THE IMPACT OF E-SERVICE QUALITY ON CUSTOMER OUTCOMES. A CASE STUDY OF THE COMMERCIAL BANK OF ZIMBABWE LTD.

BY

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A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE BACHELOR OF BUSINESS STUDIES DEGREE (HONOURS) IN MARKETING OF BINDURA UNIVERSITY OF SCIENCE EDUCATION FACULTY OF COMMERCE.

31 OCTOBER 2014
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DISSERTATION TITLE: THE IMPACT OF E-SERVICE QUALITY ON CUSTOMER OUTCOMES. A CASE STUDY OF THE COMMERCIAL BANK OF ZIMBABWE LTD.

DEGREE TITLE: Bachelor of Business Studies Honours Degree in Marketing

YEAR THIS DEGREE GRANTED: 2015

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Dedication

This research work is dedicated to my daughter Montrina, sister Rhoda and parents Dangaiso Samuel Theo and Tsitsi for making me the way i am today.
Abstract

The study explored the impact of e-service quality on customer outcomes. CBZ, the biggest commercial bank in Zimbabwe by asset position, has embarked on a wholly e-banking system pushing for an end to manual banking. What remains unclear is how these innovations contribute to customer outcomes. The study focuses on ATM services only and the objectives were to examine the relationships between e-service quality and the customer outcomes of satisfaction, loyalty and word of mouth. Analysis of relevant literature provided the gap of research as the researcher adopted a causal research design to examine the relationships. A sample of 68 CBZ customers based in Harare was used to generalize findings to the wider banking population. Self-administered questionnaires were used to gather quantitative data from the respondents. The data was analysed using the Statistical Package for Social Sciences (Version 16.0) and hypotheses were tested using Pearson’s correlation coefficients to reveal relationships between variables. The results of the study revealed that there are strong significant relationships between e-service quality and both customer satisfaction (0.716) and customer loyalty (0.734). However, the research found no significant relationship on e-service quality and customer word of mouth (0.050). The implications of the study are that organisations should continuously review their service delivery to maximize customer satisfaction and keep customers for longer to enhance their profitability and future growth prospects. Future research on the topic would involve investigating all e-banking services offered by the CBZ with a larger sample size covering other CBZ branches outside Harare to generalize the results over a wider banking populace.
Acknowledgements

I would like to show my heartfelt gratitude to The Almighty God for getting me this far and all the spiritual guidance is all I salute. I also take this opportunity to thank my dissertation supervisor Mr Dube, for his steadfast support and patience whilst taking me through my dissertation. I am really grateful for his mental and intellectual support towards accomplishing my degree. Priceless appreciation goes to my family, particularly my sisters for all the financial, mental and spiritual support they gave me through the difficult times of my academic career. I also thank my colleague Kudzai Mazibisa and co-marketing students for the academic support they always give me, i appreciate all the efforts and really wish if the spirit keeps us longer. May God lead the way.
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<td>ATM</td>
<td>Automatic Teller Machine</td>
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<tr>
<td>CS</td>
<td>Customer Satisfaction</td>
</tr>
<tr>
<td>CBZ</td>
<td>The Commercial Bank of Zimbabwe Ltd</td>
</tr>
<tr>
<td>EB</td>
<td>Electronic banking</td>
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<td>ESQ</td>
<td>Electronic Service Quality</td>
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<td>IOBZ</td>
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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter highlights the basis on which the research was conducted. It seeks to uncover why the researcher carried out a research on the impact of e-service quality on customer outcomes. This chapter focuses on the background of study, statement of the problem, objectives of the study, delimitations of the study, as well as the significance of the study to various stakeholders who shall be interested in the findings of the research study.

1.1 Background of the study

With the emergence of technology plus its rapid growth in the last few years, electronic commerce has increasingly become a reality. It is seen by many as a strategy to reduce costs and increase productivity (Sharma and Malviya, 2014). In the knowledge based economies, most organizations are forced to rethink their businesses strategies and move away from traditional approach to organizing their economic activity. As such, they are forced to adapt to new and innovative ways of maximizing the use of information technology and the internet in their business activities.

According to the Institute of Bankers in Zimbabwe (IOBZ) (2010), the emergence of the Internet and expansion of Telecommunications in Zimbabwe has given birth to a new brand of banking in the form of electronic banking commonly known as e-banking. The monetary system in Zimbabwe has taken a tragic turn in the past decade, the prevailing economic meltdown has forced the corporate sector into adopting the best business strategies to adapt the economic challenges. With the liquidity crunch biting every
stakeholder, the economy has been forced to adaptation of a multi-currency economy having emerged from a hyper inflationary spree, thus most organizations have been forced into taking business models which gives them a competitive edge to meet the illiquid market.

CBZ Bank, a subsidiary of the growing CBZ Group is, committed to helping clients take advantage of the services that are designed to meet the requirements of their valued customers. The products offered by the bank include retail banking, electronic banking, corporate and investment banking, treasury as well as home loans. However, the bank has faced stiff competition, stressed profits plus the emergence of mobile banking, the bank has emerged on a wholly e-banking strategy. The Bank provides personal customers with a wide variety of products to facilitate transactional, saving and investment requirements. These services can be accessed via the extensive CBZ Bank branch network in all major centres in Zimbabwe. The e-banking products serve both corporate and personal clients to access card services and electronic banking which remove the restriction of banking hours. Card-based transactions range from VISA Gold, ATM, Point of Sale, and transacting through Internet Banking.

“We advise our valued customers that CBZ will be phasing out the use of manual cash withdrawal slips by individual clients from banking halls,” read the Chronicle 10 February 2014. CBZ announced to phase out of system the use of cash withdrawal slips by its customers, there by advising its clients to use banking cards. CBZ Bank announced that effectively no one would be allowed to withdrawal cash using cash slips. In a statement, the bank said individual clients would only be able to make cash withdrawal transactions through Automated Teller Machines (ATM). Clients without ATM cards were therefore requested to visit the nearest CBZ Branch before 22 February 2014 to apply for ATM cards. Resultantly, all cash withdrawal transactions by individual customers would be effected using ATM cards on CBZ ATM machines, in store ATM machines, branch Point Of Sale (POS) machines, merchant POS machines as cash back and the Zimswitch platforms.
It is against from this background that the researcher conducted the study. From the above explained, there is a clear view that e-services have taken a centre stage in the banking business with CBZ almost claiming an end to traditional banking reign. These declarations by the bank gave the researcher motivation to carry out a study on how e-service quality is affecting the customer outcomes.

1.2 Statement of the problem

Cut throat competition and highly stressed profits forced CBZ to embark on wholly e-banking strategy. What remains unclear now is how these new methods of delivering financial service strike on customer outcomes of satisfaction, word of mouth communication and loyalty. This prompted the researcher to investigate the impact of e-service quality on customer outcomes by the way of conducting a research study.

1.3 Aim of study

Upon successful completion of the study, the researcher hopes to deduce a comprehensive understanding of the real business relationship between e-service quality for the banking services and the customer outcomes of customer satisfaction, word of mouth and loyalty.

1.4 Objectives of the study

This study will focus on the impact of e-service quality and customer outcomes. The following are the objectives of the research study.

1. To explore the relationship between e-service quality and customer satisfaction.
2. To reveal the association between e-service quality and customer loyalty.
3. To evaluate the significance of e-service quality on customer word of mouth communication.

1.5 Hypotheses

The study tested the following hypotheses.

H1 There is a relationship between e-service quality and customer satisfaction.
H2 There is a relationship between e-service quality and customer loyalty.

H3 There is a relationship between e-service quality and customer word of mouth.

1.6.0 Significance of study

Successful completion of the study benefits the following in the ways stated.

1.6.1 The researcher

The research study assisted the student in developing greater insights on the role of technology in the business world. The student gained an appreciation of how e-services impact on better banking service delivery. Furthermore, the study also provided an opportunity to the role of technology as a key component in business and career development. Additionally, the researcher benefited from a comprehension of the application of learnt theory to practice in the corporate world.

1.6.2 The University

The institution shall benefit from image creation by researchers in organizations (university students), in organizations through the research work and studies towards completion of their studies. The outcome of the research study shall also benefit upcoming students who wish to study in related area. Areas not addressed in the research shall provide the research gap for future researchers on the impact of e-service quality on customer outcomes. The business world is becoming so dynamic such that the environment in which this research study was executed might be different in the next few years such that more coming students will be also keen to take this topic for study. As such, the researcher is hopeful that this research study will provide concrete secondary data which shall provide them with a preliminary research prior to conducting their field data collection.
1.6.3 The organisation

The research study hopes to bring the results and recommendations to the viewpoint of management of The Commercial Bank of Zimbabwe. It shall also highlight areas of critical importance in the banking sector in the face of increasing technology that have impact on the accomplishment of financial objectives. The Commercial Bank of Zimbabwe shall assess whether moving towards the more modernized strategies can improve them further or not, adding to their decision making toolkit, based on the findings of the research. This study will help the banking sector management to evaluate and assess how the implementation of electronic banking is affecting service delivery to its customers. An assessment on whether e-services are having an impact on customer outcomes or a mere business modernization strategy is viable through the results of this research study.

1.6.5 The wider community

The researcher hopes to add to the community’s body of knowledge in the face of modern information technology. The research project shall also assist the community in identifying the most effective way to engage in banking transactions in the digital world. Hopes are there that the findings of the research project shall add to the stakeholders’ decision making toolkits as well.

1.7 Assumptions of the study

For the viability of the study, the following was assumed.

Management were willing to provide official financial information. The researcher assumed that the management staff who participated in the research were willing to disclose confidential information. The sample size selected was a true reflection of the population under study. The sample size used in the study was also a true reflection of the population under study. The researcher also assumed that the respondents on which the results of the research shall be generalized, have got full knowledge of the research subject that was interviewed. The study also assumed that the respondents provided
honest responses. The responses were presumed to be honest and to the best of their knowledge.

1.8 Delimitations of study

The research was confined to The Commercial Bank of Zimbabwe (CBZ) only. As such, the findings may only apply to this organization. The findings may cease to apply to other banking organizations with their own peculiar settings. The researcher also delimits to the time factor. The research was conducted between in a year between 2013 and 2014, hence technological changes may change in the banking sector. The researcher also delimits the scope of the study. The study was conducted to investigate the impact of e-service quality on customer outcomes and was confined to service quality on customer satisfaction, customer loyalty and word of mouth communication. The research also focused on e-service quality delivered via ATM services provided by the bank.

The research study was conducted in Harare, the capital city of Zimbabwe, and as such economic and technological conditions may vary because of geographical disparities between cities and hence the results may not be generalizable to the whole banking population. Only a sample of size 64 customers and 6 managerial staff from both sets of target populations were taken into study.

1.9 Definition of terms

Automated Teller Machine (ATM) Computerised machine that permits bank customers to gain access to their accounts with a magnetically encoded plastic card and a code number. It allows the customers to perform operations without the help of a teller, such as to withdraw, deposit cash, pay bills, obtain bank statements or effect cash transfers (Lam, 2006).

Brand or customer loyalty The extent of the faithfulness of consumers to a particular brand, expressed through repeat purchases, irrespective of the marketing pressure generated by competing brands (Kotler, 2004).
**Customers**  The active clients being served by the bank who are using electronic banking (CBZ Manual, 2013).

**Customer acquisition**  The term refers to the process of creating, gaining attention of the prospective customer and then persuading him/her into purchasing the company’s products or services with the intention of enhancing a long term business relationship (Kotler, 2004).

**Customer outcomes**  This refers to the post service usage customer behaviour resulting from the customer’s judgement of the service quality (Kotler, 2004).

**Customer satisfaction**  Customer satisfaction is a marketing term that measures how products or services supplied by a company meet or surpass a customer’s expectation. The degree of satisfaction provided by the goods or services of a company is measured by the repeat customers and brand loyalty (Kotler, 2004).


**E-service quality**  The appropriateness of delivery of an electronically delivered service in the minds of the customer (Bitner and Booms, 1990)

**Prospective customers**  The potential future customers who might decide to use the services of the bank (Kotler, 2004).

**Word of mouth communication**  Oral or written recommendation by a satisfied customer to the prospective customers of a good or service. (Kotler, 2004).

**1.10 Abbreviations**

ATM  Automatic Teller Machine

CS  Customer Satisfaction
1.11.0 Organisation of study

This section focuses on giving insights on how the research report was composed from Chapter 1 to Chapter 5. A brief account of the following chapters is provided herein.

1.11.1 Chapter 1

The essence of the chapter is to develop the framework to the research. This chapter is key to the research study as it gives the background to the study, which explains why the researcher carried out the study. The chapter also looks at the problem confronting the researcher, the objectives of the research, assumptions considered as well as the delimitations so crucial to the research study.

1.11.2 Chapter 2

The purpose of this chapter is to explain and analyse the literature underlying the research problem. The theoretical framework provide an opportunity for the researcher to assess
the theories and models under the research problem as well as the empirical evidence pertinent to the researcher problem. Empirical evidence provided the researcher with important analysis of the results and conclusions of past researchers. Analysis of the existing literature provides the gap between the existing body of knowledge and the current research problem which is answered by gathering and analysing data.

1.11.3 Chapter 3

This is the third chapter of the researcher which is basically designed to explain the manner in which the researcher collected the data. The chapter looks at the research design, the target population of the study, sample size, sampling frame, sampling technique, measurement instruments, data collection procedures. The whole fieldwork is explained here and the purpose of the chapter is to express how the researcher collected the data for answering the problem confronting him. The researcher transforms the objectives of the study into questions, whose answers provide a solution to the research problem.

1.11.4 Chapter 4

The purpose of this chapter is to reduce data into information which can be used to derive useful meanings to answer the research problem. The data collected from the selected sample is analysed. This chapter produces the results of the study from which the findings and conclusions in Chapter 5 shall be derived from.

1.11.5 Chapter 5

This constitutes the final chapter of the research study. Chapter 5 summarises the findings of the research, its conclusions and recommendations. The data analysed in the preceding chapter is analysed to produce meanings which answer the research questions. Therefore all the research objectives are attained in this chapter as the questions are also answered, giving the solution to the research problem. This chapter also gives recommendations for future studies from the results of the research as well as the area this research covered.
1.12 Summary

The chapter gave the foundation for carrying out the research study. The chapter composed the backbone of the research study, the problem which the researcher addressed and the following chapters will state how the researcher brought the solution to the research problem at hand. It revealed the background of the study, statement of the problem, objectives of the study, research questions, significance of study, assumptions of the study, delimitations of study, definitions of key terms used in the research study, abbreviations used, as well as the organization of the study.
CHAPTER II

LITERATURE REVIEW

2.0 Introduction

This chapter comprises of literature review on e-service quality and its impact on customer outcomes. It is composed of the theoretical framework underlying the study, as well as empirical evidence on the impact of e-service quality on customer outcomes. It provides the basis for conducting the research study based on what appropriate theory and research evidence contain on the research problem. The theoretical framework and empirical evidence were guided and limited by the objectives, as to assess what the existing body of knowledge reveals on the subject.

2.1 The importance of Literature Review

The purpose of literature review is to analyse the area of research well prior to gathering data pertaining to the research problem. It is an outline of the research which shows the gap between the researcher’s curiosity and the knowledge of the subject area (Saunders, 2004). Literature review is more important to identify the research gap, which shall be solved by the collection of data from respondents. It is therefore important to know that work done by others should not be repeated because a scholarly consensus has already been achieved. Additionally, it provides a guideline for the researcher to follow during different stages of the research. Literature review establishes the credibility of the research study so that the researcher can get entire benefits of his work (Zikmund, 2003).
2.2.0 E-banking

E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels (Zineldin, 2006). E-banking comprises the systems that facilitate financial institution customers, individuals or businesses, to retrieve accounts, transact business, or obtain information on financial products and services across a public or private network, including the Internet. Customers retrieve e-banking services using an intelligent electronic device, such as a personal computer (PC), personal digital assistant (PDA), automated teller machine (ATM), kiosk, or Touch Tone telephone. While the risks and controls are similar for the various e-banking access channels, this study focuses specifically on Internet-based services due to the Internet's widely accessible public network (Berry, 1989). In this research, the ATM service was used to assess the impact of e-service quality on customer outcomes.

2.2.1 The scope of e-banking in Zimbabwe

According to a World Bank Survey (2006), the average penetration of e-banking in developing countries by the end of 2005 was close to 35%. This shows that the acceptance and use of e-banking in developing countries is actually improving. In Zimbabwe the use of e-banking is gaining momentum to the extent that banks are actually competing on introducing new facilities for them to gain first mover advantages. Most banks have informed their clients to desist from manual banking system whilst urging them to use the modern mainstream banking recently adopted in the world.

Customers are spending via ATMs, debit and credit cards, ZimSwitch, to access their accounts. E-banking operations by individual consumers are being effected using ATM cards on CBZ ATM machines, in store ATM machines, branch Point Of Sale (POS) machines, merchant POS machines as cash back and the Zimswitch platforms. As revealed, CBZ has recently advised its clients to register for ATM facilities, at least, and further stating to stop in near future the use of withdrawal slips, using ATMs so that they can access their accounts, thus it shows how the Zimbabwean banking system is swiftly shifting to the recent developments in the banking fraternity.
2.3 E-service quality and customer outcomes

Organisations are moving from profit maximization to boosting profits through customer satisfaction, (Seth and Deshmukh, 2005). This differentiates organizations who are only concerned about their profitability only from those who want to satisfy customers profitably. The marketing philosophy states that all businesses which gain competitive edge and long run growth prospects, should aim to offer the best quality of service which will always satisfy and according to Kotler (2006) rather exceed the expectations of the customers.

Customer satisfaction is crucial because it provides marketers and business proprietors with a metric which they can use to manage and recuperate their businesses, (Berry, 1989). The customer satisfaction theory reiterates that it is of paramount importance that customers are always satisfied, because satisfied customers always come back tomorrow and they will buy more from the organization and hence they will spread good news about the product to the society, which is positive word of mouth. This is very important source of influence being used nowadays to market and position products and services and hence the priority to keep customers satisfied still holds water because dissatisfied customers will spread negative word of mouth to their friends and relatives about the bad attributes associated with using a particular product.

It is hard to get one customer than to lose it and there is a scholarly consensus as to the effects of negative word of mouth, an agreement to the thought that bad news spread like fire, thus customer satisfaction and word of mouth are major epicenters of assessing the quality of any particular service (Kotler, 2006). Thus, a business which succeeds in satisfying customers in the long run, will attain positive word of mouth communication from its stakeholders, and in the long run, will maintain a good reputation and will always get most customers, and obviously most customers will result in more sales and profits, hence customer satisfaction and positive word of mouth communication will facilitate customer acquisition, loyalty and goodwill for any organization.
Satisfied customers spread good news to the society and the product will earn goodwill, existing customers will attach loyalty to the brand, positive word of mouth will acquire more from the prospective customers and in the long term the business will survive, (Berry, 1989). This study investigated whether e-service quality is related to customer satisfaction, positive word of mouth from customers, brand loyalty so as to assess how banks can position their e-services well in the minds of the customers for long term success.

2.4.0 Theoretical framework

The current body of knowledge provides the below explained literature on e-service quality and customer outcomes. The literature provided was guided by research objectives.

2.4.1 E-service quality and customer satisfaction

Modern organisations are now further focused on profit maximization around customer satisfaction, (Seth and Deshmukh, 2004). The relationship concerning expectation, perceived service quality and customer satisfaction have been supported by a number of scholars, (Zeithaml et al., 1988). They enlightened that a strong relationship between service quality and customer satisfaction (Parasuraman et al.,1988). As a general rule, the higher the perceived quality consequences in increased customer satisfaction.

Zethaml and Beitner (2000) described customer satisfaction as the consumers’ evaluation of a product or service in terms of whether the product or service has fulfilled their needs or expectations. E-banking, which has been defined as the provision of information or services by a bank to its customers over the internet, has produced key developments in the banking sector.

2.4.2 Customer satisfaction

Customer satisfaction necessitates that a customer or the client of the service is well contended with the performance, Johnson and Fornell, (1991). It can also be acknowledged as the overall evaluation of a customer whichever positive or negative for
the services, (Woodruff, 1997). The bearing of customer satisfaction on customer loyalty has been discussed by academics in broad terms. Many findings exhibit that if satisfaction is present, customers are loyal and if customers are dissatisfied, their loyalty is not guaranteed. It is used to explain loyalty as behavioral intents, (Heskett et al, 1994), hence management must pay special focus on the satisfaction of a customer and for service quality as it plays a fundamental role. Tu et al.,(2012) asserts that, in order to make a lucrative long-term relationship with the customer and to develop the brand image in the market, they must focus on these factors.

2.4.3 Measuring e-service quality

Service suppliers must understand two attributes of e-service quality. Firstly, the quality is expressed by the customer, not the product seller, Tu et al., (2012). Secondly, customers assess e-service quality by equating their expectations to their perception of how the service is performed. In this process, there is no assurance that expectation will be rational nor there is guarantee that a customer’s perception of the performance will be based on more than a sole experience. However, to deliver enhanced quality service to the customer, it is necessary that the services must be consistent and for standardizing the quality of a service, conveyance of the service must be replaced with machines wherever viable, for example ATMs, banking websites or mobile phones. Therefore, it can be judged that although the excellence of services can be standardized using machines, it also varies on the customers’ adaption and willingness to modify. This is the motive why besides the automation of the banking segment, there are still a considerable number of human resources in each branch.

2.4.4 Measuring e-service quality in the banking sector

The customer is the kingpin for the advancement of trade, industry and service sector predominantly in the financial service sector, (Parasuraman, 1988). The magnitude of customer service in the banking sector came to force to complete in a market driven environment. Measuring the e-service quality in the service sector principally in the banking sector is more difficult than assessing the quality of manufactured goods. The
service sector as a whole is heterogeneous and what is varied may not hold true in the next service even offered by the same bank.

In banking business where there are a variety of services, that is retail banking, investment banking, commercial banking, wholesale banking and internet banking, each has a variety of services. Owing to this differentiation, services in the industry cannot be standardized, furthermore, these services are intangible in nature, which cannot be compared or seen.

The idea of e-service quality and customer satisfaction is related with each other. Additionally, satisfaction of a customer varies upon service quality and service quality is progressively being offered as a strategy by marketers to position themselves more effectively in the market place (Parasuraman, 1988; Brown and Swartz, 1989; Cronin and Taylor, 1992). Due to the age of e-banking, the quality of services has been improved a lot as compared to traditional banking. Internet banking, mobile banking, ATM, for example, have changed the way while others are making efforts to adopt it.

2.4.5 E-service quality model (E-SERV QUAL)

The model was designed by Parasuraman et al, (2005) to distinct out the constructs for measuring service quality. The mentioned constructs were,

- Efficiency
- Fullfillment
- System availability
- Privacy

Perceived qualities as well as customer’s expectations are the two most important constructs that positively directly influence overall customer satisfaction (Yu et al., 2005). Customer satisfaction is directly to service quality so the organization should pay more attention on service quality. For this, firms should welcome customer suggestions and should design programs which can measure service quality and customer satisfaction (Ojo, 2010).
Efficiency, fulfillment, system availability and privacy which are the dimensions of e-service quality are also associated with customer loyalty. Efficiency is one of the most important predictor of customer loyalty, (Al-Rousan et al., 2010). Research portrays that enhancement made to service quality will automatically boost the loyalty and satisfaction of customers. The service quality dimension play a significant role in customer loyalty are, efficiency, fulfillment, system availability (Kheng et al., 2010).

Furthermore, many intellectuals also composed that efficiency and fulfillment have the most significant impression on customer satisfaction (Ahmed et al., 2010). In all viewpoints, the customers’ perceptions are moderately higher than their expectations of the bank’s process and in fact the quality of offered services is low. The literature also shows that that in the consequences of service quality on customer loyalty, customer satisfaction plays the role of a mediator. In addition, there is a meaningful and positive correlation between all dimensions of e-service quality with customer satisfaction and customer loyalty, which in both instances privacy has the minimum relation with satisfaction and loyalty, (Mosahab et al., 2010).

2.5.0 E-service quality and customer loyalty

Central to an organisation’s relationship management strategy is its ability to develop and enhance trust, long-term customer relationships and satisfy existing customers, (Zineldin, 2006). Therefore, the foremost focus of the business is on customer loyalty. There is no universally approved definition of customer loyalty but it can be understood as a commitment to continue to do business with a particular firm on an ongoing basis, (Uncles et al., 2003; Zineldin, 2006). E-loyalty has been pronounced by Anderson and Srinivasan (2005) as the customer’s favorable attitude towards electronic business, resulting in repurchasing behavior. The mainstream of early studies define loyalty as the repeat purchasing of a specific service or product (Hornburg and Giering, 2001).

Ghane, Fathian and Gholamian (2011) postulated that e-loyalty is an important issue in every competitive environment of e-banking. They supported the assertion that e-loyalty is influenced by e-satisfaction, e-trust and e-service quality. Loyalty is something that
consumers confer on brands, services, stores, product categories and activities. It is pondered as one of the objectives of relationship marketing because devoted customers usually provide strategic advantage to an organization, (Harridge and March, 2008).

2.5.1 Loyalty and e-service delivery

Beerli, Martin and Quintana (2004), confirmed that today most banks offer the same type of product and the core product is not the attribute that renders customers loyal. Ghane, Fathian, Gholamian (2011), remarked that customer loyalty is a concept that has been discussed in a number of marketing articles. They explained with service sectors, maybe because of lack of standardized products and hard to measure the service concept. Not only do loyal customers increase sales and profits, they also enable it to reduce costs associated with attracting new customers.

In precise, since the e-banking rivalry is just a mouse and click away, e-loyalty appears to be vital for electronic banks both in an financial and competitive sense, thus e-convenience on e-banking usage is again of paramount importance in the enhancement of e-loyalty, since customer endurance is key to maintaining e-banking success, an objective worth of study. While e-service quality dimensions are infrequently considered to be causing e-loyalty directly, a majority of authors view them as antecedents of e-satisfaction, (Chang and Chen, 2009), entailing that satisfaction is conceptualized as a mediator of the relationship between quality, convenience and loyalty.

Gefen and Straub (2004) affirmed that the effects of diverse determinants of e-service on the trust and show the predictability of integrity of e-services has significant effect on the e-trust. According to Radwan et al.,(2009), integrity, ability and quality services are aspects of the e-vendor and showed that these factors have influence of the e-customer trust, hence e-loyalty since loyal customers have noteworthy levels of trust to the service provider, (Gefen and Straub, 2004).

Ju and Wang (2006) asserted that dimensions of e-service quality are powerfully predictive of customer satisfaction, trust, convenience and loyalty. Trust has been described as the degree of confidence or the certainty that the customer has in exchange
options. It follows hence that e-trust is expressed as the degree of confidence customers have in online exchange or in the online exchanges channel.

Older scholar, Stewart (1999), also maintained that the catastrophe of the internet in retail banking is principally attributable to lack of trust customers have in electronic avenues. Thus, customers trust is contemplated as the most important antecedent of customer loyalty. He additionally explained that the degree of convenience that customers get from e-service establishes the accreditation of the service and henceforth how much risk he will take in having trust on the service and hence trust is a key antecedent of customer loyalty. Ghane, Fathian and Gholamian, (2011), proceeded on to pinpoint that we envisage e-trust not only to have absolute impact on the e-loyalty but also to have an indirect influence through satisfaction. Singh and Sirdeshmukh, (2000) also articulated trust is consistently interrelated to the exposure of the trustor, because without the vulnerability of the trust or upon the trustee, trust becomes irrelevant. Old scholarly articles, Doney and Canon (1997), Kumar, Scheer and Steenkamp (1995) also revealed that is the perceived credibility and benevolence of a target of trust. Moreso, Ganesan (1994), said trust is the extent to which the customers believes that the vendor has intensions and motives that are beneficial to the customer.

According to Reichheld (2000), the elevated costs of acquiring new e-customers can spearhead to unprofitable customer relationships for up to 3 years. As a result, it is imperative for online businesses to create a loyal customer base, as well as to scrutinize the profitability of every segment, (Reinartz and Kumar, 2002). However, a few companies appear to succeed in generating e-loyalty and little is known about the mechanisms involved in generating customer loyalty on the internet.

Trust has been brought forward as a prerequisite for patronage behavior (Parlour, 2003), and the enhancement of long-term customer relationships (Singh and Sirdeshmukh, 2000). The role of trust as a complement of convenience is more important in an e-commerce setting since e-customers do not deal directly with the company, or its staff (Urban et al., 2000). In a recent scholar, Corritore et al., (2003) stated that a strong
positive effect of e-service quality and customer loyalty to online firms but theoretical foundations as well as empirical confirmations are still deficient (Anderson and Srinivasan, 2003), thus the relationship is worth studying.

Older scholars, Oliver, Rust and Varki (1997), supposed that customer loyalty meant that the customer may become under the environmental effect or the marketing technique induce their possibly latent transformation behavior, but they wouldn’t change their repeat purchase commitment and further purchase intention customer with preference commodity or service. Bowen and Shoemaker (1998) reasoned that customer loyalty is a deeply held commitment to repatronise a preferred product or service in the future, thereby causing repetitive same brand or same brand-set purchasing, despite situational influences and marketing efforts having the potential to cause switching behavior.

### 2.5.2 Behavioral and Attitudinal loyalty model

In order to circumvent the pitfall of equating repeat buying or service usage with loyalty, the combination of attitudinal and behavioral attitudes is recommended. Loyalty is commonly perceived as having two dimensions, behavioral and attitudinal. The degree of loyalty is often measured by behavior such as frequency of service usage or purchase behavior or word of mouth communication, (Lam and Burton, 2006).

The attitudinal Approach views a loyal customer as somebody attached to a brand and who will, when positively reinforced, buy that brand more often (Riley et al., 2007; Lam and Burton, 2006). Attitudinal loyalty is the feeling of attachment, psychological bonding, linkage to one provider as the preferred choice (Dithan, 2009). It is presumed that customers who are behaviorally committed (loyal) to a firm display more favorable attitudes towards it, in comparison to its competitors. However, in some cases behavioral loyalty doesn’t necessarily reflect attitudinal loyalty since there might be other factors, for example, availability, that inhibit customers from defeating a brand, Aldlaigan and Buttle, 2005). In adjunct to behavioral loyalty, Liang, Wang and Farquhar (2009) argued that a customer’s behavioral loyalty in financial services positively and significantly affects financial performance.
2.5.3 Ladder of Loyalty

As explained above, the crucial goal an organization is to turn usual customers into loyal ones, (Ndubisi and Chan, 2005). Nbubisi (2007) asserted that customer loyalty can be created, reinforced and retained through marketing plans aimed at building trust, demonstrating commitment to service, communicating with customers in a timely, reliable and pro-active fashion and handling conflict efficiently.

The turning notion of the loyalty ladder, (Lacey and Morgan, 2009) noticed that relationship building by definition a long term process. Subsequently, marketers must outspread the long established notion of ‘ladder of loyalty’ by adding a few rungs to create a relationship ladder.

2.6.0 E-service quality and customer word of mouth communication

According to Kotler (2004) oral or written recommendation by a satisfied customer to the prospective customers of a good or service. It is considered to be the most effective form of promotion, also usually referred to as word of mouth advertising, which is incorrect because by definition, advertising is a paid and non personal communication by an identifies sponsor. (Kotler and Keller, 2006).

Word of mouth (WOM) is a leading force in the market place for services. However, the current body of research provides little insight into the nature of WOM in the service market place, particularly, the impact such has as a marketing tool especially in the banking service sector. Thus, this stimulated the researcher to conduct a study on the impact of service quality on customer word of mouth communication.

Wafa et al., (2009) cited that the nature and amount of experience with an evoked set of brands is a powerful force which stimulates a modern marketing tool adopted by most contemporary organisations known as word of mouth communication (WOM). Perceived brand reputation has significant impacts on customer satisfaction and a customers beliefs about a brand are derived from personal use experience, word of mouth endorsements or criticisms, and or marketing efforts by the organization.
2.6.1 Origins of WOM in the business fraternity

The breakthrough of viral marketing in the mid 1990s (Kaikati and Kaikati, 2004) captured the imagination of the industry and subsequently generated an array of monikers (word of web, word of mouth, C2C or peer to peer communication and buzz marketing. The term viral arose from the medical and health sciences literature (Mather, 2000) and is an apt metaphor or a marketing activity that inspires individuals to propagate a marketing message within their networks and thereby exponentially increasing the reach of the message. Viral marketing is commonly approved to involve dissemination of a marketing message through word of mouse and ensuring that the receivers have no interest to pass along the message to their acquaintances (Kaikati and Kaikati, 2004)

2.6.2 The Accessibility –diagnosticity Model

The model portrays that the influence of a certain piece of information will depend on accessibility of that piece of information and the diagnosticity of the piece of information. (Felman and Lynch, 1988; Lynch et al., 1988). Diagnosticity signifies to the extent to which information assists customers to categorise products or services into whether they are high, medium or low quality. Herr et al., (1991) endorses that the idea that WOM is accessible. They declared that WOM communication had greater impacts on product or service judgement than any other printed communication.

Favourable brand attitudes were shaped on the basis of single, favorable WOM communication, even when extensive, diagnostic attribute information was also available. The author recommends that the impact of WOM on product judgment is attributable to vividness, as opposed to pallidness as a form of communication. Vividness suggests to the degree to which information is, emotionally interesting, concrete and imagery provoking, proximate in a sensory, temporal or spatial way (Nisbett and Ross, 1980). Vivid communication media are understood to attract attention to the information, hold attention, and increase the information’s accessibility from memory and its impact on consumer’s judgements (Nisbett and Ross, 1990).
WOM communication can be considered to be diagnostic in nature to the extent that consumers consider that the decision implied by that input alone would accomplish their decision goals. This hints that WOM communication may be more diagnostic in nature than non personal sources of information, for example media and advertising. The effects of WOM appear to be abridged, however, when more diagnostic pieces of information, such as prior impressions, are presented or when exceptionally negative attribute information is available (Herr et al., 1991).

WOM is oftently associated to consumers’ satisfaction or dissatisfaction with previous purchasing or service usage. Customers also appear to engage in WOM to satisfy their personal information needs (Bloch et al., 1986). A limited amount of literature suggests that WOM lends itself to the communication of subjective information such as quality rather than more objective types of information such as price (Houston, 1979). Thus with all this literature surrounding WOM communication as a marketing tool, research hereby attempts to provide an empirical response on whether service quality has impact on WOM communication, as an evaluation of it like any other marketing tool.

2.6.3 Service quality and reputation

Che-Ha and Hashim (2007) and Reynolds (2007) concurred that perceived brand reputation in the banking sector relates to the bank’s reputation and expiating place of bank in the banking industry. It assesses the experience of a customer, how he or she feels with the product or brand and their services. Ghane, Fathian and Gholamian (2011) stated that delivering quality service is considered to be an essential strategy for success in today’s competitive environment. This means that today’s organisations are satisfaction maximisers, that is service quality and delivery are strategic areas in ensuring customer retention. Well satisfied customers will always tell some positive good news about the brand or service rendered and the moment they spread this to their friends, relatives and the society around them, WOM emerges a powerful marketing strategy especially in the service industry (Reynolds, 2007).
According to Parasuraman, Berry and Zeithmal (1985), a perception of service quality is a result of a comparison between what customers consider the service should be and their perceptions about the actual performance offered by the service provider. Ju and Wang (2006) said that dimensions of e-service quality are showing strong predictive indications of customer satisfaction, trust and word of mouth spread to their close ones in the market place.

Parasuraman et al., (2005) affirmed that web design, website construct and web content as attributes to depict the nature of e-banking service quality. Kaplanidou (2007) defined WOM as a way of interaction between populaces regarding product or service performance. It is also pondered an unofficial but influential and commanding form of communication and there are numerous expressions as to how people or academics refer to it. Words like buzz, grapevine, and customer talking are oftenly used to describe this form of communication. WOM communication is key for exciting, innovative, personal experience, complex, risky, expensive, and observable products. As such, that is why WOM tends to be a very marketing force in the marketing of services, owing to the stated attributes.

According to the American Demographics Report (2005), it reported that people tend to tell approximately 5 other people about the experience they have in any particular service and the most prominent were restaurants and vacation experiences. The study also claimed that of the total number of dissatisfied customers, only 4% come back to the service provider and 96% do not. Furthermore, the 4% are the most likely to stay with the organization and the 96% are more likely to go. Thus WOM seems a powerful force in the market place hence a critical marking area worth of study, particularly in a modern banking environment hence this objective looks at how service quality influences WOM in the banking service industry at the heart of e-banking. Whilst service quality influences WOM (Ju and Wang, 2006), both stand as constructs and are contributors to customer loyalty, which is the overall interest of all business organizations since loyal customers are profitable customers, who at the same time provide greater prospects and scope for continuity of the business organization.
Dye (2000) said that whereas the power of WOM is normally accepted it is also important to appreciate that the generation of positive WOM is not sufficient enough to provide a competitive strategy unless it is combined with relationship marketing. WOM singled out to be the most imperative driver of organizations’ long-term customer orientation (retention), financial performance and business stability (Eisingerich and Bell, 2007). While relationship marketing, WOM communication are reinforced greatest by the quality of service (Emmel, 2007), an empirical study into the service quality and WOM communication in the Zimbabwean banking sector, particularly The Commercial Bank of Zimbabwe (CBZ), would greatly complement the existing body of knowledge.

2.7.0 Empirical Evidence

The body of knowledge pertinent to the area of e-service quality and customer outcomes has provided the following generalizations, which thrilled the researcher to conduct further research problem area.

2.7.1 Service quality and customer satisfaction

The relationship between e-service quality and customer satisfaction has been investigated in old and contemporary studies. Zeithaml et al (1988) conducted empirical investigation at the Fuqua school of business at Duke University, USA, on the ‘Impact of service quality on customer satisfaction.’ They were one of the earliest researchers to investigate the effect of service quality on satisfaction. They found a strong positive relationship between service quality and customer satisfaction. Increase in service quality can satisfy customers and develop attitudinal loyalty which retains valued customers.

In another study ‘Service quality gap and customers’ on the Commercial banks of Malaysia, Tahir and Bakar (2007) studied the impact of service quality on customer satisfaction. They studied to investigate the level of service quality of commercial banks in Malaysia from the perspective of bank customers and assessing the satisfaction towards the services rendered. Their measurements were based on the SERVQUAL model and the gap was examined by comparing customer expectations and actual performances. Their results showed that the overall service quality provided by Commercial Banks was below
customer expectations. Their findings were that customers were slightly satisfied with the overall service quality of the banks.

Furthermore, research in India by Brahmbhatt (2011) also laid empirical literature on the subject, in their study ‘An assessment of service quality in banks.’ According to his research, it has become imperative to measure service quality of the banks so that the service provider can assess their level of quality and identify quality gaps for improvement. He found out that service quality is the main determinant of customer satisfaction. Furthermore, the study revealed that all the variables in the SERVQUAL model had positive relationship with customer satisfaction. Thus, the study concluded to a positive relationship between service quality and customer satisfaction.

In their Malaysian survey ‘Service quality delivery and its impact on customer satisfaction,’ Munusamy, Chelliah and Mun (2010; 2011) added to the body of knowledge on the assessment of the relationship between service quality and customer satisfaction. Their study focused on measurement of customer satisfaction through delivery of service quality in the banking sector in Malaysia. They found contrasting findings about the service quality constructs and customer satisfaction. Assurance had positive but no significant impact on customer satisfaction. Reliability, tangibility, empathy, responsiveness had positive but no significant impact on customer satisfaction.

Finally, in their research ‘Exploring the dimensions of internet banking service quality,’ Sharma and Malviya (2014) investigated the impact of service quality on customer satisfaction. The research was conducted to add to the body of literature by studying the impact of service quality on customer satisfaction in the Indore District of Madhya Pradesh. The research showed a direct relationship between e-banking service quality and customer satisfaction in the banking industry.
2.7.2 E-service quality and customer loyalty

As this study seeks to reveal the association between e-service quality and customer loyalty, the following studies have been analyzed as the existing literature on how trust affects consumer patronage behavior.

Kheng et al (2010), in their study ‘The impact of service quality on customer loyalty.’ A study of banks in Penang, (Malaysia), used the SERVQUAL model to evaluate the impact of service quality on customer loyalty, with customer satisfaction as the mediator variable, among banks in Penang, Malaysia. The findings of the study show that an improvement in service quality can enhance customer loyalty. They concluded that service quality which plays a significant role in the enhancement of bank loyalty since banks offer the same basic product. The findings indicated that the overall respondents evaluate the bank positively but there is still room for improvements.

In another research paper ‘What keeps e-banking customers loyal,’ Floh and Treiblmaier (2006) had their findings to add to the body of knowledge. The study was conducted at Vienna University in Austria. The paper investigated the importance of the antecedents of online loyalty, for example trust, quality of website, quality of e-service and overall satisfaction. Rather than investigating which factors which drive customers to use online banking, this paper addressed the problem of how to keep customers loyal to a specific service supplier. The study used a sample of 2000 customers at the Austrian bank. They found that only satisfaction and trust were identified as the antecedents of customer loyalty.

‘The impact of e-service quality on customer loyalty,’ A study of Bank Melli in Siahkal City, Iran is a research paper by Talebi et al, (2012). Given the importance of the issue, this study explores the impact of service quality on customer loyalty for Bank Melli, branch Seakale, aiming to improve the quality of banking services and customer loyalty. The statistical society of the research comprises the customers of Bank Melli, Seakale city, and the sample is drawn from among these customers using non probability or available sampling method. Using the collected data, research hypotheses were tested through the SPSS software, correlation coefficient and regression analyses were used to
test the hypotheses and the results indicated that there is a significant difference between the quality of banking services and customer loyalty to Bank Melli, Siahkal city.

Another research by Hafeez and Muhammad (2012), ‘The impact of service quality, customer satisfaction and loyalty programs on customer loyalty.’ (Evidence from the banking sector of Pakistan) added more literature on the subject. The study was investigated the effects of service quality, customer satisfaction and loyalty programs on customer’s loyalty in banking sector of Pakistan. A questionnaire was designed and survey was conducted to collect the data from 331 customers having bank accounts in different banks of Pakistan. The research concluded that service quality, customer satisfaction and loyalty programs are the important factors that can increase the loyalty of a customer so banks must focus on providing loyalty programs to their loyal and valued customers. The research also indicates that banks should focus on improving the quality of their services for better and greater customer satisfaction and customer loyalty.

In Dakar, (Bangladesh), Akbar and Parvez (2009) investigated the same subject. In their paper, ‘Impact of service quality on customer loyalty,’ they proposed a conceptual framework to investigate the effects of customers’ perceived service quality, trust, and customer satisfaction on customer loyalty. To test the conceptual framework, structural equation modeling (SEM) has been used to analyze the data collected from 304 customers of a major private telecommunication company operating in Bangladesh. The results of the study indicate that trust and customer satisfaction are significantly and positively related to customer loyalty. Customer satisfaction has found to be an important mediator between perceived service quality and customer loyalty. A clear understanding of the postulated relationships among the studied variables might encourage the mobile service provider(s) to figure out appropriate course of action to win customers’ trust by providing better services in order to create a loyal customer base.

2.7.3 Service quality and word of mouth communication

According to the US Office of Consumer Affairs, one dissatisfied customer is likely to spread bad WOM to about the next 9 consumers about the bad attributes of a product or service he or she experienced and this affects patronage behaviour. The following studies
have been instrumental in this research by generalizations which they made on how e-service quality affects customer word of mouth communication.

In his survey ‘Measuring word of mouth in real time,’ Knauer (1992) revealed that satisfied customers relate their story to about 5 people who they meet. Such communication exerts strong influence on purchasing behavior influencing both shorter and long-term judgements. The results of this study show that WOM is a powerful tool in the marketing of services. Consumers revealed that they rely on WOM than a firm’s marketing efforts, to reduce the perceived risk and the uncertainty that are often associated with service purchase decisions. The study found strong correlation between service quality and WOM communication which influences patronage behavior.

In his research ‘Generating positive word of mouth communication,’ Murray (1991) also investigated the impact of service quality and the customer WOM communication. The study was also carried out to assess the impact on WOM on online services in the banking industry. The findings of the study were that there is a strong positive correlation between the service quality and WOM communication. A multi regression approach was employed in the study. The study concluded that a strong positive relationship exists between the extent of service quality and the word of mouth associated with such service quality.

Another research in Arizona, USA named ‘Word of mouth in online environments,’ by Reingen et al (1984) also examined the impact of group dynamics on brand preference. The study was conducted among members of a sorority group in which they measured brand preference congruency as a function of whether they lived in the sorority group or not. The results of the research show that those who lived together had more congruent brand behavior than those who did not. Opportunity for interactions for those who lived together proved that WOM is a driving force in brand recognition.

In Canada, a survey ‘Service quality and Word of mouth communication,’ Brown et al (2001) also empirically tested the relevance of service quality on WOM communication. A quantitative methodology was employed in data collection and data analysis. The
results of the research show a strong positive relationship between the quality of service and the WOM spread by service consumers. Thus, therefore the results showed that service quality is positively related to WOM communication.

In the survey ‘Social contagion versus marketing,’ University of Pennsylvania, contrasting conclusions were added to the existing body of knowledge by Van den Bulte and Lilien (2001). According to the research study, marketing effort not interpersonal communication dominated the physician development of a new product. They argued that if specific information is made available to the market participants, marketing effort bring positive results than WOM communication. They said that service quality has no significant relationship with WOM but that consumers post service consumptions evaluations are determined by long-term brand perceptions in the minds of customers.

2.8 The research gap

The existing body of knowledge presents contrasting conclusions made by various researchers. The researchers had varied findings on how e-service quality affects the customer outcomes. The existing body of knowledge does not clarify whether e-service quality brings positive results in terms of customer satisfaction, customer loyalty, word of mouth spread. There is still empirical dearth on whether the internet is giving an advanced business edge or just an evolution of a new banking system to technological advancement. Moreover, none of the researches were conducted in third world technological and economic environments where e-banking is now being fully practiced. This gave the researcher the insight to conduct the research and broaden the existing body of knowledge from Zimbabwean banking context.

2.9 Summary

This chapter has focused on bringing the literature pertinent to the research area. It presented state of affairs as to what the current body of knowledge holds on the subject area. This provided the researcher with the insights needed and research gap which articulated the essence for conducting the research study. The chapter gave the theoretical framework for the study, explaining major variables in the research as well as empirical
evidences. The next chapter details the research methodology adopted by the researcher in gathering information needed to answer the research problem.
CHAPTER III

RESEARCH METHODOLOGY

3.0 Introduction

This chapter describes the methodology that was employed in conducting the study. It specifies the research design, the study population, the sampling design, sampling procedures, sample size, data sources, data collection instruments and the validity and reliability of the data collection instruments. It details all the steps and procedures that the researcher implemented in gathering information needed to solve the research problem.

3.1 Research Design

A causal research design was used in this survey. This type research design aims to identify meaningful relationships, determine whether true relationships exist, or verify the validity of relationships between the marketing phenomena (Zikmund, 2003). Causal designs are meant to reveal cause and effect relationships between variables. In this case the research design uttered had to draw a sample of the bank customers with the primary motive being to make inferences using statistical analysis such as correlation to assess the impact of e-service quality on customer outcomes. The rationale behind the use of causal design in this study is that it makes generalised, inductive and probabilistic inferences about the defined target population as a whole. In this study, the design was used to collect quantitative data from respondents and analysed it so that inferences were made about the population parameters.
Cooper and Schindler (2011) also explained about the nature of causal research designs. They are designed to discover associations among different variables in a particular phenomenon. As done in this research, a causal design can was employed analyse bivariate relationships and cross tabulations between interrelated variables surrounding the subject. Hypotheses were tested to determine association between e-service quality and customer outcomes of satisfaction, loyalty and WOM. The task of the design is to determine if the variables are independent and if they are not, then to determine the strength of the relationship.

3.2 Target Population

The target population in this study includes all CBZ e-banking customers who use ATM services. Therefore, the researcher chose from this targeted group, the sample for the study. According to Saunders (2004) a population has all members of real or hypothetical set of people, events or objects to which the researcher wishes to generalize the results or research. All bank customers using ATM services from where the participants who made information available for solving out the research problem. In this study, the researchers population consisted the customers from both Machipisa and Southerton, from where the respondents who took part in the survey were selected.

All bank customers who had ATM accounts were identified as the target population for the study because the research is concerned with the impact of e-service quality on customer outcomes, of which the ATMs provide the e-services and the customer outcomes are the post service usage behaviours which the bank customers exhibit. Therefore the ATM account holders comprised the target population of the research. Although ATMs allow customers to transact from any branch, determination of target population was done for the purposes of the study.

3.3.0 Sample size and sampling technique

A sample of 68 customers was selected for participation in the research study. The researcher gathered primary data from 34 bank clients from each branch (Machipisa and
Southerton) who answered the questions. According to McDaniel and Gates (2002) the determination of sample from unknown population size is calculated as follows:

\[ n = \frac{(Z_{\alpha})^2 \cdot SD^2}{E^2} \]

The margin of error (E) determines how much higher or lower than the population mean the researcher was willing to let the sample mean fall and for this study it was +/- 10%. The confidence level \((Z_{\alpha})\) is how confident the researcher was that the actual mean falls within the confidence interval. The confidence interval used was 90%. Standard deviation (SD) represents the variance the researcher expected in her responses and for this study it was 0.5. \(n\) is the sample size.

\[ n = \frac{(Z_{\alpha})^2 \cdot SD^2}{E^2} \]

\[ n = \frac{1.645^2 \times 0.5^2}{0.1^2} \]

\[ n = \frac{0.6765}{0.01} \]

\[ n = 67.5 \approx 68 \]

The researcher used systematic sampling under the probability sampling techniques. The researcher chose respondent from the 5th customer from the earliest customer who used the ATM service. This means that the respondents were taken at an interval of five customers having used the ATM facility. The respondents were selected from CBZ
banking malls at Machipisa and Southerton in Harare. The technique involves considering the $k^{th}$ item to answer questions in the questionnaire. As required in scientific research, the researcher took this sampling technique such that the research should not provide a selection criteria on who should participate in the study. This means that any researcher should he study on the same subject, he must be having the same results, hence the researcher used systematic sampling.

### 3.3.1 Sampling Units

The sampling frame comprised of bank customers who use ATM facilities owned by CBZ at Machipisa and Southerton. According to Shiu et al (2009) a sample frame is a list of all eligible sampling units. Sampling frame is the set of sources material from which the sample is selected. Burns and Bush (2010), postulates that it is a master list of the entire population.

### 3.4.1 Data collection instruments

According to Cooper et al (2003), a research instrument is a device for systematically collecting data such as questionnaire, observation and interview schedule. The questionnaire was used by the researcher to collect data for the survey.

### 3.4.2 Questionnaires

The questionnaire used in the survey was adopted from Parasuraman, Zeithaml and Malhotra (2005), Bearden, Netermeyer, and Teel (1989), and Gustafsson, Johnson, and Roos (2005) in addressing the customer outcomes of satisfaction, word of mouth and loyalty respectively. Most questions centred on the objectives used a 5 point Lickert scale from 1 (strongly disagree) to 5 (strongly agree). The questionnaire enabled the researcher to elicit accurate information on personal beliefs, attitude and views on the subject area. According to Saunders (2004), questionnaires are research tools through which people are asked to respond to the set of questions in a predetermined order, the use of them should fit the objective of the research.
3.5 Data collection procedures

The researcher gave respondents the questionnaires by hand using stratified systematic sampling method. Hand delivery helped the researcher to explain the components and importance of the research to respondents. Hand delivery was the most appropriate method considering the nature and purpose of study, the research needed to be conducted in a typical banking environment so that the research participant understands the scope of the study and contribution of his/her response to the good of the research study. The questionnaires were handed to respondents at the banking mall at Machipisa and Southerton in Harare with each branch allocated 34 questionnaires, leaving the total number of bank customers responding to the study to 68. The questionnaires were returned right after completion and the researcher requested the respondents to fill them after using the ATM facility.

3.6 Validity and Reliability

The instruments used to conduct the research were considered reliable and applicable to this research. The questionnaire used in the survey was adopted from Parasuraman, Zeithaml and Malhotra (2005), Bearden, Netermeyer, and Teel (1989), and Gustafsson, Johnson, and Roos (2005) in addressing the customer outcomes of satisfaction, word of mouth and loyalty respectively. As reported by Parasuraman et al., (2005) the E-S-QUAL instrument had the coefficient alpha estimate exceeding 0.70. On measuring the impact of e-service quality on WOM, the tool designed by Bearden, Netermeyer and Teel (1989) to measure customer susceptibility to interpersonal influences had coefficient alpha estimates for informational and normative factors of 0.82 and 0.88 when the sample was 220, a sample of 35 gave the estimates of 0.75 and 0.79 respectively. Gustafsson, Johnson, and Roos (2005) designed the tool adopted to measuring customer loyalty and the instrument had the reliability of 0.692 and the validity of the instrument was estimated at 0.70. Therefore, the instrument was valid for the study since the recommended coefficient is 0.60 (Wu and Wang, 2005)

In designing the questionnaire, the researcher also used simple and precise language so that the respondents exactly understand the requirements of the question. By so doing,
this ensured that the instruments were valid for gathering information to answer the research problem. By also using the same instrument (questionnaire) on 2 CBZ branches (Machipisa and Southerton), this helped the researcher ensure that his instrument was reliable by showing the results on a scatter plot (the plot helps to infer any variations which can affect reliability of the instrument). This method is known as the split half method, used to ensure that the instrument used is valid and reliable. The researcher was involved in the checking of questionnaire responses for omissions, incompleteness illegibility and obvious inconsistencies. In doing all this it enabled the researcher to ensure that the information obtained was reliable, and could help the researcher to draw the most appropriate conclusions in generalization of the findings.

3.7 Confounding variables

Bell and Opie (2002), confounding variables can be defined as third party variables which have the potential of influencing the outcome under study apart from the variable under study. These are also known as lurking or third party variables. These can diminish the value of a study if appropriate course of action is not addressed into the research design during the research. The results can be influenced by a third party variable which can lead to biased conclusions.

Since the study is concerned with the impact of e-service quality on customer outcomes, focusing on ATMs only, other e-services provided by the bank such as internet banking, virtual banking, mobile banking could lead to response bias. To guard against this, the researcher made specifications in every component of the questionnaire that the focus is on ATM services only. The researcher also gathered data from two geographically dispersed CBZ banking malls in Harare (Southerton and Machipisa). The efficiency of ATM services at Southerton may differ from that at Southerton and this may provide variations in e-service quality. By selecting to gather data from two branches, the researcher worked towards getting unbiased general usable results. By so doing, the researcher attempted to mitigate the effects of any confounding factors affecting the study at a particular branch and hence not compromise the value of the study.
3.8 Data analysis procedure

The researcher used the Statistical Package for Social Sciences (SPSS Version 20) for data analysis. Data analysis was involved in the reduction of the accumulated data to a manageable size to allow the researcher for summarization, comparison, synthesizing and application of statistical techniques, which enabled interpretation of the results in relation to the research problem. The researcher also employed advanced statistical methods used to quantify and analyse the raw data such correlation techniques, so that reasonable deductions are made and allow generalisations for the research study to be made based on the findings of the research.

3.9 Summary

In this chapter the researcher described the methodology that was used in the collection of data. A causal research design was deemed to be the most appropriate for this study and questionnaires were used to collect data. Systematic sampling method was used to select the study sample. Questionnaires were self administered and the researcher collected them after they were complete. Chapter four will analyse the findings from the collected data using statistical analysis, correlation tables making interpretation in an explanatory way.
CHAPTER IV

DATA ANALYSIS AND PRESENTATION

4.0 Introduction

This chapter focuses on bringing the major findings of the research study. The findings, analysis and discussion of findings are presented in this chapter. This area seeks to close the knowledge gap between the current body of knowledge and the research study. The chapter focuses on data presentation and analysis, from which conclusions and recommendations were derived from. All the presented findings were processed using Statistical Package Social Sciences Version 16.

4.1 Response rate

The response rate for the survey is shown by the table below.

Table 4.1 Response rate

<table>
<thead>
<tr>
<th>Area</th>
<th>Administered</th>
<th>Returned</th>
<th>Response Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Machipisa</td>
<td>34</td>
<td>34</td>
<td>100%</td>
</tr>
<tr>
<td>Southerton</td>
<td>34</td>
<td>34</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>68</td>
<td>68</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Primary data

The researcher used a sample of 68 respondents who answered the questionnaires. From the sample size, the researcher retained all the questionnaires since the respondents were given the questionnaires to respond after they had used the service, therefore there was no chance of the researchers missing some questionnaires. All questionnaires were fully answered and returned to the researcher.
4.2.0 Demography

The demographic profile for the survey is shown below and the trends shown in the table are discussed below the table.

**Table 4.2 Demographic profile**

The demographic statistics of the respondents who participated in the study are illustrated below.

**Table 4.2 Demographic profile**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>25 years and below 22.10%</td>
</tr>
<tr>
<td></td>
<td>26- 35 years 36.80%</td>
</tr>
<tr>
<td></td>
<td>36-45 years 19.10%</td>
</tr>
<tr>
<td></td>
<td>46-55 years 13.20%</td>
</tr>
<tr>
<td></td>
<td>Above 55 years 8.80%</td>
</tr>
<tr>
<td>Female</td>
<td>42.60%</td>
</tr>
<tr>
<td></td>
<td>25 years and below 22.10%</td>
</tr>
<tr>
<td></td>
<td>26- 35 years 36.80%</td>
</tr>
<tr>
<td></td>
<td>36-45 years 19.10%</td>
</tr>
<tr>
<td></td>
<td>46-55 years 13.20%</td>
</tr>
<tr>
<td></td>
<td>Above 55 years 8.80%</td>
</tr>
</tbody>
</table>

**Education**

| O Level | 13.24% |
| Diploma | 19.12% |
| First degree | 36.76% |
| Masters degree | 22.06% |
| Higher than Masters | 8.82% |

**Income**

<table>
<thead>
<tr>
<th>Income Source</th>
<th>Frequent Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Self Employment</td>
<td>Cash withdrawal 36.80%</td>
</tr>
<tr>
<td>Formal Employment</td>
<td>Pay Merchant 20.60%</td>
</tr>
<tr>
<td>Investment Returns</td>
<td>Balance Enquiry 22.10%</td>
</tr>
<tr>
<td>Pension Funds</td>
<td>Pay Bills 13.20%</td>
</tr>
<tr>
<td></td>
<td>Other 7.40%</td>
</tr>
</tbody>
</table>

Source: Primary data

Table above shows that out of the 68 respondents who participated in the survey, 29 were male and 39 were female. A greater percentage for females was reported (57.4%) and
males constituted 42.6% of the participants of the study. The study has shown that female customers prefer using e-services than their male counterparts.

Of the respondents who took part in the study, 36.8% were aged between 26 and 35. The other significant age group who used the ATM service had 22.1%, were 25 years and below. The age group 25-35 years shows the highest frequency (36.8%) which suggests the proximity of the young working age group in using the ATM services. The study also shown that the middle aged working population also uses ATM facilities more than the older ages.

The findings indicated that most of the ATM users have got a first degree, as shown by the bar graph, 36.76% of the respondents had a degree. Ordinary level only amounted to 13.24% and those with diplomas were 19.12% of the research participants. More ATM users are the educated ones and this shows that less educated (Ordinary level) people have a negative attitude towards products of innovation.

Between the higher income groups ($600 -$999) is where the greatest frequency (59%) than other income strata. It also shows that the desire to use the ATM services also considerate on the income level as those with higher incomes show to take more frequency than low income strata (Below $200 and $200 to $399) that have 13.2% between them. The income group which had the highest frequency was that between $600 and $799 which had 36.8%. This also shows that the desire to use ATM services regularly also depends on the customers’ income thresholds.

Of the respondents who answered the questionnaires, 76.47% indicated that they were formally employed in corporations. The less significant sources emerged self-employment (10.29%), investments returns (8.82%) and pension funds (4.41%). Formally employed people dominated the participants in the survey than any group.

4.3.0 Reliability and validity tests

The instrument used in this study was tested for both reliability and validity.
4.3.1 Reliability test

The instrument used in this study was tested for reliability. Below is a table which shows the Cronbach’s alpha scores for the components of the questionnaire.

**Table 4.5 Reliability scores**

<table>
<thead>
<tr>
<th>Construct</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-service quality</td>
<td>0.76</td>
</tr>
<tr>
<td>Customer Satisfaction</td>
<td>0.745</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.801</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>0.765</td>
</tr>
</tbody>
</table>

Source: Primary data

Reliability tests for the instruments used in this study indicated that the tools were reliable. An average Cronbach’s alpha of 0.767 of the 4 constructs is acceptable, as according to Nunnally (1978) who said that reliability of the instrument should be at least 0.7.

4.3.2 Validity tests

The researcher tested discriminant and convergent validity of the questionnaire. Fornell and Lacker (1978) stated that the acceptable validity of any measurement instrument is 0.5. The validity of the tool was acceptable according to the threshold claimed by Fornell and Lacker (1978). The instrument was tested for both discriminant and convergent validity, therefore there was construct validity.

4.3.2.1 Convergent validity

Fornell and Lacker (1978) stated that if the validity of the instrument is acceptable if it is above 0.5 so the toll passed the test with the coefficients above 0.5. Thus, the tool passed discriminant validity hence it was acceptable. The table below shows the Average Variance Extraction for the constructs used in this research.
Table 4.6 The AVE scores for the instrument

<table>
<thead>
<tr>
<th>Construct</th>
<th>Average Variance Extraction Scores</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-service quality</td>
<td>0.724</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>0.775</td>
</tr>
<tr>
<td>Customer loyalty</td>
<td>0.705</td>
</tr>
<tr>
<td>Word of mouth</td>
<td>0.645</td>
</tr>
</tbody>
</table>

Source: Primary data

From the table, it clearly shows that the Average Variance Extraction (AVE) were well greater than the threshold set by Fornell and Lacker (1978), which is 0.5.

**4.3.2.2 Discriminant validity**

The instrument used in this study was also tested for discriminant validity. The table below shows the coefficients for the test, which approve that the discriminant validity for the instrument was acceptable.

Table 4.7 Discriminant validity

<table>
<thead>
<tr>
<th>Constructs</th>
<th>Minimum AVE for the constructs</th>
<th>R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-SQ and Customer satisfaction</td>
<td>0.724</td>
<td>0.512</td>
</tr>
<tr>
<td>E-SQ and customer loyalty</td>
<td>0.705</td>
<td>0.539</td>
</tr>
<tr>
<td>E-SQ and Word of mouth</td>
<td>0.645</td>
<td>0.002</td>
</tr>
</tbody>
</table>

Source: Primary data

The instrument passed discriminant validity test since the minimum AVE for the two constructs under regression was greater than the R square coefficient of regression of the two constructs. According to Hair et al (1998) the R square should be less than the minimum AVE values regressed between the two constructs.

**4.4.0 Hypothesis testing**

The researcher tested the hypotheses so as to determine the impact of e-service quality on customer satisfaction, loyalty and WOM.
4.4.1 H₁: There is a relationship between e-service quality and customer satisfaction

In hypothesis 1, it was proposed that there is a relationship between e-service quality and customer satisfaction. This hypothesis was supported. A Pearson correlation coefficient of 0.716, significant at 0.00 level was used to test the hypothesis. The correlation coefficient of 0.716 was very strong and statistically significant (p<0.01) to provide enough evidence that there is a very strong relationship between e-service quality and customer satisfaction. Table 4.8 below shows the correlation statistics for e-service quality and customer satisfaction.

**Table 4.8 Correlation for e-service quality and customer satisfaction**

<table>
<thead>
<tr>
<th></th>
<th>E-service Quality</th>
<th>Customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-service Quality</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>68</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td>Pearson Correlation</td>
<td>.716**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>68</td>
</tr>
</tbody>
</table>

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

Source: Primary data

From the table above, it is illustrated that there is a strong and positive relationship between the two variables. The strength of the relationship is depicted by the closeness of the Pearson Correlation coefficient to 1, and in this case, it was found to be 0.716. This shows evidence of a strong positive relationship between e-service quality and customer satisfaction. This means that CBZ customers are highly satisfied by the ATM service being provided to them.
4.4.2 H2: There is a relationship between e-service quality and customer loyalty

In hypothesis 2, it was postulated that there is a relationship between e-service quality and customer loyalty. The researcher tested the hypothesis to claim whether there is a relationship between e-service quality and customer loyalty. This hypothesis was well supported and therefore accepted. A Pearson correlation coefficient of 0.734, which was significant at 0.01 proved the claim that there is a relationship between e-service quality and customer satisfaction. Table 4.9 below shows the results for correlation between e-service quality and customer loyalty.

Table 4.9 Correlation for e-service quality and customer loyalty

<table>
<thead>
<tr>
<th></th>
<th>Customer Loyalty</th>
<th>E-service Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Loyalty</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>68</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>68</td>
</tr>
<tr>
<td>E-service Quality</td>
<td>Pearson Correlation</td>
<td>.734**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>68</td>
</tr>
</tbody>
</table>

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

Source: Primary data

From the table above, it clearly depicts that, significant at 0.01, a correlation coefficient of 0.734 shows a very significantly strong and statistically significant relationship (p<0.01) between e-service quality and customer loyalty. Therefore, the research hypothesis was accepted as the correlation shows a strong relationship between the two variables.
4.4.3 H3: There is a relationship between e-service quality and customer Word of mouth

In hypothesis 3, it was proposed that there is a relationship between e-service quality and customer WOM. The researcher tested the hypothesis to prove whether there is a relationship between e-service quality and customer WOM. However, the claim was not supported. The Pearson correlation coefficient for e-service quality and WOM was 0.05 significant at 0.01. The results failed to support the hypothesis. Table 4.10 shows the correlation for e-service quality and customer WOM.

Table 4.10 Correlations for ESQ and WOM

<table>
<thead>
<tr>
<th>Correlations</th>
<th>E-service Quality</th>
<th>Word of mouth</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-service Quality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>1</td>
<td>0.050</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>0.686</td>
</tr>
<tr>
<td>N</td>
<td>68</td>
<td>68</td>
</tr>
<tr>
<td>Word of mouth</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pearson Correlation</td>
<td>0.050</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>0.686</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>68</td>
<td>68</td>
</tr>
</tbody>
</table>

Source: Primary data

From the above table, the Pearson correlation coefficient of 0.05, which is significant at 0.01, shows that there is a very weak relationship between ESQ and WOM (p>0.01). This is clear evidence that there is a very weak and insignificant relationship between e-service quality and customer WOM. The results of the study did not provide sufficient support to the claim that there is a relationship between ESQ and WOM. This result failed the hypothesis 3. The researcher therefore rejects the research hypothesis.
4.5.0 Discussion of findings

The findings of the research are discussed hereby discussed so as to assess the similarities and major differences between the current body of knowledge and the results of this study.

4.5.1 E-service quality and customer satisfaction

The study found out that a relationship exists between e-service quality and customer satisfaction. The researcher accepted the hypothesis testing for ESQ and customer satisfaction. Parasuraman, Zeithaml and Malhotra (2005) concur with these results. Parasuraman et al., (2005) also claims that e-service quality is a major determinant of customer satisfaction and the results of the research support the claim. Works by Parasuraman, Zeithaml and Malhotra (2005) also agree to the determination of customer satisfaction by e-service quality delivered.

Furthermore, research in India by Brahmbhatt (2011) also laid empirical literature on the subject, in their study ‘An assessment of service quality in banks.’ According to his research, it has become imperative to measure service quality of the banks so that the service provider can assess their level of quality and identify quality gaps for improvement. He found out that service quality is the main determinant of customer satisfaction. Furthermore, the study revealed that all the variables in the E-SERVQUAL model had positive relationship with customer satisfaction. Thus, the study concluded to a positive relationship between service quality and customer satisfaction, thereby concurring to the findings of this research.

Tahir and Bakar (2007) also found out the same results from their studies in Malaysia. Customer satisfaction depends on the overall evaluation of the e-service by the customer, hence the 68 CBZ customers indicated that they were overally satisfied with the delivery of the ATM service by the bank. Kotler and Armstrong (2004) also said that the more satisfied the customer is, the more he develops a patronised relationship with the company. It hence means that the more satisfied CBZ customers are with the ATM service, the more the customer is willing to use the service, hence we can generalise that there is a positive relationship between ESQ and customer satisfaction.
4.5.2 E-service quality and customer loyalty

The research found out that there is a relationship between e-service quality and customer loyalty. The results did concur with some past researchers who also carried out surveys on the same subject. According to Talebi et al. (2012), (A study of Bank Melli in Siahkal City, Iran) there exists a direct relationship between e-service quality and customer loyalty and satisfaction play the mediator role. This study concurs with the findings of the research that when having high customer satisfaction levels through higher e-service quality, customers tend to be more loyal. Thus the findings also support the idea that a relationship exists between e-service quality and customer loyalty but a more direct relationship of e-service quality and customer loyalty plays the mediator role.

In Dakar, (Bangladesh), Akbar and Parvez (2009) concluded that trust and customer satisfaction are significantly and positively related to customer loyalty. Customer satisfaction has found to be an important mediator between perceived service quality and customer loyalty. Therefore they did concur with the results of the research.

The findings of the research contrast with what Floh and Treiblmaier (2006) discovered. They used a sample of 2000 customers at the Austrian bank to investigate the relationship between e-service quality and customer loyalty. They found that only satisfaction and trust were identified as the antecedents of customer loyalty. They concluded that there is no direct relationship between e-service quality and customer loyalty but a relationship on exists between e-service quality and customer satisfaction.

4.5.3 E-service quality and WOM

The findings come concur to the findings by Van den Bulte and Lilien (2001). In the survey ‘Social contagion versus marketing,’ University of Pennsylvania, contrasting conclusions were added to the existing body of knowledge. According to the research study, marketing effort not interpersonal communication were the drivers of customer decisions and emotions. They argued that if specific information is made available to the market participants, marketing effort bring positive results than WOM communication. They said that service quality has no significant relationship with WOM but that
consumers post service consumptions evaluations are determined by long-term brand perceptions in the minds of customers.

The findings of the research show that in this banking environment, advertisements are more beneficial than social interactions in influencing customer emotions and decision making in choosing between competing brands. The results contrasted with those of Knauer (1992), and Murray (1991) who all discovered a direct link between e-service quality and WOM. They found a positive relationship between brand perceptions and customer WOM with customer satisfaction the moderating variable. However, the results of this study show no apparent relationship between e-service quality and customer WOM.

Brown et al (2001) also empirically tested the relevance of service quality on WOM communication. The results of the research show a strong positive relationship between the quality of service and the WOM spread by service consumers. Thus, therefore the results showed that service quality is positively related to WOM communication. The results of the research therefore do contrast to what the researcher revealed in this study.

4.6 Summary

This chapter dwelled on presenting, analyzing and discussing the major findings of the research. The chapter reveals the addition to the body of knowledge that the survey brought. The major findings of the survey were that there are positive and significant relationships between ESQ and customer satisfaction, ESQ and customer loyalty. However, the research found an insignificant positive relationship between ESQ and WOM. The next chapter shall look on the summary of findings, conclusions, recommendations as well as considerations for future research on the subject.
CHAPTER V

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction
As the final chapter of the research report, the summary of major findings and conclusions, recommendations as well as considerations for future research. This chapter also provides an account of the limitations of this research which is of great significance to the readers of this research project.

5.1 Summary of findings
The research subject was to assess the impact of e-service quality on customer outcomes. It is against this topic that the objectives were crafted. The objectives of this research project were to reveal the relationships between ESQ and customer satisfaction, ESQ and Scustomer loyalty as well as ESQ and customer WOM after using the ATM service. A synthesis of different author's ideas in literature review was done in order to assess the generalisations present in the current body of knowledge. The researcher used both empirical and theoretical data to be able to create the gap between current knowledge and the research problem. A causal research design was used so as to examine the relationships pertinent in e-service quality and customer outcomes of satisfaction, loyalty and WOM. The researcher used systematic sampling technique to select bank customers who provided answers to the questions from which generalisations of this study were derived from.
The researcher found out there is a relationship between e-service quality and customer satisfaction in the banking sector, particularly on the CBZ ATM services. The customers exhibited that they were being highly satisfied by the e-service being provided by CBZ ATM systems. The research therefore found out that overall satisfaction of the customers was high because of the e-service delivery being offered by CBZ.

Secondly, the research also found out that there is a relationship between e-service quality and customer loyalty. The higher the e-service quality, the more the customers is satisfied and willing to stay in business with the bank. The customers indicated that the service is satisfying them, therefore their loyalty towards the service being offered is also high. The role of customer satisfaction is that it plays a mediating role in the relationship e-service quality and customer loyalty. The survey found that there a relationship between e-service quality and customer loyalty.

The third and final objective in this research was to reveal the association between ESQ and customer WOM. The data gathered from 68 CBZ customers indicated that there was no significant relationship between ESQ and customer WOM. They indicated that although they share or talk about their e-banking service experiences, the impact of WOM on their banking choices and decision making was highly limited. However, the customers selected for the study claimed that they rather rely more objectively on the recommendations from advertisements by the bank itself as the main driver of their banking choices and decision making. The researcher found that there was no significant relationship between ESQ and customer WOM.

5.2 Conclusions

In the light of the findings given above, the research can give conclusions on the impact of e-service quality and customer outcomes. For ESQ and customer outcomes of loyalty and satisfaction, the researcher found positive and significant relationships between the variables. High quality of service delights customers and will keep the customers loyal to the bank. Therefore, there is a relationship between ESQ and customer satisfaction. Similarly, evidence from the study also shows that there is a positive relationship between
ESQ and customer loyalty. However, for the last objective, the impact of e-service quality on WOM, the research reveals that there is no significant positive relationship between the two variables. Evidence from the research entails that there is very low and insignificant relationship between ESQ and WOM in the banking sector, customers exhibited their desire to rely on marketing communications by CBZ rather than WOM spread after use of the e-service. Therefore, there is no relationship between ESQ and WOM.

5.3.0 Recommendations

In the wake of the findings of this research, the researcher has the following recommendations to CBZ bank so that they offer the best e-service which would yield the maximum satisfaction to their customers.

5.3.1 E-service quality and customer satisfaction

As the research shows that there is a very significant relationship between e-service quality and customer satisfaction, it is necessary that that the CBZ ensures that it embarks on total quality management of the service scape that the bank provides to its customers so that the customers’ expectations are exceeded by the delivery of the service. The bank should tailor make their service blueprint so that they can view their service from the customers’ point of view, encompassing the technological requirements needed to provide the highest quality of ATM service. The bank should draw up a service blueprint for their ATM service and other e-banking services as well so that the overall banking experience would delight its customers. Service blueprinting helps organisations make service improvements which aim to mitigate service failures which can lead to dissatisfaction to the customer.

CBZ should also design service recovery systems which enable the bank to address service failure so that the bank can keep its customers loyal. Service recovery helps bank to account for mishaps that occur during service delivery so that customers are kept content about the services offered by the bank. This is all done to keep the service highly rated by its customers so that they are delighted and the bank will make more profits for it
will be able to keep a large customer base since its e-service provides a competitive edge over other banks in the industry.

CBZ should also maintain that while banking is changing, the financial needs of the customers have not changed. People still need to deposit money, make payments and get paid, buy their own needs and protect their wealth. Digitalisation of the banking sector doesn’t alter these fundamental needs, it merely changes the way of providing them. To maintain customer satisfaction, CBZ should not be blinded by digitalization to only focus on ATM channel only in their services. Customers value access to their money across a whole range of platforms, including the traditional branch, ATMS and the telephone. A customer might be happy to check his balance on the ATM, but choose to do investment research online. A customer may want to ask about a mortgage on the phone but prefer to walk into a branch to complete application with a relationship manager. Understanding what drives behavior and the way in which different channels need to complement one another, is crucial to turning banking into a relevant and seamless experience for the customer.

Lastly, CBZ should make technology everybody’s business. Every member of staff needs to understand how digitalisation affects the bank’s interface with customers and its future business model. Banks of the modern day are now already technology organisations, now they need to develop a true innovation culture which gives them a competitive edge to win the hearts of their customers and keeping them satisfied with their services is the best panacea to prosper in the midst of competition especially from the telecommunications sector which has moved into offering banking services.

5.3.2 E-service quality and customer loyalty

CBZ needs to offer the e-services that encourage customers to stay with the bank for a long time. Customer loyalty has been increasingly become more important in the modern banking industry because of intense competition from other banks as well as telecommunications giants who have launched Ecocash, Telecash, One Wallet and the recently launched Netty Cash, providing money transfer services to their subscribers
across networks. These mobile operators have provided competition for the banking services sector and hence CBZ should build up on their loyal customer base to maintain customer retention than acquisition because it is very expensive to keep on prospecting for customers in the face of competition.

The bank should also focus on customer loyalty programs which ensure their edge over its customers, allowing them to stay in business with the bank for the foreseeable future. Customer loyalty programmes are an effective way to improve customer retention levels. The high cost of bringing in new business compared to retaining existing clients is undisputed so increasing customer retention can significantly boost bottom line profits. In a competitive market such as the modern banking sector where customers find it easy to switch to another bank, loyalty schemes are an effective way of increasing customer retention and improve profitability of the bank. To increase loyalty, CBZ must recognize and reward its best customers so that they have got motivation to continue doing business with the bank. The bank may offer segmented bank charges for its customers depending on the length of the business relationship. The bank may also offer rewards to the best customers, monthly or even annually at branch level. These programmes are well necessary to keep the bank afloat in the face of stiff intense competition and liquidity crunch in the economy.

Historically, many Zimbabwean firms have followed an ‘all things to the people’ approach to marketing, often times emphasizing on customer acquisition over customer retention (The Zimbabwe Independent, August 29 to September 4). In today’s market place, competition is more aggressive, consumer behaviours are shifting rapidly, and consumers are presented with more choices than ever before. Combining this with the fact that companies are facing liquidity challenges and many are dealing with the challenge of a limited marketing budget and customer loyalty issues. Recent shifts in the economy from hyperinflation to dollarization, liquidity challenges and now deflation have reminded banks of the need to create strong relationships with customers as the only panacea to business success. From this, it is clear that CBZ must build on their existing
customer patronage to strengthen their customer base and increase future growth prospects and profitability in the long term.

5.3.3 E-service quality and customer word of mouth

The findings of the research show that the impact, strength and scope of customer WOM is limited in the Zimbabwean banking environment. The customers indicated that although they share or talk about their e-banking service experiences, the impact of WOM on their banking choices and decision making was highly limited.

According to the US Office of Consumer Affairs, one dissatisfied customer is likely to spread bad WOM to about the next 9 consumers about the bad attributes of a product or service he or she experienced and this affects patronage behavior. Although the study has concluded to the assertion that there is insignificant relationship between e-service quality and customer satisfaction, the bank must focus on trying to adopt a total quality management system which would do away with the pitfalls of service failure to mitigate the effects, if any, of bad WOM in the name of CBZ resulting from service failure. This would enhance the CBZ corporate brand image as a good service provider in the banking sector. In today’s business, reputation is crucially important to be great and desirable, although the results of the research acknowledge the impact of WOM as insignificant.

Secondly, the customers who participated in the research also revealed that they mostly rely on the bank’s marketing efforts so that they can get knowledge, recommendations which affect their banking choices and decision making. The findings of the study suggest that CBZ should also increase their marketing budget so that more of their communication mix strategy is centered towards advertising relative to other tools. The bank must embark on an ongoing integrated marketing communication strategy that ensures all its developments, information, innovative products introduced by the bank reach the targeted customers or intended target population. The findings necessitate that the bank should make tireless marketing efforts, especially advertising, to ensure that CBZ and its customers are par in terms of new developments about the services.
CBZ should also try to embark on WOM advertising so that the use of WOM gives them a cheap advantage to spread marketing messages across customers. The method involves targeting the most influential members of the society to deliver a message in the market and as customers acknowledge this, the importance of WOM in spreading marketing messages would be improved. The bank should also make use of opinion leadership and viral marketing techniques in order to improve the role and impact of WOM in spreading good news from the customers to other customers or prospects.

5.4 Limitations of the study

However, there are limitations inevitable to every piece of research work. The researcher used a relatively smaller sample size than the ones used to generalize results in the empirical literature analysed in the build up to data collection. However, the researcher ensured that the sample was truly representative of the CBZ customers using ATM services at the selected branches. The researcher also limits to the measurement instrument used in the survey. There were challenges in finding a combined instrument with all constructs measuring the impact of e-service quality and customer outcomes of satisfaction, loyalty and WOM. However to mitigate the problem, the researcher adopted instruments used in the mentioned area and combined the empirically validated instruments and tested them for validity.

5.5 Considerations for future research

This research was centered on assessing the impact of e-service quality on customer outcomes, focusing on ATM services being provided by CBZ branches in Harare. The researcher is of the opinion that future research on the topic would be tailored to assess the impact of e-service quality and customer outcomes, looking at the entire e-services being provided by CBZ not only on ATM as this would give a greater analysis when examining the impact which e-banking services has on customer satisfaction, loyalty and WOM. The study would employ a larger sample (larger than 68 used in this study) and the geographical delimitations extended to branches outside Harare so that the results would be more generalizable from a wider perspective.
References


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Kaplanidou, K. (2009). ‘The role of word of mouth and how it can be used to develop a competitive advantage for a destination. Michigan University.’ Journal of Business Research, Volume 3; 2-22

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The Chronicle 10 February 2014


Wafa, M’S., Nabil, M. and Olfa, B. (2009). ‘Customers’ evaluations after a bank renaming: effects of brand name change on brand personality, brand attitudes and customers’ satisfaction,’ Innovative Marketing, Volume 5, Issue 3; 2009 58


Dear Sir/Madam

I am a 3rd year student at the above mentioned institution and I am pursuing a Bachelor of Business Studies Honours in Marketing and. As required by the statutes of the institution, I am carrying out a research project in partial fulfilment of my studies. My research topic is titled ‘The impact of e-service quality on customer outcomes. A case study of The Commercial Bank of Zimbabwe’

Consequently, I am requesting you to assist me by completing the questionnaire attached to this letter as honestly as possible. The information that you provide will be treated with utmost confidentiality and will be used exclusively for academic purposes.

Please do not write your name on the questionnaire. Your completion and the subsequent forwarding of this questionnaire to the undersigned will be interpreted as implying your willingness to participate in this study.

Your time and cooperation is sincerely appreciated.

Yours faithfully

Phillip Dangaiso
## APPENDIX 2
### QUESTIONNAIRE

**SECTION A: DEMOGRAPHIC INFORMATION**

1. Please indicate your gender by circling your option.

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Male</td>
</tr>
<tr>
<td>2</td>
<td>Female</td>
</tr>
</tbody>
</table>

2. Please indicate your age by circling the option.

<table>
<thead>
<tr>
<th></th>
<th>Age Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>25 years and below</td>
</tr>
<tr>
<td>2</td>
<td>26 to 35 years</td>
</tr>
<tr>
<td>3</td>
<td>36 to 45 years</td>
</tr>
<tr>
<td>4</td>
<td>46 to 55 years</td>
</tr>
<tr>
<td>5</td>
<td>Above 55 years</td>
</tr>
</tbody>
</table>

3. Please indicate your education level by circling the option code.

<table>
<thead>
<tr>
<th></th>
<th>Education Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ordinary Level</td>
</tr>
<tr>
<td>2</td>
<td>Diploma</td>
</tr>
<tr>
<td>3</td>
<td>First degree</td>
</tr>
<tr>
<td>4</td>
<td>Masters degree</td>
</tr>
<tr>
<td>5</td>
<td>Higher than Master’s degree</td>
</tr>
</tbody>
</table>
4. Please indicate your monthly income by circling the option code.

<table>
<thead>
<tr>
<th></th>
<th>Below $200</th>
<th>$200 -$399</th>
<th>$400-$599</th>
<th>$600-$799</th>
<th>$800 -$999</th>
<th>$1000 and above</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

5. Please indicate your income source by circling the option code.

<table>
<thead>
<tr>
<th></th>
<th>Self-employment</th>
<th>Formal employment</th>
<th>Investment returns</th>
<th>Pension fund</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**SECTION B: SERVICE USAGE**

1. For how long have you been using CBZ ATM services?

<table>
<thead>
<tr>
<th></th>
<th>Below 2 years</th>
<th>2 years</th>
<th>3 years</th>
<th>4 years</th>
<th>5 years</th>
<th>Above 5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. How frequent do you use the ATM service?

<table>
<thead>
<tr>
<th></th>
<th>Daily</th>
<th>Weekly</th>
<th>Once in a fortnight</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. What do you usually use your **ATM** account for?

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Cash withdrawal</td>
</tr>
<tr>
<td>2</td>
<td>Paying Merchant</td>
</tr>
<tr>
<td>3</td>
<td>Balance Enquiry</td>
</tr>
<tr>
<td>4</td>
<td>Paying bills</td>
</tr>
<tr>
<td>5</td>
<td>Other</td>
</tr>
</tbody>
</table>

**SECTION C: E-SERVICE QUALITY**

Below is an e-service quality rating scale for CBZ’s ATM services. Please indicate your choice from 1 to 5, with 1 being the least and 5 the highest.
<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ATM service enables me to do my transaction quickly</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The facility is simple to use</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The ATM is a well-organized service</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The service is accessible from anywhere (interbank connectivity)</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The ATMs are always available for business</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The system does not crush</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The ATM service does not freeze after I enter my information</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The ATM is accurate and error free</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The service is truthful about its offerings</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The facility is available for delivery within a suitable time frame</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The ATM service protects information about my banking behavior</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The service does not share my personal information with other sites</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>The ATM protects information about my credit card</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

**SECTION D: CUSTOMER LOYALTY**

Below is a customer loyalty rating scale for CBZs ATM services. Please tick your choice.

1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5 Strongly Agree

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>The ATM service makes me have one ATM account only with CBZ</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I will always use CBZ ATM services given the choice between banks</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I take pleasure in being a customer of the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have been relying on CBZ services due to excellent ATM services</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>There is a presence of reciprocity in my relationship with the company</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>I have only one bank account</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>CBZ are the best ATM service provider</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>
We have a close relationship because of the bank’s ATM service

<table>
<thead>
<tr>
<th>I have feelings of trust towards the company.</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>

**SECTION E: CUSTOMER SATISFACTION**
Below is a customer satisfaction rating scale for CBZs ATM services. Please tick your choice.
1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5 Strongly Agree

<table>
<thead>
<tr>
<th>My service provider consistently meets my expectations.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having had contact with ATM service employees from CBZ, I can say that they feel confident that they will try to treat me fairly</td>
</tr>
<tr>
<td>CBZ emphasises customer satisfaction as opposed to rules and procedures</td>
</tr>
<tr>
<td>My service provider has always responded to my needs</td>
</tr>
<tr>
<td>CBZ and all its service centres (ATM) are easily accessible</td>
</tr>
<tr>
<td>The service provider employees make sure that problems do not rise in our business relationship</td>
</tr>
<tr>
<td>I am satisfied with the ATM services from my service provider.</td>
</tr>
<tr>
<td>Considering everything am extremely satisfied with the ATM service</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>

**SECTION F: WORD OF MOUTH**

1. Below is a Word of Mouth rating scale for CBZ ATM services. Please complete.
1= Strongly Disagree, 2= Disagree, 3=Neutral, 4= Agree, 5 Strongly Agree

<table>
<thead>
<tr>
<th>I share my banking experience with my friends and family</th>
</tr>
</thead>
<tbody>
<tr>
<td>I opened my ATM account when I heard that CBZ has best service</td>
</tr>
<tr>
<td>Many people talk about their past banking experiences</td>
</tr>
<tr>
<td>My friends and family have accounts with CBZ</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
</table>

71
Social interaction has helped me access the best e-banking services

<table>
<thead>
<tr>
<th></th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>I make choices which I think others will approve</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

2. What is your major source of ATM service recommendations? Circle your response.

<p>| | | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bank Staff</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Bank Website</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Social Networks</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Advertisements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

THANK YOU VERY MUCH FOR PARTICIPATING IN THIS SURVEY.

APPENDIX 3

Formula to calculate Average Variable Extraction (AVE)

Average Variance Extraction for e-service quality

\[
\frac{\sum(\text{standard loading}^2)}{\sum(\text{standard loading}^2) + \sum(1-\text{standard loading}^2)}
\]

\[
\frac{\sum(0.77^2+0.89^2+0.88^2+0.96^2+0.85^2+0.79^2+0.87^2+0.91^2+0.61^2+0.7^2+0.67^2+0.81^2)}{\sum(0.77^2+0.89^2+...........+0.51^2) + \sum(1-0.77^2+1-0.89^2+........+1-0.81^2)}
\]
Average Variance Extraction for customer satisfaction

\[ \sum (0.71^2 + 0.69^2 + 0.78^2 + 0.66^2 + 0.75^2 + 0.79^2 + 0.87^2 + 0.82^2) \]
\[ \sum (0.71^2 + 0.69^2 + \ldots + 0.82^2) + \sum (1-0.71^2 + 1-0.69^2 + \ldots + 1-0.82^2) \]
\[ = 0.724 \]

Average Variance Extraction for customer loyalty

\[ \sum (0.81^2 + 0.79^2 + 0.68^2 + 0.66^2 + 0.65^2 + 0.89^2 + 0.77^2 + 0.82^2 + 0.7^2) \]
\[ \sum (0.71^2 + 0.69^2 + \ldots + 0.7^2) + \sum (1-0.81^2 + 1-0.79^2 + \ldots + 1-0.7^2) \]
\[ = 0.775 \]

Average Variance Extraction for customer word of mouth

\[ \sum (0.69^2 + 0.78^2 + 0.68^2 + 0.67^2 + 0.85^2 + 0.79^2) \]
\[ \sum (0.69^2 + 0.78^2 + \ldots + 0.79^2) + \sum (1-0.69^2 + 1-0.78^2 + \ldots + 1-0.79^2) \]
\[ = 0.645 \]