

5.2.1 Descriptive statistics

The results indicated that 48% of the sample were between 26 to 33 years old. The significance of this result pertaining to the study was that this age range was synonymous with the increased exposure to technology, as well as their heightened need for convenience. Furthermore, 68% of the respondents were permanently employed and revealed that 48% of them banked with FNB as their primary bank. The results further indicated that most of the respondents had been with their primary bank for over 5 years.

- Many of the respondents indicated Twitter as a preferred social media platform.
- Results from the study indicated that most respondents preferred mobile banking applications as their preferred method of communication with their bank.

Customer perceptions: In the overall responses for customer perceptions, 60% of the responses were positive and this was particularly high in certain factors namely “my bank matches my lifestyle” and “my bank offers the best products” this was linked to 68% of the respondents who stated that they had banked with their primary bank for a period of more than five years.

Customer satisfaction: The overall responses for customer satisfaction indicated that 24% of responses were positive and 33% of responses were predominantly neutral. The percentage of positive responses to customer satisfaction was particularly high in factors, namely, “Satisfied with bank product offering” and “My banks processes are simple and easy to follow”. This result provides insight into whether these are some of the factors that customers take into consideration when selecting their preferred bank. It is evident that there is room for banks to improve on customer satisfaction, based on the responses received.

Service quality: The overall responses for service quality indicated 58% of the responses were positive, particularly high in factors, namely “I receive service in a timely manner” and “The service I receive at my bank exceeds my expectations”. Furthermore, the results reveal that customers value efficiency and consistency of service across all channels more than the physical features of the bank.

This played an integral role in the preferred method of communication that customers are more likely to utilise, being the banking application, which was 47% of the respondents. Customer Experience: The overall responses for customer experience indicated that 64% of the responses were positive, and particularly high in factors, namely “My bank communicates effectively with me and always keeps me updated with information regarding my account” and “It is important that my bank is flexible and agile with their product offering”. This result further emphasised the importance of banks to communicate efficiently with their customers as well as the importance of being agile and ensuring that products were aligned to the customer’s needs over time.

CX and SQ were most favourable with majority positive responses, 60% of respondents expressing agreement, on average, 31% of the respondents remained neutral whilst 9% of the respondents expressed their disagreement. This result provides an interesting insight as higher levels of factors associated with service quality, efficient and convenient service, play an integral role in how customers view customer experience in banking. The low levels in customer satisfaction may be attributed to a variety of factors, such as poor service and inconsistencies between channels, banks not understanding customer data and their needs, and the inability to respond to queries in a timely manner.

5.3 Validity of Constructs

Validity is defined as “the extent to which a concept is accurately measured in a quantitative study” Heale (2015). The explanatory factor analysis method has been utilised due to its ability to examine the interrelationships between variables. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy results indicate that all four constructs were above the minimum required value of a least 0.5, which means that the sample was adequate to run factor analysis per construct.

All constructs were above 0.305 which indicates that they were correlated strongly enough to conduct factor analysis. The factor analysis results indicated that all the constructs retained the initially hypothesised items except for Service quality, where items were eliminated from the construct because they had low factor loading. The Customer perceptions construct explained 54% of variation in the initial five items that were in the construct, while Customer satisfaction explained 51%,

Service quality (53%) and Customer experience (53%). It can also be noted that each item loaded highly onto their respective factors. Thus, all the factors were unidimensional since they had some factors each.

5.4 Reliability (Cronbach Alpha)

The following section focuses on the statistical analysis pertaining to the data set and the implications thereof.

The instrument administered for this survey used different questions to collect data on each of the constructs, namely, Customer perceptions, Customer satisfaction, Service quality and Customer experience. The purpose of the test is to measure the instrument reliability, internal consistency, as well as the relatedness of the variables within the study. The Cronbach alpha scores for Customer perceptions, Customer satisfaction and Customer experience were above 0.65 which implies that the items used to measure each construct were reliable and related. The Cronbach alpha score for service quality was a bit low but acceptable at ($\alpha = 0.557$). Since all the factors had an dependable reliability level, the items within each construct were combined to form a composite scale for the construct.

5.5 Correlation

The association between two variables is examined through the strength of the relationship as well as the interval scale direction of the association (Diamantopoulos & Schlegelmilch, 2000). The positive Cronbach alpha scores allowed each of the scales to be aggregated into a single score which makes the data scale continuous, thus the ability to run a Pearson correlation to assess the correlation of all variables as per table 9. Lee (2015) states that correlations greater than 0.8 show strong evidence of association, while those between 0.5 and 0.8 show good association (Lee, 2015).

Customer Perception: The findings in the study indicated a high correlation, approximately 78% between customer perceptions and customer satisfaction. In a study conducted by Yingzi (2015), it was revealed that customer perception positively influences customer satisfaction; the study was aimed at understanding the relationship between customer satisfaction and customer perceptions within Chinese Security Businesses. Furthermore, in a study by Faryab, Kaviani and Yasrebdoost

(2012), it was investigated whether the interrelationship between customer satisfaction and customer perceptions represent two theoretically and empirically distinct concepts (Faryabi, Kaviani, & Yasrebdoost, 2012). Although the relationship between service quality and customer perception was positive but not strong in the study, it was revealed in the study conducted by Yingzi (2015) that service quality is a predictor of customer perception. This was expected as the two variables were closely related in theory whereby a customer's perceived value of a product or service normally leads to satisfaction after purchase which leads to an improved customer experience, hence both variables are critical in ensuring that organisations maintain a competitive advantage across industries.

Customer satisfaction the results of the study indicated a weak positive relationship between customer satisfaction and service quality. However, the results in a study conducted in Vietnam demonstrated that the service quality was influential for customer satisfaction in service industries. Nguyen et al. (2015) emphasised that customer satisfaction was influenced by service quality in service industries such banking (Nguyen, Ha, Phan, & Yoshiki, 2015). The findings in the study indicated a high correlation, approximately 79%, between customer perceptions and customer satisfaction. This is expected as in theory; customer satisfaction is often associated with customer experience. Lager (2008) defined customer satisfaction as the ability to meet customers' needs and creating a valuable experience whilst managing their expectations. Essentially, customer experience encompassed the customer perceived benefit which formed after a product or a service had been purchased (Khan, Garg, & Rahman, 2015).Service quality: The results of the study indicated a weak positive relationship between service quality and customer perceptions, customer satisfaction and customer experience. Furthermore, in a previous study conducted in the service industry, it was revealed customer's perception is considered one of the critical factors that determine customer experience (Nguyen, Ha, Phan, & Yoshiki, 2015).

It is critical to note is that there was a relationship between these factors and that service quality was a determinant factor in determining customer perception as well as customer experience. In Yingzi's study, it was revealed that service quality was integral in the financial services industry, as they offer similar products to their competitors (Yingzi, 2015).

5.6 Hypothesis testing discussion

5.6.1 Discussion pertaining to Hypothesis 1- Higher levels of customer perception have a positive influence on customer experience on social media.

Theory suggests that customer's perceptions are determined by the degree of the difference between a customer's first interaction with a product or service, their satisfaction after the purchase and the overall experience. The Pearson correlation results in the study indicated a strong positive relationship between customer perceptions and customer experience. The regression analysis revealed that although customer perception had a positive influence on customer experience, the influence was not significant. This means that the null hypothesis was not rejected and that there is no relationship between customer perception and customer experience on social media. Respondents were asked to indicate their levels of satisfaction on a five-point in order to understand their service quality with their bank, the highest drivers were as follows:

- My bank matches my lifestyle
- My bank offers best products
- The relationship I have with my bank adds value to my life

It could be assumed that the retail banking customers from the sample are generally satisfied with the perceived received from their banks. Previous studies have affirmed that customer perception was therefore based on price, quality and value as a ratio of a perceived product utility (Verma, 2011). Yingzi (2015) highlighted that more attention should be diverted into ensuring that customer perceptions are met and exceeded, together with the overall service quality offered at retail banks across all channels.

5.6.2 Discussion pertaining to Hypothesis 2- Higher levels of service quality have a positive influence on customer experience on social media.

In a competitive environment such banking where there are a few differentiators amongst key players, service quality becomes an integral part of customer experience. Siddiq (2011) defines service quality as "an overall perspective pertaining to a service received" therefore it is the customer's initial recollection of the organization and its services. Sureshchander et al (2003) highlighted that there was a current shortage of literature on service quality in emerging markets such as South Africa (Meyer &

Schwager, 2007). The Pearson correlation findings provided evidence of a weak positive relationship between service quality and customer experience. Results from the regression analysis indicated that although service quality had a positive influence on customer experience, the influence was not significant. The influence was positive because the coefficient for service quality was greater than zero and it was insignificant, thus the null hypothesis was not rejected. This observation suggests an absence of association between service quality and customer experience on social media. Respondents were asked to indicate the levels of satisfaction that they received from their primary banks, highest drivers were as follows:

- I receive service in a timely manner
- The employees are knowledgeable and helpful
- The various channels of the bank offer the services I require and are convenient

It could be assumed that the retail banking customers from the sample were generally satisfied with the service quality received from their banks. The results further emphasised that customers within the sample value efficiency and consistency of service across all channels more than the physical features of the bank. Due to the intangibility of services, customers were likely to measure quality through characteristics, such as reliability, assurance, appearance and responsiveness (Siddiqi, 2011).

It became evident however that social media could assist retail banks with improving their customer experience. This entailed banks leveraging from customer data and improving online engagements on social media platforms in order to understand the customers' idea of service quality in order to meet and exceed their expectations.

5.6.3 Discussion pertaining to Hypothesis 3- Higher levels of customer satisfaction have a positive influence on customer experience on social media.

In theory, customer satisfaction was often linked to customer experience as a customer's satisfaction levels were usually based on the service encountered with an organisation which either have a positive or negative attitude and affect the entire experience. It was evident that there was a positive relationship between those two variables, the statistical hypothesis testing proved this as the coefficient for customer satisfaction was greater than zero and it was significant because the p-value was less

than 0.05 which resulted in the null hypothesis was rejected in favour of the alternative. Customers were asked to evaluate their levels of satisfaction and the highest drivers were as follows:

- Satisfied with bank product offering
- My banks processes are simple and easy to follow
- My bank responds promptly when I have a query or an issue

The retail banking customers from the sample were thus generally satisfied with their banks. The key conclusion from this was that respondents from the sample were neutral when asked whether banks understand their needs and as a result, they would not recommend their banks to their networks on social media platforms. This was worth noting as banks are a part of a customer's life and they need to become agile and find innovative ways to leverage capability to understand their customers to provide tailored solutions. Customer satisfaction was therefore an indicator in many organisations as it may be used to measure customer experience. In terms of social media, banks need to implement measures to assess whether they can consistently meet customer expectations by utilising the various channels of communication.

Babu (2018) highlighted that retail banks could benefit from social media could by implementing effective content marketing strategies (Babu, 2018). This could assist banks to create valuable connections with customers whilst attracting potential customers. Therefore, by enhancing online engagements and finding out what key factors of satisfaction are, on social media platforms, banks could improve customer satisfaction, which may result in economic success (Yingzi, 2015).

5.7 Linking the Conceptual framework:

Based on the SERVQUAL model, the research questions were associated to the four components that make up service quality

- Tangibles – relates to the physical appearance of the facilities' appearance of the personnel and equipment. The respondents in the sample were asked whether they find their bank's physical facilities are visually appealing and most of the respondents responded positively. However, the overall results indicated that customers within the sample value efficiency and consistency of service across all channels more than the physical features of the bank.

This emphasised the need for retail banks to improve efficiency and convenience in order to ensure a good customer experience, which could be enhanced by making use of social media platforms.

- Reliability –the accuracy and dependability of the service. The respondents in the sample were asked whether they believe that the services that they receive from their banks exceed their expectations and a third of the sample responded positively. This highlighted the need for the enhancement of customer experiences through social media platforms which could allow for customers to share experiences and engage with one another about products and services.
- Assurance – the ability and capabilities of the staff to assist customers with knowledge and courtesy across the various channels. The respondents in the sample were asked whether they believe that the staff at banks are knowledgeable and a third of the sample responded positively. Retail banks needed to understand that customer experience entailed the entire customer's journey, from pre- to post-purchase and whilst providing an intangible service, making use social media platforms could assist them to understand customer data and leverage from it. Social media platforms could assist banks to understand that they are a part of a customer's life and they need to become agile and find innovative ways to leverage capability to understand their customers to provide tailored solutions.
- Responsiveness – is the eagerness to assist customers and provide efficient service. The respondents in the sample were asked whether they believed that the staff at banks are knowledgeable and most of the sample responded positively. Retail banks could potentially look at this opportunity to enhance customer experience by providing personalised service to customers on social media platforms. This was important as the role of social media platforms in banking allowed for customers to share information to individuals.
- Empathy – the ability of staff to provide a personalised service/ interaction with the customer. The respondents in the sample were asked whether they are satisfied with their bank's image and reputation on social media and a third of the sample responded positively. The enhancement of customer experience on social media platforms could see retail banks in South African becoming more approachable to customers on the various platforms. This could also create an environment where retail banks would be able to leverage from the insights and opportunities that stem

from social media platforms. In conclusion, the model of service quality gaps indicated several gaps that could be enhanced by having effective social media strategies in place for retail banks in South Africa. The following provides possible solutions on how customer experience could be enhanced though using various social media platforms for each of the listed gaps:

- 1. Knowledge Gap: knowledge could be shared on various platforms which allowed ease of access for customers to be informed.
- 4. IC Gap: retail banks could leverage from customer data and develop means to understand the way the design of their products and services would affect advertising on social media platforms through effective social media strategies.
- 7. Service Gap: it was critical that the products and service meet and exceed the customers' needs and expectations, and in the service industry, such as banking, wat is imperative that customer experience is maintained across all channels of engagement, such as social media platforms, even after the purchase stage.

The conceptual framework was designed, with the aim to assist in the empirical study to answer the research questions and to understand the interrelationships between the independent and dependent variables. The framework provides a view of the findings of the study which indicate insignificant relationships between customer experience on soicial media and customer perception and service quality. However, it was imperative to note that there are relationships between the dependent variables.

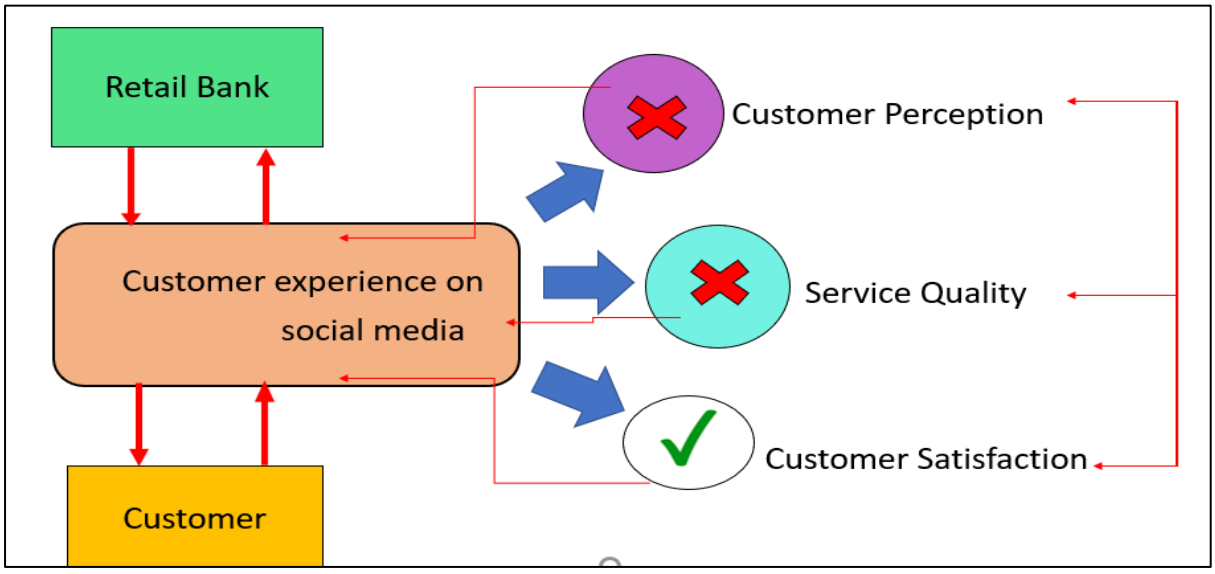

Figure 10: Conceptual Framework from findings

5.8 Summary of findings

As discussed in depth within this chapter, customer perception, customer satisfaction, service quality were factors that affect customer experience, furthermore retail banking in South Africa needed to implement strategies to improve customer experience on social media platforms.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The purpose of this study was to examine empirical evidence to support the predictor effects of customer perception, service quality, customer satisfaction, with the aim of enhancing customer experience in retail banks by utilising social media platforms. This chapter discusses the conclusions of the study, provides recommendations to the South African retail banking industry and proposes areas for possible future research.

6.2 Summary of research

The study interrogated the variables, namely, customer perception, customer satisfaction and service quality and their impact on customer experience in South African retail banks.

Technology has played a pivotal role in reshaping the financial services industry over the past two decades with many retail banks seeking innovative ways to gain competitive advantage and market share. Babu (2018) highlighted how social media platforms had shaped interactive conversations into recommendations as the new age "word of mouth" which combined the technology and social engagements. This was especially important in retail banking, where there is limited differentiation amongst competitors, banks typically differentiate themselves through service and levels of customer satisfaction Rahman (2005). The findings of the study revealed that most of the respondents from the sample expressed satisfaction with the services they were receiving from their banks. Customers felt that banks could increase their social media presence on the various platforms offering inst in order to enhance customer experience.

There was a result of an ongoing concern that retail banks did not understand their customer data and as a result they were not able to leverage from the insights such as customer needs and preferences. Fournier and Avery (2011) stated that social media platforms provided opportunities for banks to listen to consumers and respond which created an emotional connection between the retail bank and the consumer. Retail banks in South Africa should take advantage of these platforms as they allow users to engage, share whilst ensuring valuable experiences are created.

6.3 Conclusions of the study

The research objective of this empirical study was to test the relationships of customer satisfaction, customer perception and service quality on customer experience, and to analyse whether these could be used to enhance customer experience on social media. The findings from the study indicated that customer satisfaction was a predictor of customer experience on social medial platforms in the South African retail banking industry. The study however, revealed that while relationships between customer perceptions and service quality existed, they were not significant. The key features that were found to be of importance to customers' experience included efficiency of services, simple and consistent across all channels and the convenience of mobile banking applications.

Based on the findings, the following results were revealed:

	Hypothesis	Outcome
H1	Higher levels of customer perception have a positive influence on customer experience on social media.	✗
H2	Higher levels of service quality have a positive influence on customer experience on social media.	✗
H3	Higher levels of customer satisfaction have a positive influence on customer experience on social media.	✓

The first hypothesis (H1) proved that there was an isignificant relationship between customer perception and customer experience. Customer perception factors that played a critical role in customer experience included those relating to banks meeting lifestyle needs, offering the best products and improving their relationship with customers to improve customer experience. Yingzi (2015) highlighted the importance of diverting more attention to ensuring that customer perceptions are met and exceeded, together with the overall service quality offered at retail banks across all channels and social media platforms. This finding implied that customer experience was amplified when customers' perception and expectations could be met through the various social media engagements.

The second hypothesis (H2) proved that there was no relationship between service quality and customer experience, the relationship exists, however it was not significant. Service quality factors that played a critical role in customer experience included those related to convenience of services, ensuring that employees were knowledgeable and can build valuable engagements ensuring consistency between the various channels of the banking services. It was critical to note that there was a relationship between these factors and that service quality was a determinant factor in determining both customer perception, as well as customer experience. The key challenge with evaluating service, was that due to its intangibility, it was often a challenging task. Lemke (2010) stated the importance of recognising the impact of service quality on customers' experience stating that it broadened the understanding for both academics and practitioners from focusing exclusively on the customer and the provider.

The third hypothesis (H3) proved that there was a relationship between customer satisfaction and customer experience. Customer satisfaction factors that played a critical role in customer experience included having simple banking processes and responding promptly to customer queries. This related directly to the benefits that South African retail banks could leverage by engaging with customers on social media platforms. Oliver (1980) emphasised that customer satisfaction was regarded as the fundamental determinant of customer experience. Social media is currently a relevant channel for retail banks to investigate customer behaviours and to improve engagements. Babu (2018) emphasised that the role of social media in banking had the potential to play a meaningful role by implementing effective content marketing strategies (Babu, 2018).

6.4 Limitations to the study

The following were the limitations which have emerged from the empirical study and manner in which the study was conducted.

The study interrogated the variables, namely, customer perception, customer satisfaction and service quality and their impact on customer experience quite broadly which limited the amount of insight that could be discovered by taking an in-depth look at each of these variables individually. The sample was restricted to the five major

banks, perhaps much more insight could have been gained from including all banks, including non-banking institutions.

6.5 Recommendations

6.5.1 Recommendations for South African Retail banking sector:

Based on previous literature and findings from the empirical study, it was beneficial to highlight possible recomendations that retail banks could implement in efforts to enhance customer experience.

- Social Media for Banking

Implementing effective use of social media in South Africa allowed retail banks to communicate with their prospective customer whilst achieving good business results. This was beneficial in order to ensure and establish key relationships, leverage valuable relationships from customers by engaging and gathering insights to improve their product offering.

- Implementing effective social media strategies

Retail banks would benefit from having effective social media strategies which would assist them in having a competiitive advantage across the various channels in which customers engage with the bank. This would also assist banks to identify which channels are most utilised by their customers.

- Personalising the social media experience (*creating memorable experiences*)

The majority of the retail banks in South Africa make use of unmanned accounts on social media platforms which respond to queries in a non-personalised manner. Retail banks need to understand the importance of personalising engagements with customers on social media platforms as per the example of RB Jacobs, which is the name of the FNB account on social media platforms which interacts with customers.

Dumitrescu (2011) stated that online engagement was critical in customer experience, as it allowed for information sharing and personalized experience for the customer. Managing all engagements would result in an improved customer experience and customers will in turn, become ambassadors for the retail bank.

- Simplifed and convenient banking processes

The findings from previous studies and the empirical study indicated that customers value convenience, as well as simplified banking processes, which played an integral part in the customer experience.

6.5.2 Recommendations for further research

It was critical to note that however, there could be latent factors that may provide insights to understand behaviour and enhance customer experiences in South African retail banks on social media platforms. There was an opportunity to replicate this research study under the following conditions:

Retest variables: :Based on the findings of the study, it would be beneficial to retest the relationships between customer perception and customer experience as well as service quality and customer experience. This would provide value in order to understand the nature of the relationships between these variables in different circumstances.The relationships between customer perception and customer experience as well as service quality and customer experience were not proven in the study. However, based on previous literature, we are aware that there was a relationship between these factors. The opportunity for future research would be retesting the relationships between these factors and understanding the critical underliers that may have an impact on customer experience in retail banking.

Various banking segments and channels:It is critical to note that this study focused only on the retail banking segment of the South African banking industry which usually comprises lower to middle income banking customers. There would be value for future research opportunities to duplicate this research into the business and corporate segments of South African banking. Customer experience was perceived differently across the various channels by customers who interacted on the various channels. An area of possible future research would be to focus on each of the various channels in order to gain insights on customer experience.

Across all banks in South Africa: This study was limited to the five major retail banks, namely, First National Bank, Standard Bank, Nedbank, Capitec, and ABSA. The potential opportunity for a future study would be to include all banks, as well as the non-banking institutions that offer micro-lending, etc. This would provide greater insight into understanding the factors that play an integral role in customer experience in the banking continuum of South Africa.

Various service industries: The value of understanding customer needs leveraging from customer data on social media platforms enhanced the customer experience across various industries. This study could be conducted to include other service

industries in order to gain an in-depth understanding of the key drivers of customer experience on social media platforms.

A larger sample size: There could be an opportunity to conduct this study on a larger scale in order to improve the reliability of the results. There were 62 valid responses received to the survey, which is relatively small to the total of the banked population in South African.

Qualitative study: Customer experience is a multi-dimensional topic, consisting of various aspects which range from physical to emotional aspects of service. Conducting a qualitative study would assist in order to gain an in-depth understanding of this phenomenon, which may reveal valuable insights which may assist in enhancing overall customer experiences.

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APPENDIX A: RESEARCH QUESTIONNAIRE

My name is Lebohang Rapitsi, I am a student at the Wits Business School, completing my master's in business administration. I am currently doing research and on how the enhancement of social media can improve customer experience in retail banks in South Africa. I would appreciate your participation in the study by taking a quick survey, the survey should take you approximately five minutes to complete.

Regards,

Lebohang Rapitsi

1. How old are you?

- 18-25 (1)
- 26-35 (2)
- 36-45 (3)
- 45-60 (4)

2. Employment status

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

3. Primary Bank account
    - FNB (1)
    - ABSA (2)
    - Capitec (3)
    - SBSA (4)
    - Other (5)

4. How long have you banked with this bank for?
    - Less than a year (1)
    - 1-4 years (2)
    - 5-10 years (3)
    - More than 10 years (4)

5. Which social media platform do you use predominantly?
    - Facebook (1)
    - Twitter (2)
    - Instagram (3)
    - Pinterest (4)

6. Which banking channel are you most likely to use to communicate with your bank?
    - Branch (1)
    - Call centre (2)
    - Cell phone banking or application (3)
    - Social media (4)

Customer perceptions

	Strongly disagree (1)	Disagree (2)	Neither disagree no agree (3)	Agree (4)	Strongly agree (5)
My bank matches my lifestyle					
I am loyal to my bank					
I believe that my bank offers the best services compared to other banks					
I am with my current bank as I am not confident about other banks					
The way a bank engages with its customers on social media is important					
The relationship I have with my bank adds value to my life					

Customer satisfaction

	Strongly disagree (1)	Disagree (2)	Neither disagree no agree (3)	Agree (4)	Strongly agree (5)
I am satisfied with the various products and services my bank offers					

My banks processes are simple and easy to follow					
My bank knows and understands my needs					
My bank responds promptly when I have a query or an issue					
I am satisfied with my bank's image and reputation on social media					

Service quality

	Strongly disagree (1)	Disagree (2)	Neither disagree no agree (3)	Agree (4)	Strongly agree (5)
The service I receive at my bank exceeds my expectations					
The bank's physical facilities are visually appealing					
The various channels of the bank offer the services I require and are convenient					
I receive services in a timely manner					
The employees are very helpful					

Customer experience

	Strongly disagree (1)	Disagree (2)	Neither disagree no agree (3)	Agree (4)	Strongly agree (5)
My bank communicates effectively with me and always keeps me updated with information regarding my account					
My bank offers seamless service at all various channels e.g. branch, call centre etc.					
I receive prompt assistance from my bank regarding queries even on social media					
My bank's processes and mobile applications are easy to use and convenient					
It is important that my bank is flexible and agile with their product offering					

APPENDIX B: REGRESSION AND DIAGNOSTICS

The coefficients shown in Table 7 indicates the contribution of each independent variable to the prediction of Customer Experience.

The regression model was:

Customer Experience = 0.901 + 0.128 Customer perceptions + 0.635 Customer satisfaction + 0.071 Service quality

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	.901	.318		2.835	.006		
	Customer perceptions	.128	.121	.131	1.059	.294	.385	2.598
	Customer satisfaction	.635	.123	.659	5.178	.000	.366	2.730
	Service quality	.071	.086	.076	.828	.411	.697	1.436
a. Dependent Variable: Customer Experience								

Table *12*: Coefficients

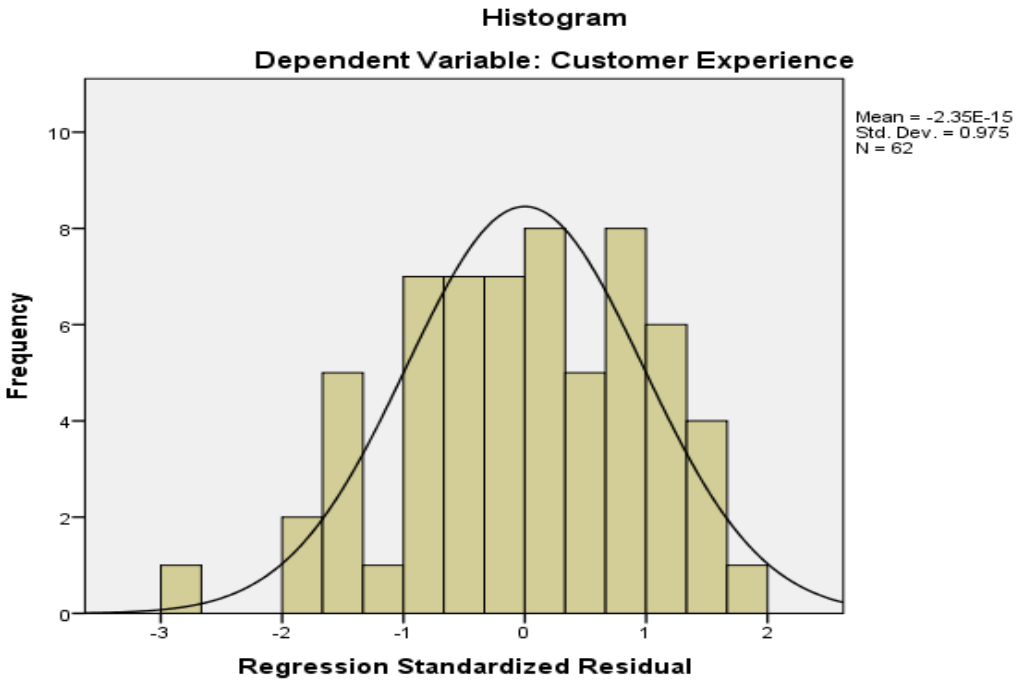

Figure 11: Histogram of regression standardised residuals

Most of the bards for the regression standardised residuals were falling below the normal distribution curve. This indicates that the residuals were either normally distributed or approximated the normal distribution.

The normality test results were also assessed using the Normal P-P plot shown in the figure below:

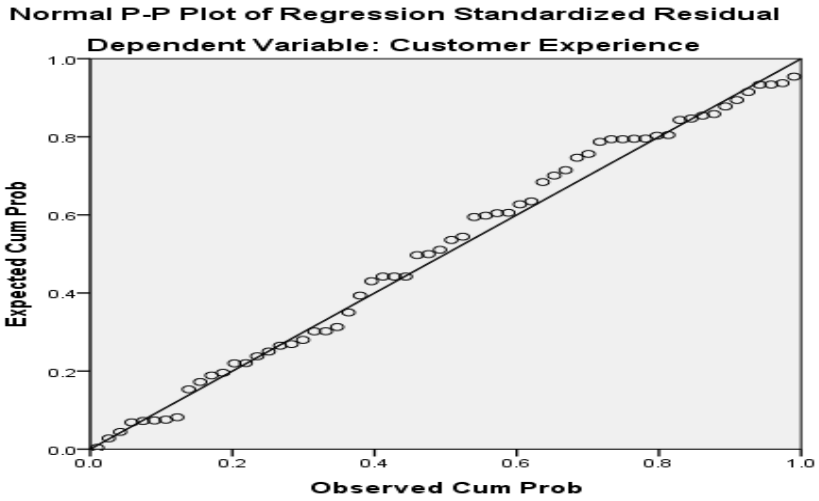

Figure 12: Normal P-P plot

A plot of the expected cumulative probability against the observed cumulative probabilities were close to the diagonal line, which confirms that the error terms were normally distributed. Thus, normality of error terms assumption was met.

Test for Outliers

A box plot was plotted for reach construct to assess whether there were any influential points / outliers that would sway the results. An outlier would be indicated by an asterisk (*) outside the whiskers of the boxplots.

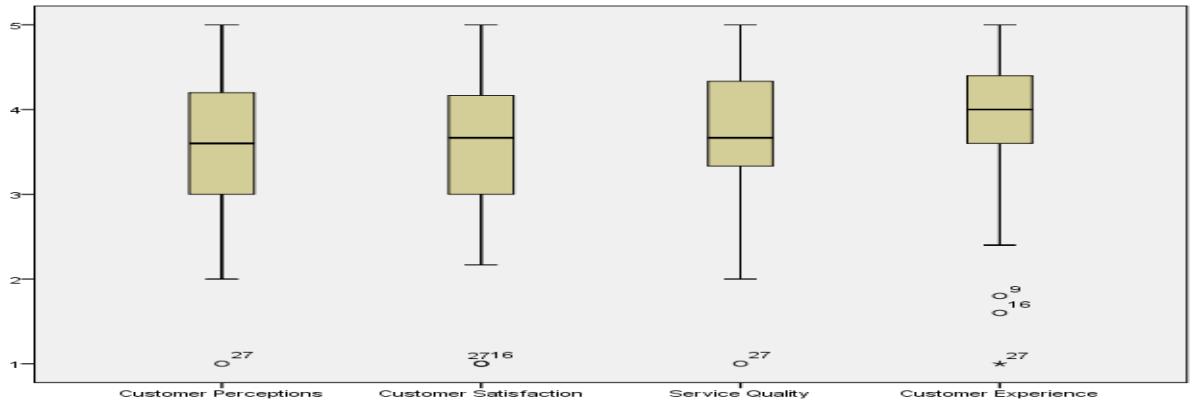

Figure 13: Box plots before eliminating Outliers

The results in Figure 15 shows that case number 27 was an outlier for customer experience. This case was replaced by the next smallest value (case 16). The Box plots were plotted again as shown in Figure 8 below.

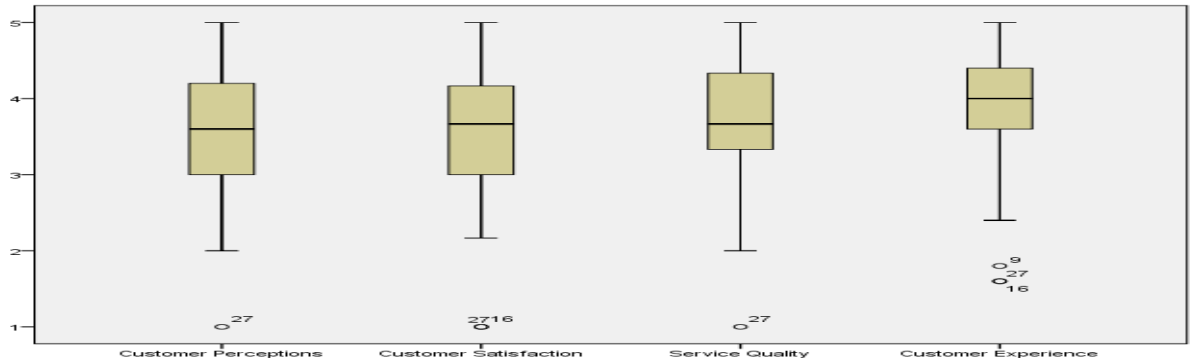

Figure 14: Box plots after eliminating Outliers

After eliminating the outlier that was son case 27, there were no other outliers, thus the hypotheses testing was now conducted with the data without outliers. The assumption for no outliers was met.

Test for Normality of Error terms

A histogram of the regression standardised residuals was plotted to assess whether the error terms were normally distributed.

Test for Multicollinearity

The third assumption that is made when fitting a regression model is that there is no multicollinearity, a condition where the independent variables are strongly correlated to each other to the intent of negatively impacting on the quality of the model. Table 8 shows the multicollinearity diagnostics results.

Model	Collinearity Statistics	
	Tolerance	VIF
Customer perceptions	.385	2.598
Customer satisfaction	.366	2.730
Service quality	.697	1.436

Table 13: Test for Multicollinearity

The Variance inflation factors (VIF) values were all below 10, which indicates that there was no problem of multicollinearity. Thus, the assumption for there being no multicollinearity was met.

Test for Equality of variance of error terms (Homoscedastic)

A scatter plot of the regression standardised residuals and regression standardised was conducted to test for equality of variance of error terms, a condition referred to as homoscedastic. The results are shown in Figure 16.

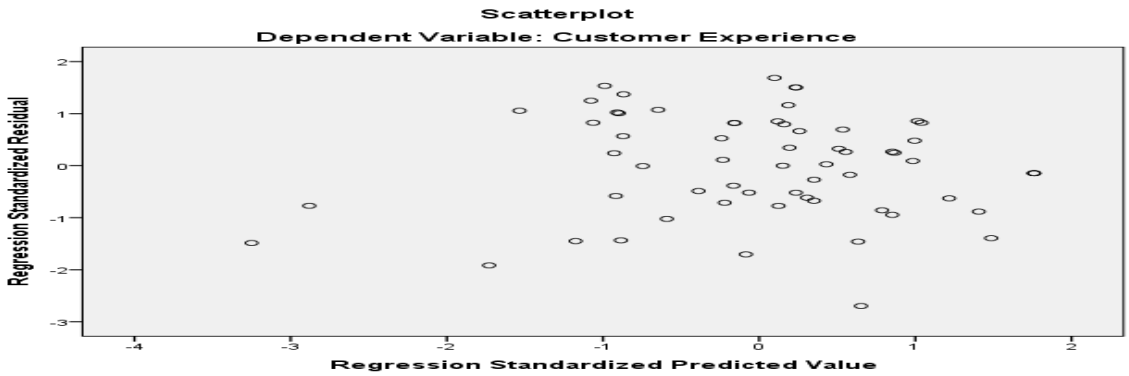

Figure 15: Scatter plot

As required for regression, the error terms were scattered around the zero line without any obvious patter. This confirms that there was homoscedasticity. Thus, the assumption for homoscedasticity was met.

Independent Error terms

The last assumption is that the error terms were independent. The Durbin-Watson statistic was 1.966, which was very close to 2. This indicates that the assumption for independence of error terms was also met.

All the regression assumptions were met, thus the results that follow are based on a valid model.