Augmenting customer loyalty through customer experience management in the banking industry

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Abstract

Purpose – The purpose of this paper is to analyse and evaluate the effect of customer experience management (virtual interaction, physical interaction and service interaction) on customer loyalty in the banking industry.
Design/methodology/approach – The study followed an explanatory research design to sample 384 respondents. Stepwise regression analysis was used to validate the relevance of the study model.
Findings – The results indicated that there is a positive association between customer experience management and customer loyalty. The dimensions of customer experience management, namely virtual interaction, physical interaction and service interaction, were also found to be statistically significant in explaining customer loyalty behaviour.
Practical implications – The study practically influences the way banks and other financial institutions gain competitive advantage through managing the experiences of customers in a volatile business environment. At a time when banks are no longer the only providers of financial services, the study offers a road map to reduce portfolio purchasing and switching behaviour through enhanced experience management at all customer touch points.
Originality/value – The study presents an augmented model of customer experience management which is linked to consumer loyalty.

Keywords Customer experience management, Consumer loyalty, Virtual environment, Physical environment, Service interaction

Paper type Research paper

1. Introduction

Managing the experience of customers has been identified as an integral part of enhancing business performance (Kavitha and Haritha, 2018; Lundaeva, 2019). The essence of customer experience management has been attributed to heightening the relationship between businesses and customers (Cajetan, 2018; Clemes *et al.*, 2019). The need for customer experience management has been more pronounced in the services sector where quality of a service is determined by the strength of the service interaction (Cajetan, 2018; Zeithaml *et al.*, 1990). With the same token, the banking industry has been on the fore of enhancing the experience of their customers (Gayathry, 2016; Gillani and Awan, 2014).

The world over, customer experience management has been a phenomenon which has been phenomenal in the banking industry. According to Cajetan (2018), in the United Kingdom, the majority of all bank interactions were digital in a bid to give customers the

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banking experience. Suvarchala and Narasimha (2018) also indicate that in India, customer experience has been enhanced with the adoption of modern banking technologies. The same customer experience management trend was consistent with the banking services in Africa. Around the year 2010, retail banks in Africa had since improved their customer services to exceed customer expectations (Bick *et al.*, 2010). Bick *et al.* (2010) further indicate that the move was to enhance customer satisfaction and customer loyalty. Omoregie *et al.* (2019) further show that retail banks in Ghana, Africa, were taking a holistic approach to customer experience management to enhance customer loyalty.

The Zimbabwean banking industry, unlike in other nations, has been spotlighted for its inability to exceed customers' expectations (Dube and Chari, 2019; Murwisi, 2018). Long banking queues and inability to offer withdrawal services developed a nomadic behaviour among customers as they switch from one bank to the other in search for better customer experience (Murwisi, 2018). That phenomenon coupled with the ever-increasing competition in the banking industry itself led to the exodus of customers from one institution to the other (Dube and Chari, 2019). The economic meltdown which has been experienced in Zimbabwe since 2017 has also affected the financial willpower of banks to exceed customers' expectations (Munatsi and Zhuwau, 2019).

On the backdrop of a low customer experience management practice, what was more worrisome was the high rate of customer churn and portfolio purchasing in the banking industry in Zimbabwe.

Consumer switching behaviour recorded an average of 9% between the year 2014 and 2016. However, it rose to 11% in 2017, and alarmingly by the year 2018, it stood at 21% (Munatsi and Zhuwau, 2019).

The banking industry is no longer the sole provider of financial services, as the telecommunications companies and microfinance institutions are now also offering almost the same financial services as traditional banks (Lima, 2019). This presents a daunting challenge for banks to lock-in customers so as to enhance market share through competitiveness.

This study therefore aimed to bridge the problem of customer attrition, portfolio purchasing and churning behaviour through customer experience management practices.

2. Literature review

2.1 Customer experience management

According to Kavitha and Haritha (2018), customer experience is the customers' perception of how the organization treats them. Buttle (2009) defines customer experience as the cognitive and affective outcome of the customer's exposure to, or interaction with, a company's people, processes, technologies, products, services and other outputs. Schmitt (2013) further contributes that customer experience is the process of strategically managing a customer's entire experience with a product or company. An all-encompassing understanding of customer experience was raised by De-Keyser (2015), who shows that customer experience comprises of the cognitive, emotional, physical, sensorial, spiritual and social elements that mark the customer's direct or indirect interaction with other market actors. Customer experience is thus built through interaction and engagement between the customer and the service provider at touch points (Buttle, 2009).

In essence, customer experience management is typically associated with the need to offer exquisite services to customers. Hong (2016) opines that customer experience management acts as a competitive differentiator which makes a company competitive over its competitive rivals. Kavitha and Haritha (2018) seconded that customer experience management enhances a company's market share and further cleared the air as to how it is done. In line with Kavitha and Haritha (2018), customer experience management improves customer loyalty which in turn enhances patronage and reduces switching behaviour.

Through customer experience management, companies develop a holistic package that attracts, retains and adds value to their customers (Clemes *et al.*, 2019; Teixeira, 2012). That essentially means that customers of banks should not just do banking, but should enjoy a banking experience (Buttle, 2009). Becker and Jaakola (2020) indicate that it is the role of the firm to define the intended customer experience through designing firm-controlled stimuli and monitoring and responding to non-controllable stimuli. An elaborate experience reshapes the customers' thinking about the relationship they have with the company (Rooney *et al.*, 2020).

2.2 Customer loyalty

Loyalty of customers refers to the extent to which customers remain faithful to a particular brand, product or service over time (Sriram, 2014). It shows the rate at which customers are satisfied with the services that they are getting from a service provider. In line with Zeithaml *et al.* (1990), loyalty behaviour shows the customers' conviction to say positive things, about the services they are getting, to other individuals who can also become customers. Loyal customers also have an intention to encourage friends and relatives to do business with their service providers.

Loyalty behaviour also drives customers to consider their brands first in everything they do in the banking industry. Zeithaml *et al.* (1990) also indicate that consumer loyalty behaviour drives consumers to doing more business with a service provider for the next five years. Commenting on loyalty behaviour, Sriram (2014) says the dimension is too broad and multi-dimensional as it consists of the following four dimensions: word of mouth, purchase intentions, price sensitivity and complaining behaviour. Zhong and Moon (2020) link customer loyalty to customer satisfaction and loyalty behaviour. They found out that a happy shopping experience may not necessarily lead to satisfaction and loyalty because they are post-consumption effects, whereas happiness is prior to consumption.

2.3 Customer experience management and customer loyalty

With increased competition in the banking industry the world over, there is an impetuous need for banks to enhance the loyalty of their customers. According to Imbug *et al.* (2018), customer experience is an antecedent factor of customer loyalty. Imbug *et al.* (2018) reiterate that customer experience drives the cognitive and emotional well-being of the customers to liking the product or brand in a way that eliminates or reduces switching behavioural effect. Becker and Jaakkola (2020) emphasize that customers become loyal because of the experience they gain from the service providers at various touch points. Therefore, more companies nowadays are focussing on creating a stronger customer engagement and long-lasting experience for their customers (Zhong and Moon, 2020). Loyalty also brings with it high patronage and more sales, which companies cannot risk losing (Aksar *et al.*, 2019).

Customer experience constitutes a crucial factor that influences the customers' willingness to repeat the experience or to recommend it to their friends or colleagues. Akter (2011) empirically tested that experiences which are memorable have a higher propensity to impact a person's future behaviour. Studies by Wijaithammarit and Taechamaneestit (2012) and Thuan *et al.* (2018) found out that customer experience has a direct positive association with customer loyalty. This follows that when customers perceive the services that they are receiving as exceptional experience, they are more likely to stick with the organization for a while. The impact of customer experience management on loyalty has led many companies into investing in digital technologies to exceed customer expectation at every touch point (Wijaithammarit and Taechamaneestit, 2012).

A balanced moderation of the association between customer experience management and consumer loyalty was put forward by Ali *et al.* (2014) that it is not always a given and granted condition that once customer experience management is enhanced, customer loyalty will increase significantly. The basis of Ali *et al.*'s (2014) argument was on the notion that customer experience management does not directly always lead to loyalty behaviour, but rather it leads to behavioural intention to stay loyal. However, the extent to which the intention to stay loyal eventually leads to loyalty behaviour is a different issue altogether.

The same notion as Ali *et al.*'s (2014) was supported by Luturlean and Anggadwita (2015) that most customers at times admire the services of competitors (intention to switch); however, the actual switching behaviour to competitors is not always a direct association. This is because some customers merely admire and compliment and never make the switching behaviour or the loyalty behaviour. The views of Luturlean and Anggadwita (2015) and Ali *et al.* (2014) diverge from the theory of planned behaviour and theory of reasoned action that suggest that loyalty behaviour is predicted by behavioural intention to stay loyal (Lima, 2019).

2.4 Theoretical modelling of customer experience management and customer loyalty

The concept of customer experience was popularized by Gentile *et al.* (2007), and it was mainly focussing on the main psycho-physiological aspects of human behaviour. Gentile *et al.* (2007) argue that customer experience has six dimensions, namely sensorial dimension, emotional dimension, cognitive dimension, pragmatic dimension, lifestyle dimension and the relational dimension. Gentile *et al.*'s (2007) argument was that customer experience is experienced through various stimuli that the organization presents.

Sensorial dimension indicates how customers experience a service or product through sight, hearing, touch, taste and smell to stimulate customer satisfaction or aesthetic pleasure (Havíř, 2017). The emotional dimension influences the emotional relation with the company, brand or its products. The cognitive dimension depicts how a customer's experience is perceived cognitively whilst the pragmatic dimension indicates the extent to which an experience is useful or practical. The lifestyle dimension is related to the shared values between the customer and the service provider, whilst the relational dimension is derived from the customer's social context and the relationship with other people (Gentile *et al.*, 2007).

The major contribution of the Gentile *et al.* (2007) model to the current study is that the model helps to put into perspective the entire process which customers go through when exposed to a stimulating customer service. This gives an indication of how customers interpret and make meaning of the stimuli. However, the model lacks predictive willpower towards customer loyalty behaviour, which this study aims to address.

Another important theoretical modelling contribution was done by Verhoef *et al.* (2009). The Verhoef *et al.* (2009) model shows how customer experience management is done holistically. The model shows that customer experience can be managed from various perspectives such as the social environment, service interface, branding and retail atmosphere. A proper management of these touch points is likely to lead to customer experience which is felt cognitively and affectively. The theory of Verhoef *et al.* (2009) has two main moderators, namely situation moderators and consumer moderators. Moderators influence the rate at which a sensory stimulus is experienced as exquisite.

The main contribution of the Verhoef *et al.* (2009) model to the study is that the model clearly highlights what customer experience management involves and the touch points that stimulate customer experience. However, the model also does not link customer experience management to customer loyalty, which this study aimed to substantiate.

Du Plessis and de Vries (2016) also modelled customer experience management and indicated that it is determined by four levels, namely physical, virtual, human and social. The physical environment shows the way an organization presents its servicescape. This includes issues such as scent, cleanliness, spaciousness of the retail outlet, in-store music, parking space and other physical attributes. The virtual aspects of customer experience management indicate the extent to which the online platforms are user-friendly and offer customer benefits in a conspicuous manner. The human and social aspects relate to the need for employees, as service providers, to offer reliable and quality services (Du Plessis and de Vries, 2016).

The Du Plessis and de Vries (2016) framework contributes immensely to the study as it synthesizes the dimensions of customer experience management. These dimensions relate well with the customer experience management aspects that are peculiar in the banking industry in Zimbabwe, thereby making the model outstanding. The Du Plessis and de Vries (2016) framework was thus adapted and adopted in this study. This is because the model consists of the main aspects that mimic the banking industry in Zimbabwe. At the same time, the model has the features of the Gentile *et al.* (2007) and Verhoef *et al.* (2009) models.

2.5 Dimensions of customer experience management and hypothesis development

Dimensions of customer experience management are factors that influence customer experience management at each touch point (Verhoef *et al.*, 2009). In essence, Du Plessis and de Vries (2016) note that customer experience management is determined by what the company does to the customer at every encounter either virtual or physical. Based on content analysis and synthesis, three major determinants of customer experience management are identified as the physical environment dimension, the virtual environment dimension and the service interaction dimension (Chahal and Dutta, 2014; Chauhan and Sarabhai, 2016; Kajetan, 2018; Du Plessis and de Vries, 2016; Verhoef *et al.*, 2009).

2.5.1 The physical environment dimension. The physical environment refers to the area in which a service is received or performed (Ismail1 *et al.*, 2017). The better the physical environment, the better the customer experience, and the more customers remain loyal (Verhoef *et al.*, 2009). In the banking industry, the physical environment consists of the ambiance of the banking halls, parking space, music, ventilation, in-store displays among other aspects (Chahal and Dutta, 2014; Chauhan and Sarabhai, 2016).

In this study, it is believed that a good management of the physical environment of the banking environment leads to a favourable customer experience result, which is likely to impact on customer loyalty. Therefore, the following hypothesis was formulated:

H1. Physical environment management positively affects consumer loyalty in the banking industry

2.5.2 The virtual environment dimension. The virtual environment refers to the touch point where customers interact with the brand online (Buttle, 2009; Du Plessis and de Vries, 2016). It is the second customer experience management determinant which arguments the level at which customers become loyal or switch. In the banking industry, the virtual environment includes Internet banking experience, mobile banking experience, website experience and application marketing experience (Chahal and Dutta, 2014; Kajetan, 2018). A good management of these digital platforms acts as an antecedent of customer experience and thus enhances customer loyalty. Thus, this study made the following proposition:

H2. Virtual environment management positively affects consumer loyalty in the banking industry.

2.5.3 The service interaction dimension. The service interaction is the moment of truth which explains the human interaction between customers and boundary spanners (Buttle, 2009; Parasuraman *et al.*, 2005). If employees, as service providers, are reliable and efficient, customer experience is more likely to be enhanced (Kajetan, 2018; Du Plessis and de Vries, 2016). In the banking sector, service interaction refers to the interaction between banking customers with front line employees such as bank tellers, customer assistant officers and personal bankers (Chahal and Dutta, 2014). Service interaction is the interaction between the customer and the service provider in the banking hall or over call centres (Chahal and Dutta, 2014; Kajetan, 2018). Thus, an exceptional service interaction is akin to an exceptionally well-managed customer experience which leads to customer loyalty. Given the foregoing, the study stated the third hypothesis to be as follows:

H3. Service interaction positively affects consumer loyalty in the banking industry.

Figure 1, depicts the hypothesized associations of the study.

3. Research methodology

The positivist research philosophy informed the methodological aspects of this study. The research followed an explanatory research design because of its ability to explain causality between the dependent and independent variables of the study (Saunders *et al.*, 2009). The study tested the cause and effect associations between customer experience management and consumer loyalty. The target population for the study was made up of consumers of traditional banks in Zimbabwe. The demarcation of traditional and non-traditional banks was made by the Technozim (2019) on the basis of year of bank establishment in Zimbabwe. Using the Technozim framework of 2019, there were 11 traditional banks in Zimbabwe. At 95% confidence level and 5% margin of error, a sample size of 384 respondents was selected using the sample size extract by Morgan in Saunders *et al.* (2009). The problem of customer attrition and churning behaviour was witnessed mainly among traditional banks. That therefore warrants the need to target only traditional banks and eliminates the influence of non-traditional banks (Munatsi and Zhuwau, 2019).

The study followed a deductive research approach by adopting and adapting the Du Plessis and de Vries (2016) framework. A once-off cross-sectional survey was used to gather quantitative data using a structured questionnaire. The questionnaire was instrumental because it allowed the researcher to collect more information about customer experiences at once. Internal validity of the study was maintained by using the research objectives in the development of the questionnaire. External validity was ensured in this study through the use of a large sample size so as to generalize the findings. Adaptation of the study variables from previous studies helped in ensuring concurrent validity of the study. High levels of good research ethics were adhered to throughout the study.

3.1 The research model

Through content analysis, the modelling of customer experience management was informed by Gentile *et al.* (2007), Du Plessis and de Vries (2016) and Verhoef *et al.* (2009). The argument

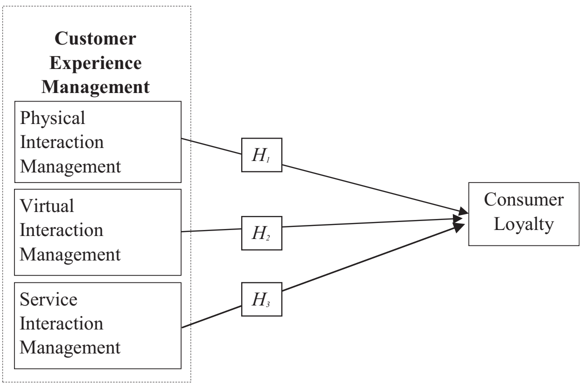

Figure 1.
The conceptual framework illustrating the nexus between customer experience management and consumer loyalty

was that customer experience is experienced through various stimuli which stimulate customers cognitively and affectively at various touch points. The physical interaction management (PIM) scale and the service interaction management (SIM) scale were adapted from Du Plessis and de Vries (2016) and Chauhan and Sarabhai (2016), to develop latent variables measured with five attributes each. Chauhan and Sarabhai (2016) informed the development of the virtual interaction management (VIM) scale, with five attributes. The measurement scale for customer loyalty, the dependent variable, was adapted from Zeithaml *et al.* (1990). The reliability of these variables was tested using the Cronbach alpha test and all variables had a Cronbach coefficient of 0.779 and above as shown in Table 1.

In the research model, we investigated the effect of customer experience management (CXM) features $\beta_1 - \beta_3$ on customer loyalty (CL), where CXM was considered as follows:

$$\mathrm{CXM} = \sum[\mathrm{PIM} + \mathrm{VIM} + \mathrm{SIM}]$$

The following regression equation was thus applied to analyse the effect of the customer experience management variables on customer loyalty:

$$\mathrm{CL} = \beta_0 + \beta_1\mathrm{PIM} + \beta_2\mathrm{VIM} + \beta_3\mathrm{SIM}$$

where CL is customer loyalty, PIM is physical interaction management, VIM is virtual interaction management and SIM is service interaction management.

4. Results

4.1 Descriptive statistics

The study administered 384 questionnaires to respondents and 243 were returned and validated giving a response rate of 63%. Female respondents dominated the study with a response frequency of 54% against male respondents who were 46%. The majority of respondents were aged between 26 and 35 years followed by 36–45 years age category. The elderly between 46 and 55 years and young ones between the ages of 18 and 25 years were minimally represented with a valid percentage of 11.2 and 9%, respectively. Consumer perception of customer experience is affected by the level of education of respondents. Thus, the study collected data about the highest level of education of respondents, and it emerged that the majority of the study respondents had high school as their highest academic qualification (50.6%). None of the respondents indicated that they had primary-level education as their highest level of education. Diploma holders had a valid frequency percent of 30.3% whilst degree holders were 16.9%. The least respondents with a frequency of 2.2% had postgraduate qualifications.

The study also ascertained the level of loyalty of customers by measuring the length of time customers stayed with one bank consistently over time. It emerged that a significant percentage of 14.6% were new to their banks. Further to that, 42.5% had stayed with their bank for three years and below. This gives an indication of high switching behaviour of consumers and reduced loyalty. This follows Zeithaml *et al.*'s (1990) indication that loyal customers spend five years with a service provider. These results were thus aligned with

Table 1. The Cronbach alpha reliability test for the customer experience management and consumer loyalty variables

Study variables		Cronbach's alpha	N of items
Customer Experience Management	Service Interaction	0.779	5
	Physical Interaction	0.812	5
	Virtual Interaction	0.789	5
Consumer Loyalty		0.843	5

Munatsi and Zhuwau (2019), who indicate that switching behaviour among banks in Zimbabwe rose from 9% to 21% between year 2014 and year 2018. Poor customer loyalty is also denoted by high customer attrition and low customer retention since only 14.7% were retained in nine years.

4.2 Dimensions of customer experience

The study collected data on the three dimensions of customer experience, namely service interaction, physical interaction and virtual interaction. Data was collected using a five-point Likert scale, which ran from Strongly Agree (5), Agree (4), Neutral (3), Disagree (2) and Strongly Disagree (1). Using descriptive statistics, the results are presented in Table 2.

Statistics in Table 2 indicate that the virtual interaction dimension was more appealing and drives customers' experience more with a high construct mean score of 4.012 (*agree)*. The physical interaction dimension was lowly engaging customer experience with a mean score of 2.4 (*disagree*), whilst the middle of the park dimension was service interaction with a mean score of 3.3 (*fair*). The study therefore interpreted these results to mean that customer experience in the banking industry is more engaging from virtual interaction, service interaction to physical interaction, in that order.

	Descriptive statistics	*N*	Min	Max	Mean	SD
Service Interaction	The staff at my bank treat me as an individual and not just anyhow	243	1	5	3.24	1.088
	I feel that the staff at my bank are competent and professional	243	1	5	3.96	0.992
	I feel that the staff at my bank understand my needs	243	1	5	3.14	1.005
	I always get personalized attention from my bank's staff	243	1	5	2.93	1.091
	I find it easy to discuss matters with my bank's staff	243	1	5	3.23	1.111
	Service Interaction Mean Score				*3.30*	
Physical Environment	The furniture at the bank is good (e.g. chairs, counters and booths, etc.)	243	1	4	1.44	1.092
	I like the layout of the bank	243	1	5	2.22	0.988
	The ventilation and general atmosphere are excellent	243	1	5	2.97	1.043
	I like the interior decoration at the bank	243	1	5	3.34	0.786
	The design of the bank is customer-friendly	243	1	4	2.19	1.072
	Physical Interaction Mean Score				*2.432*	
Virtual Environment	The ATMs of my bank are technologically well-equipped	243	1	5	3.85	0.681
	The computer systems in my bank function properly	243	1	4	3.83	0.810
	The Internet banking services of my bank are reliable	243	1	4	3.76	0.824
	I find the mobile applications of my bank very appealing	243	1	5	4.00	0.916
	The telephone banking services of this bank are efficient	243	3	5	4.62	0.542
	Virtual Interaction Mean Score				*4.012*	

Table 2.
Dimensions of customer experience

4.3 The effect of customer experience management on customer loyalty

The study measured the impact of customer experience management on customer loyalty using stepwise regression in SPSS. Table 3 shows the model summary.

Table 3 shows three models with different predicting abilities. Model 3 represents the desired model with all three dimensions of customer experience management, namely virtual interaction, service interaction and physical interaction. The study embraced Model 3 because it brings about a higher r squared coefficient of 68%. The addition of the third variable from Model 2 to Model 3 was also statistically significant with a p-value of 0.032. This means that Model 3 is the best model of customer experience management which can predict customer loyalty.

The r-squared value of 0.679 (adjusted R squared) shows that customer experience management explains customer loyalty by 68%. This also means that if customer experience management dimensions are enhanced, customer loyalty increases. The same notion can be supported by a strong positive correlation coefficient of 0.83 between customer experience management and customer loyalty. This follows that revamping customer experience management significantly increases customer loyalty and reduces attrition and churning rates.

The analysis of variance statistics shows that all three models were statistically significant. Model 3 had a p-value of 0.00 and an F coefficient of 62,390. The p-value was below the alpha value of 0.05; hence, $p = 0.000 < 0.05$.

Table 4 shows the effect for each customer experience management dimension on customer loyalty.

Model 3 results in Table 4 show that of all dimensions of customer experience management, physical interaction had a weak yet positive association with customer loyalty

					Change statistics				
Model	R	R square	Adjusted R square	Std. Error of the estimate	R square change	F change	df1	df2	Sig. F change
1	0.744[a]	0.554	0.549	0.51520	0.554	106.751	1	86	0.000
2	0.820[b]	0.673	0.665	0.44380	0.119	30.899	1	85	0.000
3	0.831[c]	0.690	0.679	0.43436	0.017	4.732	1	84	0.032

Note(s): a. Predictors: (Constant), Virtual Interaction
b. Predictors: (Constant), Virtual Interaction, Service Interaction
c. Predictors: (Constant), Virtual Interaction, Service Interaction, Physical Interaction

Table 3. Customer experience management model summary

Coefficients[a]

		Standardized coefficients			Correlations		
Model		Beta	T	Sig	Zero-order	Partial	Part
1	(Constant)		3.488	0.001			
	Virtual Interaction	0.744	10.332	0.000	0.744	0.744	0.744
2	(Constant)		−0.692	0.491			
	Virtual Interaction	0.472	5.978	0.000	0.744	0.544	0.371
	Service Interaction	0.439	5.559	0.000	0.732	0.516	0.345
3	(Constant)		−1.980	0.051			
	Virtual Interaction	0.452	5.809	0.000	0.744	0.535	0.353
	Service Interaction	0.446	5.759	0.000	0.732	0.532	0.350
	Physical Interaction	0.133	2.175	0.032	0.207	0.231	0.132

Note(s): a. Dependent Variable: Customer Loyalty

Table 4. The customer experience management model coefficients and correlations

($r = 0.21$). The virtual interaction and the service interaction variables both recorded strong positive correlations with customer loyalty of 0.74 and 0.73, respectively. This shows that improving the virtual and service interaction environments of the banking system would significantly augment customer loyalty.

The physical interaction dimension shows a beta value of 0.133, with a t value of 2.175. The association between the physical interaction management and customer loyalty was found to be statistically significant with a p-value of 0.032. This was interpreted to mean that customer experience can be enhanced by 13% through the management of the physical environment (ambiance of the banking halls, parking space, music, ventilation, in-store displays, among other aspects). The study thus rejected the first null hypothesis and concluded that physical environment management positively affects consumer loyalty in the banking industry. Imbug *et al.* (2018) found related results in Malaysia. They found out that designing good customer experience predicts the performance of the company and enhances the satisfaction of customers. Similarly, Ali *et al.* (2014) concluded that customer experience can be a valuable strategic differentiator in retail banking in South Africa as it gives an organization a competitive advantage through total customer experience.

The virtual interaction dimension recorded a beta coefficient of 0.452, t value = 5.81 and a p-value of 0.00. This means that consumer experience on the basis of the virtual environment explains customer loyalty by 45%. Therefore, the study rejects the second null hypothesis and concludes that virtual environment management positively affects consumer loyalty in the banking industry. The study results were aligned with Cajetan (2018), who found out that digital banking platforms enhance customer satisfaction, employee customer engagement and perceived usability, thereby improving customer experience. Rorio (2015) also found out that customer loyalty was enhanced by improved customer experience.

The service interaction dimension of customer experience management had a beta value of 0.446, t value of 5.759 and a p-value of 0.00. The study thus notes that service interaction management explains customer loyalty by 45%. Service interaction in this study refers to the interaction between banking consumers and front line employees such as bank tellers, customer assistant officers and personal bankers. Therefore, the study rejects the third null hypothesis and concludes that service interaction positively affects consumer loyalty in the banking industry. Lundaeva (2019) enhances the study findings by highlighting that properly managed customer experience is not only related to loyalty but also has a significant impact on intention to stay and intention to share with others.

5. Implications

On the basis of the statistical results in this study, traditional banking corporations are urged to train and retrain front line employees so that they offer an exquisite customer experience interaction on all touch points. That borders on the finding that service interaction is an antecedent of customer experience, and customer experience management augments customer loyalty. There is also need to develop simple-to-use digital banking platforms. Banks may develop mobile banking applications which can work in online and offline environments so as to exceed customers' expectations. Internet banking may also be simplified and other useful plug-ins such as self-service may be added. The consumer–virtual interaction was found to be statistically related to customer loyalty in the banking industry. There is also a need to continually revamp the physical outlook of the banking halls so as to enhance the physical servicescape. Though the study found out that the physical environment was considered less, there is need for maintenance and care to keep the brand aglow and enhance the banking experience. That follows the revelation that the association between physical interaction and customer loyalty was positive.

6. Conclusions

The study aimed to ascertain the role of customer experience management in enhancing loyalty behaviour in the banking industry. Using a deductive approach, the Du Plessis and de Vries (2016) framework was adopted and adapted to develop the customer experience management dimensions, namely the physical environment (servicescape), the service interaction and the virtual environment. Only Zimbabwe's traditional banks were added to the sampling frame, whilst a structured questionnaire was used to collect quantitative data. Analysis of data was done statistically to measure the strength, direction, impact and significance of the association between customer experience management and customer loyalty in the banking industry.

The study concluded that of the three dimensions of customer experience management, the banking sector was lacking on the physical interaction attribute. Descriptive analysis done in the study indicated a low mean score for the physical interactions variable. Based on consumer perception, the virtual interaction determinant was highly rated whilst the service interaction dimension was the middle of the park variable. The study therefore concluded that there was need to revamp the servicescape, improve the customer–employee engagement and develop simple and useful virtual banking systems.

The relationship between customer experience management and customer loyalty was also statistically analysed. The study concluded that customer experience management explains customer loyalty by 67.9%. Therefore, the study concluded that customer experience management is a useful strategy to lock-in customers, to reduce attrition and churning as well as to promote loyalty behaviour.

The study also concluded that the virtual, physical and service environments were all statistically significant as antecedents of customer experience management. They all have a positive association with consumer loyalty. The virtual environment impacts customer loyalty by 45.2% whilst the service interaction explains customer loyalty by 44.6% and in turn the physical environment predicts customer loyalty by 13.3%. The study therefore concludes that the model tested in this study effectively explains the association between customer experience management and customer loyalty in the banking industry.

7. Areas for further research

The study used a model of customer experience management which was linked to consumer loyalty. It is recommended that the model be tested in other environments to enhance the level of integrity of the model. Future researchers may also find it interesting to add moderating variables to the study.

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