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**PROVIDING A CONCEPTUAL MODEL IN THE IMPACT BY
CUSTOMER SHOPPING EXPERIENCE ON ON-LINE LOYALTY IN
SELECTED QOM SAMAN BANK BRANCHES**

Kaveh Noori Koopaei¹, Hossein Norouzi² and Fereshteh Shafiei³

¹*Business Management, Farabi College, University of Tehran, Iran*

²*Department of Management, Farabi College, University of Tehran, Iran*

³*Department of Business Management, Farabi College, University of Tehran, Iran*

**Author for Correspondence*

ABSTRACT

Present research is conducted to study the impact by customer experience and on-line loyalty. The components of customer experience (added – value, online performance elements, online aesthetics, online hedonism elements) are considered. Present study is conducted by using a descriptive survey and its population consists of all customers in Qom Saman Bank branches selected by layer random sampling method. To this end, 300 questionnaires were distributed of which 250 ones were finally returned and analyzed. The questionnaire devised by Garg *et al.*, (2014) is used to gather data and its validity can be confirmed. To measure the reliability, Chronbach's alpha value is used. To measure its validity, AVE index is utilized. The reliability of the questionnaire is measured by compound reliability (CR) along with Chronbach's alpha. SPSS21 and SMART-PLS3 software packages are used to analyze data while Spearman correlation coefficient, regression analyses and SMEs are also used as statistical techniques. The findings indicate that customer shopping experience (including added – value, online performance elements, online aesthetics, online hedonism elements) impacts on their on-line loyalty positively and significantly.

Keywords: *Customer Shopping Experience, On-line Loyalty, Saman Bank*

INTRODUCTION

Today, those organizations are successful that can attract their customers more. Customer satisfaction is the main factor of success in many organizations and many studies have pointed out the relationship between customer satisfaction and word-of-mouth, loyalty, purchase repeat and increase in organizational profitability (Fernandez and Prad, 2007).

In recent years, customer satisfaction has become highly important for marketing managers especially in service industries (Bennett, 2004). The importance of customer satisfaction is so that satisfied customer is seen as an asset for organization since it increases profitability by reusing services, purchase repeat and word-of-mouth. For survival in a competitive market, organizations should make services and products that lead into customer satisfaction (Gilbert, 2000). Success or failure of organizations depends on their ability to retain which portion of their customers. Retaining high number of customers through the levels of customer satisfaction is a success per se and a great aid to measure the quality of services and products through calibrating the quality of customer actual behavior. In a hyper competition ambience, the existence of a non-customer oriented company is risky so that many markets are hypercompetitive and organizations need to make goods and services with excellent quality which can lead into customer satisfaction and loyalty (Pourzandi and Najafi, 2012). In fact, customer lost is something more than one item and is to lose all shopping flows which could be conducted by customer during the time that he/she has been the customer of the company (Beerli and Martin, 2004). As customer satisfaction is an instrument to keep customer loyalty and to improve financial and economic performance of organizations, it is too important to identify customer experience to achieve such satisfaction. Concerning customer experience, one can say that when customer and organization interacts, the customer understands something about organization and on this basis; he/she may change its behavior which would impact on his personal profit making ability. Therefore, organizations can plan more profitable relations with their

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customers through managing such experiences (Kamaldevi, 2009). As a result, customer experience can be an influential factor on customer satisfaction and loyalty in service organizations such as banks. Hence, present paper studies the impact of customer experience on on-line loyalty in Qom Saman Bank selected branches.

Theoretical Basics

Customer Shopping Experience

Organizations have accepted customer experience as a way to achieve sustainable competitive advantage (Schaw and Ivnes, 2005). In the age that products and services cannot have remarkable differences with the products of other organizations, making customers loyal can improve the lowest levels of organizational profitability since when the volume and times of purchases of loyal customers are higher, they relate to organization more and would introduce the organizations to others. Since customer loyalty is highly depended on his/her cognition on organization, it is not surprising to say that customer experience management helps customers to be the loyal fans of your organization so that even tattooing on their body would show your trademark (Janfarsa, 2009). Customer experience is a comprehensive concept which involves any aspect of supplies (Zomerdijk and Voss, 2009). The concept of customer experience was coined by Pine and Gilmore (1998). They believe that successful experiences influence over people through engaging them in real experiences which would lead into personal value. Obviously, personalizing an experience can significantly influence on customers' perception and image of quality and make better their overall experience on trading with an organization. Organizations cannot avoid creating and adding overall experiences when they interact with customers and many authors and analysts who have studied customer relations management (CRM) have highly found the importance of managing customer experience. Customer comprehension on an organization is shaped during his/her interactions with all its communicative channels (i.e. web, telephone, e-mail, cell phone) and would final such positive experience would lead into his purchase repeat (Bowser, 2009).

Today, customer experience is warfare for organizations. After goods and services, experience is considered as the most important economic factor for organizational survival (Pine and Gilmore, 1998). Customer satisfaction level and amount mainly depends on his/her positive or negative experience (Meyer and Schwager, 2007).

Customer On-line Loyalty

Customer loyalty is considered as the key of organizational long term survival which aids an organization to overcome uncertainty in a competitive market and pave the ground for its customers' long term loyalty (Chen, 2010).

Furleton believes that customer loyalty consists of two parts:

- (1) Behavioral loyalty: customer intention to repeat purchasing a product or service from supplier and the intention to keep the relationship with supplier.
- (2) Attitudinal loyalty: the level of mental dependency and customer attitudinal defense toward service provider. The determinants of such kind of loyalty include: word-of-mouth and encouraging other to use that product or service.

Today, due to challenges in business climate, organizations are not just looking for attracting new customer; but also they are pursuing the strategy to retain current customers and to promote their loyalty to organization. Customer satisfaction is no longer sufficient and marketers are paving the ground to improve customer loyalty. Under such paradigm, the aim is to establish long terms relations with interested groups and, more importantly, with customers so that they can retain more and lose less customers and the can finally guarantee their market share and profitability (Osman *et al.*, 2009). Irrespective to "loyalty", it is not fruitful to use and execute the best e-commerce strategies and technologies. Anderson and Srinivasan have defined customer positive and desired attitude toward an online business as on-line loyalty which would lead into his/her purchase repeat behavior.

Rulph and Srini (2003) introduced the factors which influence on the relationship between satisfaction and on-line loyalty as business level (felt trust and value) and personal variables (convenience and size). According to Romilio (2007), on-line service quality impacts on on-line loyalty. Affecting factors on e-

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service quality include information availability, easy usage, privacy, security, graphical appearance, reliability and accountability.

If managers do not achieve the loyalty of their most loyal customers rapidly and do not attract proper new customers, they would have to follow others in achieving customers' trust and loyalty. Increasingly growth of on-line customers has caused the attention of banks to profitability from the loyalty of such customers since loyal customers are not looking for products and services with lower prices, but they prefer to pay more for products and services with better quality and they would recommend the sellers of such products and services to others.

Research Background

Increasingly, experience is discussed since 2000 (Caru and Cova, 2007). However, it is rarely defined. Sundbo and Rasmussens (2008) defined customer experience as a direct or indirect experience of service process, organization, facilities and interaction with the representatives of servicing company and other customers. According to them, customer experience is one of the most important affecting factors on consumer's purchase decision making (Joshi *et al.*, 2014).

The findings of a study in 2009 indicated those organizations that invest over 10% of their income on customer experience are facing with more than 4.51% of customers' visits and the satisfaction by 1.43% of their customers is over 81% (Starr *et al.*, 2009).

Customer experience management has four components that are in fact the same factors which constitute customer experience. They include customer satisfaction, customer loyalty, trademark and quality (Tashji, 2007).

A research by Smith and Willer indicates that a big company spent about \$10 million on advertisements between 1987 through 1998 and has added 2000 new branches. Its reputation is due to positive experiences of its customers who introduced it to their friends and relatives (Shaun and Joe, 2002). In comparing customer relation management (CRM), customer experience management (CEM) and international management (IM), Smith (2010) concluded that IM only impacts on efficiency positively. Also, CRM has a positive and direct relationship with CRM and its application in the organization would improve effectiveness. However, CEM has a positive and significant relationship with both efficiency and effectiveness and improves efficiency and effectiveness with the highest amount by focusing on customer. Also, his study indicates that CEM impacts on the experience by both customer and organization and through experience empowerment, it finally leads into desired economic results (Shaun, 2010).

Gharehche and Dabuyan (2011) conducted a study on employees' leadership in interaction with loyal customers in service industries.

The findings indicate that employee' loyalty and customers' loyalty are strongly interdependent. Also, here is a positive and significant relationship between customer loyalty and service quality, service quality and customer satisfaction and customer satisfaction and customer loyalty.

Garg *et al.*, (2014) conducted a study on measuring customer experience and its development in Indian banks. The aim was to identify the aspects of customer experience and their impacts on customer satisfaction. Finally, 41 items and 14 factors were identified to evaluate customer experience in Indian banks while the most important factor was easiness of using services.

In their study titled social perspectives of on-line contact centers to create loyalty in on-line retailing, Park *et al.*, (2011) confirmed the impact by service quality on social value, satisfaction from contact center, loyalty to contact center and loyalty to on-line retailing in their final model.

Research Conceptual Model

To conceive fully the relation among above structures, customer shopping experience and their on-line loyalty are considered as exogenous and endogenous variables respectively. Therefore, by providing proposed model (figure 1), we analyze research conceptual mode and framework in banking industry based on research hypotheses.

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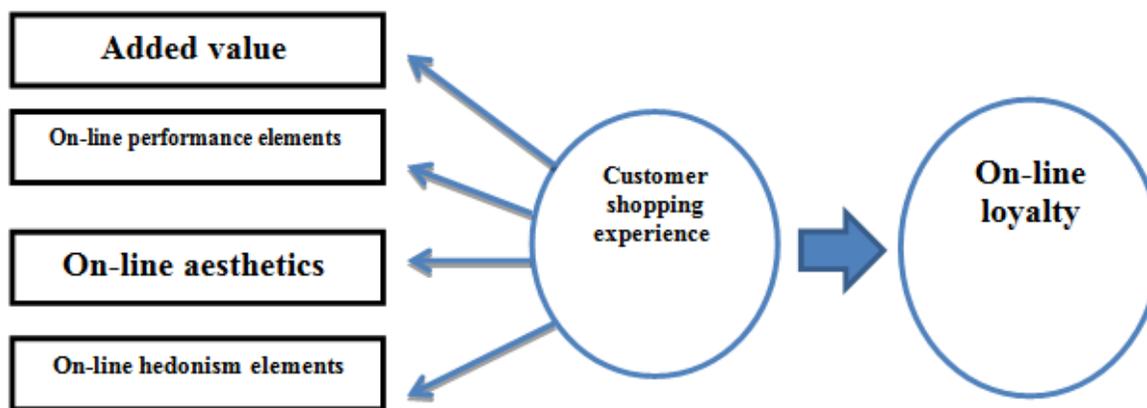


Figure 1: Research conceptual model

Research Hypotheses

Major Hypothesis

There is a relationship between customer shopping experience and on-line loyalty in Saman Bank selected branches.

Sub-hypotheses

There is a relationship between added value and on-line loyalty in Saman Bank selected branches.

There is a relationship between on-line performance elements and on-line loyalty in Saman Bank selected branches.

There is a relationship between on-line aesthetics and on-line loyalty in Saman Bank selected branches.

There is a relationship between on-line hedonism elements and on-line loyalty in Saman Bank selected branches.

MATERIALS AND METHODS

Methodology

Research methodology is a survey and its most important trait is the possibility to extend its outcomes. After studying relevant texts and literature and based on authors' opinions, research conceptual model was drawn and evaluation indices were devised. Used variables in this research are the aspects of customer experience management introduced by Garg *et al.*, (2014) (added value, on-line performance elements, on-line aesthetics and on-line hedonism elements) as endogenous and customer on-line loyalty as exogenous variables. Research hypotheses were developed to evaluate the relationship between research model aspects. Then, a questionnaire was devised and distributed among research population to measure its variables. Final model was drawn based on testing research hypotheses in which the relationship between customer shopping experience and on-line loyalty was analyzed.

Population and Sample Size

Research population consists of all customers of Saman Bank selected branches in Qom province that had used Internet bank service at least one time. Sample size was estimated as 250 by Morgan Table (1970) selected by layer random sampling technique.

Research Instrument

Research instrument consists of two questionnaires devised by the advices of research expert group and reviewing past researches: one questionnaire to evaluate customer shopping purchase and another one to evaluate on-line loyalty in Bank Saman selected branches. The first part consists of 5 demographical questions while the second part consists of 13 questions on customer experience and 5 questions in on-line loyalty in Likert five – point scale.

To measure its validity, AVE index is utilized. To measure the reliability, Chronbach's alpha value is used. The reliability of the questionnaire is measured by compound reliability (CR) along with

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Chronbach’s alpha and the relevant coefficients are shown in table 1. Since AVE is greater than 0.5 and CR is greater than 0.7 for all components, the proper fitness of model is confirmed. By using descriptive statistics, all demographical questions were analyzed while SPSS21 and SMART-PLS3 software packages, Spearman correlation coefficient, regression analyses and SMEs are used to analyze data.

Table 1: The results of analyzing the validity and reliability of customer shopping experience and loyalty experiences

CR	AVE	Chronbach’s α ratio	Component
0.76	0.60	0.83	Added value
0.80	0.62	0.73	On-line performance elements
0.79	0.61	0.74	On-line aesthetics
0.72	0.65	0.80	On-line hedonism elements
0.65	0.63	0.76	On-line loyalty

RESULTS AND DISCUSSION

Data Analysis and Research Findings

Demographical traits of the population indicate that 40% and 60% of respondents are female and male respectively. The highest and lowest levels of educations are bachelors (44%) and under diploma (12%). In present study, four age groups are considered 18 – 25, 26 – 35, 36 – 45 and +45. The highest frequency (40%) was 36 – 45 years age group. Most respondents used Internet between 2 and 4 hours per week.

The Results of Spearman Correlation Test

Spearman correlation test is used to test the relations among variables. Since variables are qualitative, SPSS software package is utilized to analyze data. Spearman correlation test results are rendered in table 2.

Table 2: The correlation of customer shopping experience, customer loyalty, means and standard deviation

Sig	SD	Mean	customer shopping experience	On-line loyalty	On-line hedonism elements	On-line aesthetics	On-line performance elements	Added value
0.000	0.91	3.4						1
0.000	0.88	3.3					1	0.65
0.000	0.76	2.9				1	0.48	0.55
0.000	0.85	3.08			1	0.57	0.59	0.62
0.000	0.83	3.02		1	0.62	0.60	0.66	0.67
0.000	0.92	3.5	1	0.67	0.75	0.64	0.65	0.70

Since significance level between both variables is reported less than 0.05, one can conclude that there is a relationship between them and major hypothesis is supported. Since the significance level is reported less than 0.05 between added value, on-line performance elements, on-line aesthetics and on-line hedonism

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elements and loyalty, one can conclude that there is a relationship between them and sub-hypotheses are also supported.

Research model based on SEMs

In present study, SMART-PLS software and SEM (figure 2) are used to study the impacts by customer shopping experience (independent variable) and on-line loyalty (dependent variable). In figure, X1 = added value, X2 = on-line performance elements, X3 = on-line aesthetics, X4 = on-line hedonism elements, EC = customer shopping experience and EI = on-line loyalty.

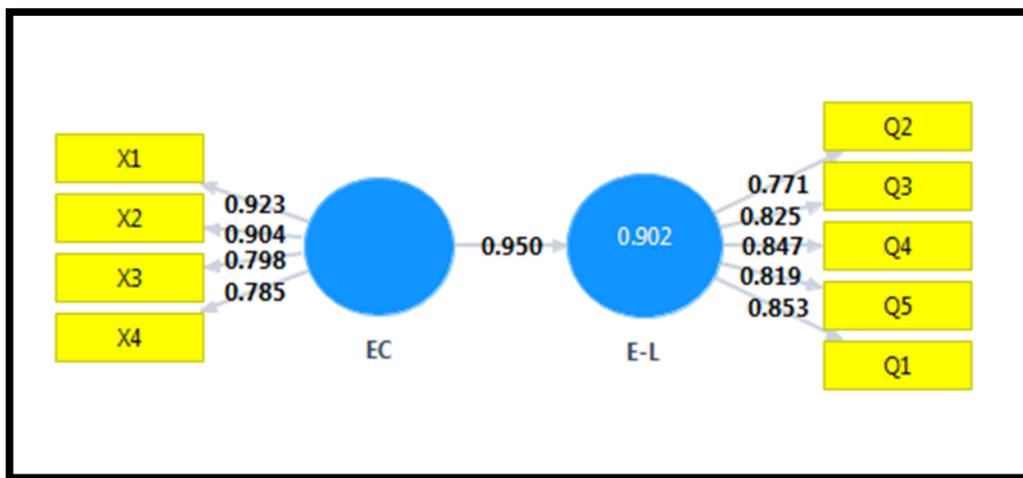


Figure 2: Standard ratios in SEM (confirmatory factor loadings)

GOF indicators in PLS are used to evaluate the quality of structural model. Three values (0.25, 0.01 and 0.36) are introduced as weak, middle and strong values for GOF. Computed GOF in present model is 0.6 which shows proper quality of structural model.

Another measure to assess structural model fitness is R2 which shows the impact by one exogenous variable on an endogenous one. Three values (0.19, 0.33 and 0.67) are introduced as weak, middle and strong values for R2. Based on software report, this measure is in medium level. Q2 determines model prediction power. If it acquires three values of 0.2, 0.15 and 0.35, is shows its weak, middle or strong prediction on relevant construct(s). Based on software report, this measure is in medium level which suggests proper fitness of structural model (table 4).

Table 5: SEM measures

On-line loyalty	On-line hedonism elements	On-line aesthetics	On-line performance elements	Added value	Component Index
0.64	0.60	0.61	0.63	0.65	R ²
0.28	0.27	0.24	0.29	0.25	Q ²

Considering SEMs, the impact by customer shopping experience on on-line loyalty (major hypothesis) is significant. Likewise the impact by added value on on-line loyalty (sub-hypothesis 1), on-line performance elements on on-line loyalty (sub-hypothesis 2), on-line aesthetics on on-line loyalty (sub-hypothesis 3) and on-line hedonism elements on on-line loyalty (sub-hypothesis 4) are all significant. It means that findings indicate a positive causal relationship between the variables of major and sub-hypotheses; therefore, all hypotheses were confirmed. Table 5 shows causal analysis by using SEM to test research hypotheses. In PLS software, rejecting or confirming hypotheses is shown by t statistic. If t statistic is higher than 1.96, it indicates the existence of causal relations among variable and the relevant hypothesis is confirmed. The results from this model are rendered in table 5.

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Table 5: The results of SEM analysis

Test result	T	Path ratio	Hypotheses
Confirmed	13.32	0.95	Major hypothesis: customer shopping experience impacts on on-line loyalty.
Confirmed	11.20	0.82	Sub-hypothesis 1: added-value impacts on on-line loyalty
Confirmed	9.10	0.69	Sub-hypothesis 2: on-line performance elements impact on on-line loyalty
Confirmed	9.15	0.70	Sub-hypothesis 3: on-line aesthetics impacts on on-line loyalty
Confirmed	9.40	0.73	Sub-hypothesis 4: on-line hedonism elements impact on on-line loyalty

According to table 5, one can say that major and sub hypotheses are confirmed.

Conclusion and Recommendations

According to findings, customer shopping experience impacts on bank customers’ on-line loyalty and such relationship is seen in all aspects of customer shopping experience. More customer shopping experience, more customer loyalty. An important issue in customer marketing is how to keep the customer and how to use them in order to find new customers and to enhance organizational income by mediating role of customer experience management. CEM makes it possible to retain valuable and long customers and creates a foresight attitude on what customer expects its supporters. Keeping current customers and attracting new ones mean more trading and, as a result, profitability improvement and productivity of the organization. CEM is an effective guideline to attract and retain customers. Among different aspects of customer shopping experience, added value (path ratio = 0.82) has the highest impact on on-line loyalty. More ability of the organization to change its services to meet its needs would add to customers’ loyalty. It is followed by on-line hedonism elements, aesthetics and performance elements. Based on software report, other aspects of customer shopping experience are in medium level (mean = 3) which indicates that customer shopping experience and on-line loyalty are in desired level in Saman Bank.

Hence, below recommendation are provided to improve customers’ on-line loyalty:

Increase in changing products/services to meet customer needs

Increase in financial aids in emergency periods

Creating conditions by which bank’s web pages are not blocked for any kind of banking operation.

Improving the security of website during banking operations

Improving the quality of Bank’s website

Updated and creative elements of Bank’s website designing

Clear architecture of Bank’s website

Comprehensible language of Bank’s website

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