

# An Evaluation of the Management of Customer Experiences by Commercial Banks in Zimbabwe

Douglas Chiguvu<sup>1</sup> Kudzanai Charity Muchuchuti<sup>2</sup>

1. Marketing Management Lecturer & PhD Candidate, Department of Entrepreneurship, BA ISAGO University, P. Bag 149, Gaborone, Botswana

2. Accounting and Finance Lecturer, Department of Accounting and Finance, Ba Isago University, P. Bag 149, Gaborone, Botswana

## Abstract

The research investigates the management of customer experience by Zimbabwean commercial banks. Most of the products being offered by the banks have become standardised therefore banks are being forced to orient their strategies towards customers instead of products making customer experiences a very key factor in strategic management. The research used the descriptive survey research design and non-probability sampling was used to select participants from the study population. Research instruments used were questionnaires and interviews. Data analysis was done using SPSS computer package. The study findings revealed that Zimbabwean commercial banks seem to be failing to realign their service offering to meet customer expectations. Therefore it can be concluded that the service offering in Zimbabwean Banks does not meet customer expectations. The study also reveals that employees in the Zimbabwean commercial banking sector are not adequately motivated to have customer centric values. The study results divulge that customers are satisfied with the physical environment and managers conveyed that they used the Physical Environment as a package and a facilitator. Finally managers mentioned that they face challenges when they are trying to manage customer experiences, 39% of management showed that lack of support from senior management which can be closely linked to the lack of resources contributed significantly to the challenges they faced in trying to manage customer experiences. Management also brought to fore the point that they were no clearly defined customer experience strategies in the organizations therefore it becomes very difficult to execute such strategies. The researchers recommended the need for Zimbabwean commercial banks to begin to actively involve their customers during product development and to put in place customer experience management strategies in their strategic plans.

**Keywords:** Customer experience management, Customer expectations, Customer perceptions and Commercial banks.

## 1. Introduction

The banking sector is a customer oriented service industry which is currently facing huge transformations due to a highly competitive environment which is increasingly demanding customer centricity. The recent economic crisis; mainly characterized by unprecedented economic recessions and bank failures, an increasingly demanding environment and introductions of new technologies have seen a radical shift in the market power from banks to their customers. To ensure survival, it has become imperative for banks to align their strategies in response to changing customers' behavior (Buljan, 2005). Banks offer services which by nature are invisible and indispensable from the person who extends it. An effective and efficient service is one which is extended appropriately by meeting individual customer expectations and improving customer experiences from time to time. If customer expectations are not met, this results in the customer having a bad experience. Carbone (2004) contends that creating value for customers by providing the total memorable experiences is the increasingly employed strategy. Providing a good customer experience is crucial in the service sector and according to Schmitt (2003), customer focus is the single best differentiator between the best and the worst companies. In recent years, banks have started implementing Customer Experience Management (CEM) as a survival strategy. Internationally, banks are successfully managing their customer experiences through implementation of strategies that help them to meet customer expectations. This is because according to Ambashata (2000) customer experience is defined by customer expectations. A bank can be said to be implementing Customer Experience Management if it has aligned its operations and business processes around the needs of the individual customer, allowing for both emotional and functional satisfaction for the customer during service delivery (Ambashata, 2000). Barclays Bank Limited is focusing on delivering exceptional customer experience as a differentiating tool, to try and stop customers from switching to competitors. The bank committed £1bn up to 2018 on improving the customer experience in their retail banking operations. Barclays Bank aims to improve its customer experience through enhancement of its infrastructure, training its employees to be customer oriented and improving its product offering to ensure that it meets and surpasses their customer expectations (Barclays Bank annual report, 2013). Globally most commercial banks are realigning the marketing strategies towards delivering exceptional customer experience and customer delight.

**Table 1.0: Commercial banks approach to Customer experience management**

	THEN	NOW
<b>Services offered</b>	Deposits & Lending	Full service banking, financial management & insurance
<b>Customer touch points</b>	Branch visits, limited opening hours, long queues	Rarely visit branch. Internet, ATMs, telephone, extended branch opening hours
<b>Loan approvals</b>	Visit branch manager, weeks to confirm approval	Lending officer visits you, days to confirm approval
<b>Geographical Coverage</b>	Local / National	International
<b>Business banking</b>	Via Branch manager	Dedicated Business Banking relationship manager

**Source: (Finance BPI, 2013)**

The aforementioned clearly reveals a huge shift by banks towards customer experience management. This shift in strategy has already started paying off in most instances. In America the Wachovia Bank has been ranked as number one in ‘The American Customer Satisfaction Index’ eight years in a row (2005-2013) due to its focus on customer experience that has made it one of the favored banks among customers. According to The 2011 edition of Peppers & Rogers Group and Efma's Customer Experience in Retail Banking in Europe, banks that reported that they were committing resources to improve their customers' experiences have definitely made progress in terms of customer satisfaction, customer retention and profitability (Peppers and Rogers, 2011).

Similar to their international counterparts, the Zimbabwean commercial banking sector which comprises fourteen fully operational banks has also been operating in an extremely difficult and complicated environment under a sustained period of economic turmoil. The Zimbabwe Banking Sector Customer Engagement Report released by Industrial Psychology Consultants (IPC) shows that the percentage of account holders in the Zimbabwean banking sector dropped significantly in the period 2010-2015. The recent trend observed has been that the majority of those who have opened bank accounts from 2010 to date merely use their accounts to receive their salaries. The report also revealed that currently 75.30% of the research participants said they were not satisfied and want to move away from their current bank (IPC Consultancy, 2016). The above information is a clear indication that Zimbabwean commercial banks might be failing to meet their customers' expectations. The Zimbabwe Banking Sector Customer Engagement Report by Industrial Psychology Consultants outlines that though many of the expectations that customers have of their banks are really realistic and achievable, very few banks are living up to them (IPC Consultancy, 2016). According to the report, major customer expectations are as given in Table 1.1 below.

**Table 1.1: Customer Service Expectations.**

CUSTOMER SERVICE EXEPECTATIONS	% AGREEMENT
Polite & Courteous Staff-(Employee behavior)	34.50%
Being served quickly and professionally-(Employee behavior)	35.00%
Effective Operations -(Service offering)	8.70%
Personalized service-(Service offering)	5.40%
Product Knowledge-(Service offering)	3.40%
Communication-(Service offering)	3.00%
<b>AMBIENCE</b>	<b>2.00%</b>

**Source: (IPC Consultancy, 2016)**

The Table 1.1 clearly brings to fore the three main aspects that define customers' expectations in the Zimbabwean commercial banking sector and these are; the service offering, physical environment and employee behavior. It is through management of these three factors that Zimbabwean banks can be said to be successfully managing customer experiences as supported by Lovelock (2007) who states that customer experience hinges upon three main clues that are; functional clues which point to the technical quality of the product offering, mechanical clues relating to the non-human elements such as the design of the facility and human clues coming from the behavior and appearance of employees. Some empirical evidence might suggest that since 2009 to 2014, some commercial banks have embarked on similar strategies as stated above. Banks like Stanbic Bank, BancABC and Standard Chartered Bank have increased their focus towards having notably good physical environments. There has been introduction of a wide range of convenience products by banks such as FBC Bank Limited and CBZ Bank Limited through the MasterCard and E-banking facilities (Financial Gazette, 2014). In the year 2012 BancABC won an award for having outstanding employees, and banks such as Steward Bank and ZB hold various regular training seminars on customer care. In spite of this, the Zimbabwe Banking Sector Customer Engagement Report (2016) by Industrial Psychology Consultants still shows that most banks

were still failing to improve customer experiences since eight out of every ten customers wanted to move from their bank. The high number of unsatisfied customers as shown in the report in table 1.1 has prompted the researcher to try and determine whether strategies implemented by the Zimbabwean commercial banks have been implemented with the clear focus being that of managing customer experiences. The Zimbabwean banking sector is characterized by a large number of unsatisfied customers as evidenced in the mentioned background. This has resulted in low customer loyalty, high customer switching and inevitably lower profit margins for the majority of the banks. According to Peppers and Rogers (2011) building customer loyalty is critical as it not only results in customers staying with a service provider for longer, but they also purchase more from that service provider. Low customer satisfaction might be an indication of poor customer experience management in the banking sector. These brings to fore the pertinent questions relating to how banks are managing the ever changing customer needs and expectations. Are the services being offered by banks meeting customer needs and expectations? Is the physical environment to the customer's liking and are employees motivated to be customer centric? This research is a holistic effort in this direction.

## 2. Literature Review

### Customer Experience Defined

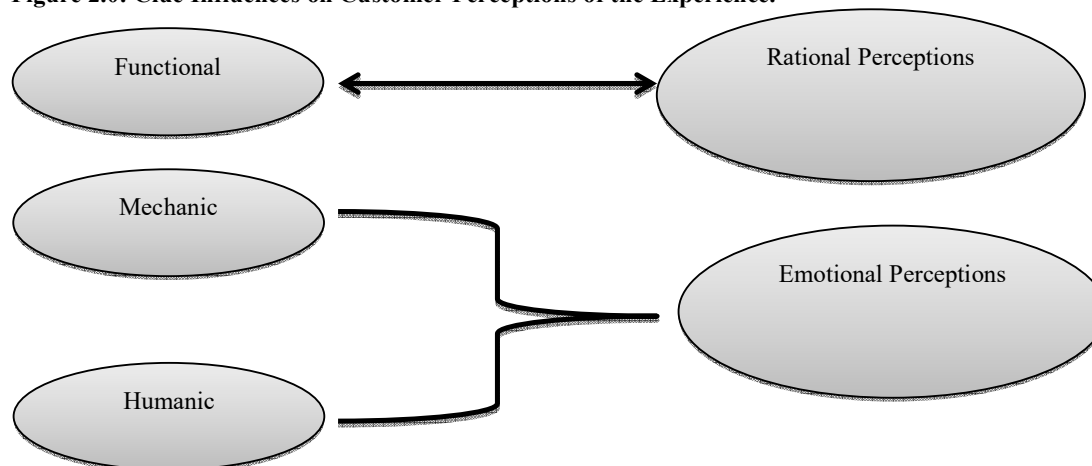
Several scholars conceptualize customer experience in varied ways (Poulsson and Kale, 2004; Uriely, 2005; Mascarenhas, Kesavan and Bernacchi, 2006). Poulsson and Kale (2004) view customer experience as an engaging act of co-creation between a provider and a consumer wherein the consumer perceives value in the encounter and in the subsequent memory of that encounter. Gentile et al., (2007) posits that customer experience originates from a set of interactions between a customer and a product, a company or part of its organization and the value that the consumer and the company gain is created through that set of interactions; whereby highlighting the importance of value that must be created by the customer experience. Customer experience is defined by Frow and Payne (2007:39) as the users' understanding of his/her total interaction with the brand. Gentile et al., (2007:65) support this definition and say that customer experience originates from a set of interactions between a customer and a product, a company or part of its organization and the value that the consumer and the company gain is created through that set of interactions; whereby highlighting the importance of value that must be created by the customer experience. Meyer and Schwager (2007:49) go on to define customer experience as the internal and subjective response customers have to any direct or indirect contact with a company. These definitions suggest that customer experience takes a particular standpoint from the perspective of the customer. Meyer and Schwager (2007:50) further extend the definition to include every aspect of the company offering namely the quality of customer care, advertising, packaging product and service features ease of use and reliability. This suggests that customer experience responsibility goes much further than the customer service division. Schmitt(2003:23) provides a slightly different perspective to customer experience and describes it as a practical management tool that can show one in detail how one can provide experiential value to customers and in turn drive financial value for your firm. As the above indicates, customer experience can be viewed from different dimensions and mainly revolves around the customer's perceptions and attitude and from Schmitt (2003), it goes on to include how the organisation seeks to manage these experiences profitably. Carbone (2004) states that creating value for customers by providing the total memorable experience is increasingly becoming the employed strategy and that the essence of experience as a value proposition is as old as business itself.

### Managing Customer Experiences

Berry et al., (2006) indicates that managing customer experiences is a series of discrete sub experiences that is full of message which influence how customers feel and tell a story about the service and company that provides it. Many Scholars pointed out that managing the customer experience requires changing how business is done by being able to sense and respond to customer needs. This requires taking a look at the holistic customer experience and not just bolts on pieces and look at things in silos. Schmitt (1999) has explored how companies create experiential marketing by having customers sense, feel, think, act and relate to a company and its brands. This clearly shows that, customer experience management is a strategy to engineer the customer's experience in such a way as to create value both to the customer and the firm. Customer experience management differs from customer relationship management by focusing on the current experience of the customer, rather than the recorded history of the customer. In order to successfully manage customer experiences, organizations should clearly define areas they need to focus on in order to provide exceptional customer experiences. This brings to fore the contributions by Carbone et al., (1994) who started work on experience clues which was later extended by Berry et al., (2003; 2006). These authors discuss that experience clues allow customers to form perceptions based on the technical performance of the service (functional clues), the tangibles associated with the service (mechanical clues) and the behaviour and appearance of service providers humanic clues (Berry et al., 2006). These clues influence the customers' rational and emotional perceptions of the quality of the service and create the actual service experience (Berry and Bendapudi, 2001). Each one of these clues carries a message signifying

something to the customer and it is the culmination of all these clues that create the total experience and influence customer's feeling (Berry et al., 2006). This point is reiterated by Arnold et al., 2005 when they highlight that a purchasing experience occurs when a consumer interacts with the physical environment of a store (mechanical clue), with its staff (humanic clue) and with its procedures and practices (functional clue). All three sets of clues play specific roles in creating customers' service experience. Both emotional bonding and operational attributes must work together to produce the ultimate customer experience. According to Berry et al., (2006) functional clues predominantly impact customers' rational perceptions of the experience whereas the mechanic and humanic clues influence emotional aspects as illustrated in figure 2.0 below.

**Figure 2.0: Clue Influences on Customer Perceptions of the Experience.**



**Source: Berry and Seltman (2007).**

Thus the researcher adopts the experience clues concepts by Carbone and Haeckel's (1994) which were later extended by Berry et al., (2003; 2006) in order to explore the customer experience variable in depth. Consequently customers rationally search for clues to help them to measure the service functionality. According to Carbone and Haeckel's (1994), the service context increases the customers' clue alertness not only in terms of functionality but also the salient role and interactivity of the three sets of clues that is functional, mechanic and humanic and these can be simplified to the service offering, physical evidence and employee behavior as done by the researcher in the drawing up of objectives. Berry et al (2006) state that in interacting with organizations, customers consciously and unconsciously filter clues embedded in the experience and organize them into a set of impressions some rational and others emotional anything perceived, sensed or conspicuous in its absence is an experience clue.

#### **Service Offering and Customer Experience Management**

Customers purchase services depending on the quality of their brand and reliability in delivering the service as promised. To further support the link between service offering and customer experience. Fitzsimmons and Fitzsimmons (2001) hypothesizes that the perceived quality of the service is determined to a large extent by the customers' experience. Fitzsimmons and Fitzsimmons (2001) describe these customer experiences as service encounters where every encounter with the company involves the customer conducting sole evaluation of the service and forming an opinion of its quality. Chase et al., (2008) evoked customer emotions that engage customers in memorable and meaningful ways which are central to the service offering. In experiential services it is essential to choreograph all aspects of service design and delivery to evoke the intended customer emotions and responses. According to Meyer and Schwager (2007), to improve customer experience, the practice of co-creation is being introduced by customer centric organisations where customer input is used in the service design process that Fitzsimmons and Fitzsimmons (2001) refer to as the practice of Quality Function Deployment (QFD). QFD was developed in Japan extensively by Toyota which aimed to create products and services that reflect customer needs. Schmitt (2003) pronounces that customer experience management provides value to customers by delivering information, service, and interactions that result in compelling experiences. Chase et al., (2008) say that the basis for service offering is that it should be designed to be aligned with its target audience. Providing a wide range of products also helps organizations to meet their customers' expectations as customers will be having a wide variety of products to select from (Berry, 2006). Reliability is the consistency of the service performance, which breeds dependability, from the first time the service is correctly performed to the ability of the firm to keep its promises (Schmitt, 2003). In order to successfully implement QFD, understanding customer experience management where there is no gap between customers' perception of their experience and the perception of the company is of paramount importance. In order to monitor the service offering, it is essential that companies know and understand all the customer touch points. These touch points are referred to as the

customer corridor (Meyer and Schwager, 2007). An analysis of the touch points will help organisations to come up with strategies that will help improve the customer experience. Indeed it is fundamental for the service experience that businesses evaluate and manage the functional clues of their core product/service effectively to meet their customer's service expectations (Berry et al., 2006). However functional clues alone are not sufficient enough to exceed customer's expectations as customers generally expect business to know their core product and to provide this as promised (Berry, 2006). This is consistent with Parsa et al., (2005) research that indicates that while the quality of restaurant food was fundamental to success; excellent food alone did not guarantee success. Therefore, two other sets of clues are also important in order to exceed customers' expectations and to differentiate the service offering these are the mechanic and humanic clues.

The above piece clearly explains the role of functional clues in creating the customer experiences. However, as indicated above this clue does not operate in isolation as Berry (2003) outlined. The clue categories are viewed as synergistic rather than additive the sum of the experience they create when presented cohesively is greater than the sum of the parts acting independently.

#### **Employee Motivation and Customer Experience Management**

The quality of the person to person interaction between an employee and a customer is an important basis on how a customer judges the service experience (Hennig-Thurau, 2004). Temkin and Geller (2008) posit that there is no way to deliver great customer experience if employees are not on board. Patterson (2009) supports this notion and says that in customer's eyes, the people they interact with represent the organizations commitment to the customer experience. Temkin (2007) believes that it is critical to engage employees in the customer experience management process and those frontline employees often have a deeper understanding of the customer problems and should therefore be involved in the designing of customer experience processes. Lywood et al., (2009) postulate that if a company wants its employees to feel a part of the customer experience management process then they need to know what a company is doing it. Furthermore, 'you cannot sustain great customer experience unless your employees are bought in to what you are aligned with the effort (Lywood, Stone, and Ekinci, 2009). Employees need to demonstrate the right attributes to deliver good customer experiences. Patterson (2009) also corroborates that it is a critical ingredient for the kind of service that bring customers back again and again. These attributes include hospitality, understanding, sincerity, compassion, kindness, genuineness, honesty and authenticity. Staff behaviour is employee tendency or predisposition to meet customer needs in an on the job context. Staff behaviour helps to promote shared values and creates strong bonds among employees in organisation which, in turn contribute positively to a firm's achievement of a successful total customer experience (Jaworski and Kohli, 1993).

In their book "The Service Profit Chain," James Heskett, W. Earl Sasser, and Leonard Schlesinger make a compelling case that regardless one's business, the only way to generate sustained profits is to build a work environment that attracts, focuses, and keeps talented employees. In other words, they have to be motivated to show up, get committed and perform at a level of excellence. Because there is an undeniable link between satisfied, motivated employees, and satisfied customers. In other words, focus on creating satisfied employees, focus on employee motivation, and those motivated, satisfied employees will take care of your customers. An often misunderstood factor in customer experience is employee motivation. The enthusiasm of highly motivated employees reflects onto customers in a contagious way. Enthusiastic employees make enthusiastic customers.

#### **Strategies to Motivate Employees**

- **Compensation and Incentives**

(Lywood et al., 2009) specifies that some employees are motivated by money. In fact, most are motivated by money; at least for their basic needs. Employee motivation through compensation can come in the form of raises, performance bonuses, commissions, profit sharing, or any number of "extra benefits" like, automobiles, vacations, or other tangible items purchased and used as rewards. (Lywood, 2009) also states that in order to increase the impact of incentives, employees can be involved in the determination of the incentive types. The content theories of motivation imply that money motivates people when it meets their needs. If money is to work as a motivator, employees must believe they are able to achieve the financial rewards the organization offers. Thus, if a company offers its staff a performance bonus for attaining set targets, the bonus will motivate the employees only if they believe they can attain that bonus. Or if an organization pays a bonus for employee suggestions that improve quality, the bonus will motivate employees only if they believe they are capable of coming up with ideas.

- **Encouraging Customer Centric Thinking as a Motivator**

Smith (2009) suggests that firms should make sure employees are aware of the importance of customer experience for the success of the company. In addition, firms should also train their employees to adopt customer centric thinking by letting them see through the eyes of the customer, letting employees "walk-a-mile in customer's shoes", create continuing education programs for employees to further develop their customer handling skills.

- **Employee Feedback and Recognition as a Motivator**



Smith (2009) also states that continuous open feedback is an important factor in employee motivation, especially when employees are empowered for decision making. Both internal (colleagues) and external (customers) feedback are equally important. Make sure both types of feedback are gathered and transmitted to the employees in a direct and open manner. This will make employees aware of the impact of their actions and allows them to continually adjust and optimize their day to day work. After conducting a study on employee motivation, Temkin and Geller (2008) concluded that many people will do for recognition what they will not do for money. And, this is the manager's secret weapon for employee motivation. Some people are motivated by the opportunity to get their name on the wall, receive a trophy at an annual banquet, or see their name in the company newsletter. Temkin and Geller (2008) also state that companies should look for ways to increase employee motivation by recognizing excellence in the workplace. They advocated that companies should ring a bell every time an individual or team hits the production target, broadcast team members who have had the most days without accidents, give out awards for attendance records. According to the two authors, these gestures are not costly but yet are highly effective in the concept of employee motivation.

- **Employee Empowerment as a Motivator**

Lywood et al (2009) state that employees need to be empowered and that since every situation is different and the needs of the customer vary across interactions; frontline employees need to have the latitude to accommodate the needs of customers. Womack and Jones (2005) provide a different perspective of employee experience where they describe the concept of good people in a world of bad process. They say that people often default to “bad people” analysis were it is easier to blame a person than a process. Frontline employees should be encouraged to make decisions that help them to deal with customers. New ideas which are not implemented top-down but come from the front line are much more likely to be successful. Changes are adopted much easier when employees are fully behind them and believe in them, when it's their own idea this is out of the question. The role for management in this process is to facilitate the decision making and to evaluate and prioritize the front line suggestions. When a decision to implement a change has been taken, management should provide full support in order to implement it. Provide resources, make the necessary procedural changes. When employees are empowered to take decisions, it is important that management moves away all obstacles that could prevent the implementation of new ideas.

- **Appreciation and Inspiration**

Inspiration comes from leadership. This form of employee motivation includes the company's mission, purpose and goals. People want to be part of an organization that is going somewhere, that stands for something, and that provides a meaningful service to the marketplace.

- **Customer Experience Training**

Patterson (2009) suggests turning up the warmth on customer experiences by instilling the value of knowing your customer in all employees across the organisation. Temkin and Geller (2008) however posit that one cannot just expect employees to do what is right and that companies need to enable and train employees. Companies should therefore; Provide resources to support employees in achieving a great customer experience by making the right resources readily available. Whether it's funding, technology or any other resource required in the execution of their day to day work; Embrace employee's concerns in allowing them to express their concerns in an open way and acting on their concerns and giving regular feedback on progress.

### **Physical Evidence and Customer Perceptions**

The context of the service encounters or mechanics has been conceptualized by a variety of scholars using different terms for instance; physical environment (Bitner, 1990), atmospherics (Kotler, 1973), marketing environment, interactive theatre, servicescape (Bitner, 1990), service environment and mechanic clue (Berry and Carbone, 2007). These terms will be used interchangeably during this literature review. The physical environment has both a functional and a social dimension and it is an important driver of customer service experiences. Customers interact with these drivers individually and create their own meanings and value expressed as feelings, thoughts, imagination and behavior. Fitzsimmons and Fitzsimmons (2001) describe the idea that the physical environment influences the behavior and perception of the service for both customers and workers. The physical environment is the tangibles that offer a physical representation of the intangible service experience. There is nevertheless, a common consensus that the mechanic clues encompass the environment in which the service is assembled and in which the seller and consumer interact, combined with tangible commodities that facilitate performance or communication of the service (Bitner, 1990). As indicated earlier, this research study is underpinned by Carbone's work on clues. Clue congruency in both the tangible and intangible dimensions is crucial to the servicescape concept and in the creation of the service experience (Hoffman and Turley 2002). Berry (2006) argues that physical environment is the first to impact customer experiences hence a significant role for the physical environment is to create a good first impression. Zeithmal et al., (1996), states that the physical environment is related to customers' experience perceptions and also their expectations of the service. The experience itself is the sought after product (Otto and Brent, 1996). During the customer experience customers are affected by a variety of mechanic clues as indicated by the environmental psychology and

marketing literature.

Overall research has found that mechanic clues can influence consumers' moods and emotions. Palmer (2005) maintains that the mechanic clues must be efficient and effective in order for the customer to respond efficiently and effectively to their environment as a whole after assessing the effects of all clues present. Thus well designed mechanic clues are critical in creating a service context which positively impacts the service experience. Mechanic clues have been linked to service quality choice and loyalty. Berry (2007) argue that mechanic clues are especially influential in affecting quality perceptions for services in which customers experience the facilities for an extended time such as hotels and airplanes, also proposing that mechanic clues can be the first to impact a customer experience stating that mechanic clues' also have the ability to influence the customers before either the functional or humanic clues, hence a significant role for mechanic clues is creating a good first impression. Because customers generally experience mechanic clues to some extent before experiencing functional and humanic clues. Mechanic clues influence customer's choice of a service as well as having an impact on expectations. Subsequently the fore going implies that the customer's perceptions of mechanic clues are related to not only experience perceptions but also their expectations of the service. Service quality and value perceptions play a main mediation role in retail contexts (Baker et al., 2002). Past research also indicates that mechanic clues have a strong impact on customers' loyalty intentions (Cronin, 2003). Indeed the general consensus in the literature is that mechanic clues provoke emotional responses which lead customers to either choose to continue or discontinue doing business with a certain service provided (Lovelock, 2007).

#### **Strategies on Managing the Physical Evidence**

They are many tools that can be used by service provides to guide in the design and improvements of the service environment.

- **Observing Customer Behavior and Responses**

Keen observations of customers' behavior and responses to the service environment by management supervisor's branch managers and front line staff can help to come up with an appropriate servicescape strategy. Customers' actions are rarely misleading as they are an external expression of their inner feelings. Therefore a service provider should come up with different scenarios which can be presented to the customer as a control measure and after observing the different customer responses management can then come up with tailor made designs and/or improvement on the service environment (Kotler, 1973).

- **Getting feedback from Employees and Customers**

Feedback and ideas from frontline staff and customers are also an effective way of gaining important information that can be effective in designing the appropriate service environment. This can be done using a broad array of research tools ranging from suggestion boxes to focus groups and surveys. The latter are often called environmental surveys if they focus on the design of the service environment

- **Service Mapping**

Blue Printing or service mapping can be extended to include the physical evidence in the environment. Design elements and tangible cues can be documented as the customer moves through each step of the service delivery process.

- **Update and modernize evidence**

Some aspects of evidence require frequent or periodic updating and modernizing. Service firms should be prepared to introduce changes as per the requirements of the market. The orientation to change makes the service firm innovative and capable of influencing the perceptions of the customers much better than its competitors.

#### **Challenges in Managing of Customer Experiences**

Temkin and Geller (2008) describe customer experience as being important complex and broken. It is therefore no surprise that customer experience management is becoming more difficult for companies to manage. Frow and Payne (2007) suggest there is evidence that companies are not creating superior customer experiences due to a number of challenges in effectively managing customer experiences. Various authors argue that Customer experience management is just a fad and is not sustainable because according to Smith (2009), customer experience involves the entire relationship between customer and company which comprises numerous interactions each of which affects the customer's overall satisfaction. Meyer and Schwager (2007) also reiterate that a customer's perception is affected by their experience of previous interactions and a total or comprehensive view of the customer's relationship and experience is therefore required.

#### **Consistency**

Creating consistent customer experiences appeared is a big challenge for companies. It is difficult in getting everyone across the company (internal, employees and franchise) to use consistent branding and signage and find it difficult to get employees and intermediaries to be consistent in customer experiences (Meyer and Schwager, 2007).

#### **Sustainability**

The term customer experience management has quickly adopted acronyms such as CEM which has led to the comparison of customer experience management to other customer driven initiatives such as Customer

relationship management (CRM). Smith (2009) brings to fore the argument that customer experience might not be sustainable because they might never come a time when customers or what they experience will ever become obsolete.

**Lack of models and managerial approaches**

Because of the organizational structure of many organisations, customer experience tends to be managed disparately by different departments and people. Meyer and Schwager (2007) posit that although organizations do think about customer experiences they all have different ideas of what it means and there is no one senior to oversee everyone’s customer experience effort.

**3.0 Research Methodology**

The study adopted a descriptive survey research design. The researcher selected this research design because; the use of surveys will allow the researcher to study more variables at one time than is typically possible in laboratory or field experiments (Saunders et al 2009:78). It is not possible for the researcher to conduct a census or to collect information from all managers, employees and customers in all the banks; therefore, focusing on a cross section of the population is the only viable option. The research is partly descriptive, in that it attempts to provide a detailed description of contemporary CEM practices within a specific context, namely the banking sector. Descriptive research is also known as statistical research. It is primarily concerned with the gathering of numeric measurable data and analyzing it (Martins, 1995). The target population is made up of fourteen Zimbabwean commercial banks namely Barclays Bank, Standard Chartered Bank, FBC Bank Limited, Ecobank, Steward Bank, BancABC, MBCA Bank, ZB Bank, Stanbic Bank, Agribank, CBZ Limited, Metbank, Allied Bank and NMB. The target population size for the research consists of the managers (Marketing, HR and Retail Banking) Retail Banking employees and customers. The researcher used non-probability sampling techniques which are convenience sampling and judgmental sampling. For the purpose of the study, judgmental sampling was used to select respondents for the interviews. The sampling frame for this study consisted of Group HR and Group marketing managers’ retail banking managers, retail banking employees and customers as they are perceived to have the data required to make an informed analysis of the topic at hand. Sekaran (2002) claims that for most researches, a valid sample should be between 30 and 500 because respondents below 30 cannot fully represent a population and with respondent over 500, there are chances of repeated outcomes. Therefore the sample size for this research was 148 respondents. Hair et al., (1998) recommended a sample size between 100 and 150. The researcher used Statistical Package for Social Sciences (SPSS version 21.0) software to analyze the data obtained from the questionnaire. The data was presented in form of tables and graphs for easy understanding.

**4.0 Findings and Analysis**

**Service Offering and Customer Expectations**

Commercial bank management, employees and customers were asked if the bank was meeting customer expectations and as evidenced in Fig 4.1 below, 68% of the managers completely agreed that the banks were meeting customer expectations while 37% of the employees were in agreement that Banks were meeting customer expectations. It can be noted that most customers with a percentage of 63 disagreed that banks were meeting their expectations while 32% of management thought they were not meeting customer expectations. According to the literature reviewed Meyer and Schwager (2007) also gave a case of a Bain and company survey of 362 customers were only 8% of the customers described their experience as superior yet 80% of the companies surveyed believed the service they had providing is superior. This clearly shows problems were managers and employees might believe that they are meeting customers’ expectations while customers themselves will be having opposing views.

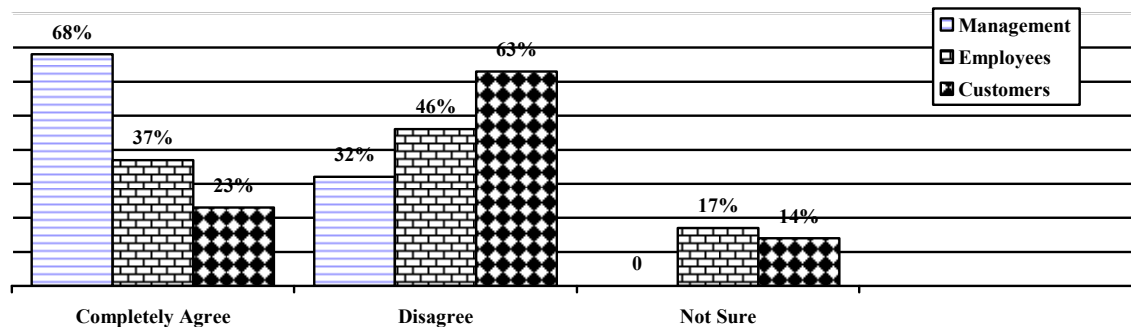
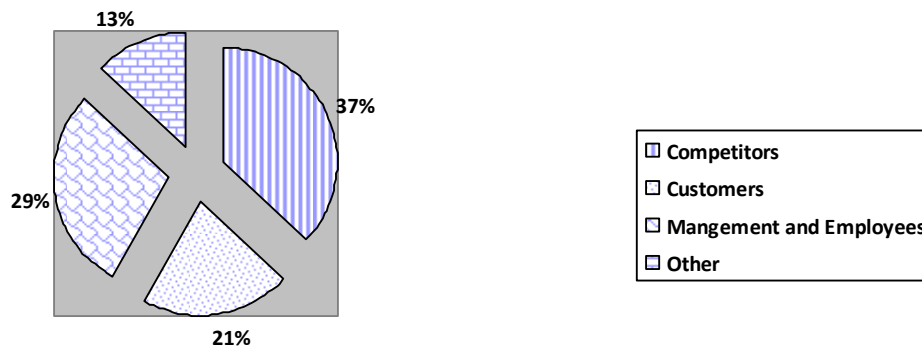


Figure 4.1: Responses on meeting customer expectations.



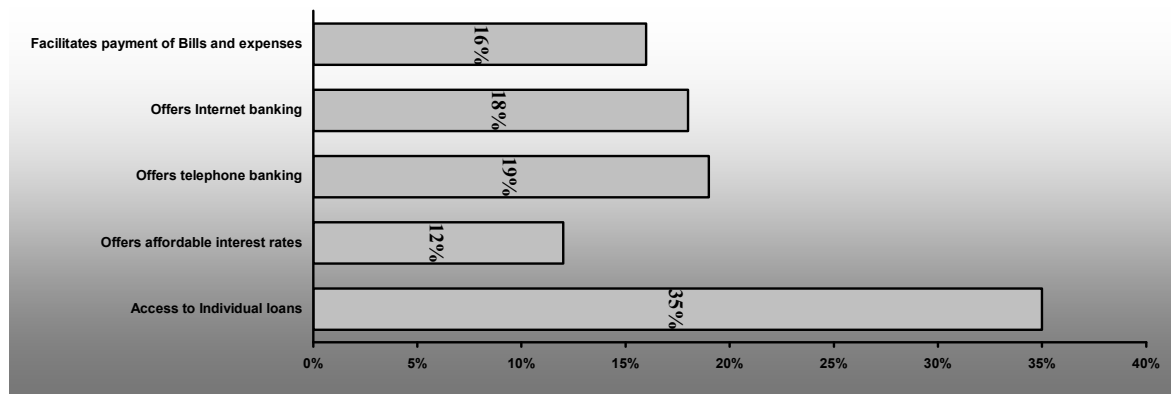
### Factors influencing development of product

Retail managers were asked what the greatest influence in developing their products was and as highlighted in Fig 4.2 the greatest influence came from competition with 37% of managers acknowledging that most of their products were developed in response to competition. 29% of Retail managers stated that Management influenced the development of products while 21% were of the opinion that customer were the greatest influencers of product development. 13% of the managers thought that other factors such as the Macro environment (Political, Economic, Technology and Legal) factors had the greatest impact on product development decisions. The above findings are not in tandem with literature reviewed which clearly states that for an organisation to be customer focused customers should actively contribute towards the development of products. According to Meyer and Schwager (2007), to improve customer experience the practice of co-creation is being introduced by customer centric organisations, where customer input is used in the service design process. Chase et al (2008) also support this view by stating that the basis for service offering is that it should be designed to be aligned with its target audience. In this instance it is clear that Banks are overly influenced by factors such as competition and management decision.



**Figure 4.2: Factors influencing development of product Banks Products and Service Offering**

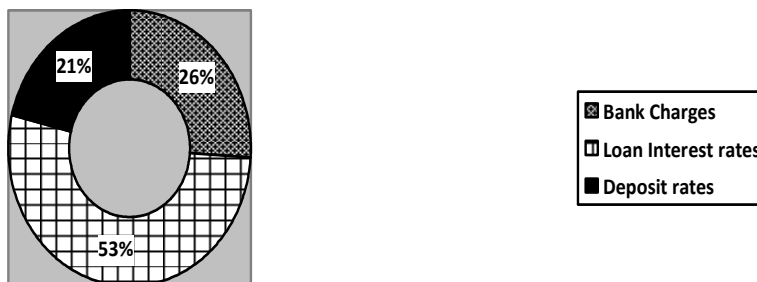
Commercial bank customers were asked on whether their bank offered a wide choice of products and services. Customers generally agreed that banks offered comprehensive products and services. 35% of the respondents revealed that they had access to individual loans at their banks whilst 19% of respondents mentioned that their bank offered telephone banking services. 18% of the respondents highlighted that their respective bank offered internet banking. 16% of the respondents revealed that their bank facilitated payment of utility bills and other payments. It is interesting to note that only 12% of respondents mentioned that their bank offered affordable interest rates. As evidenced by the above findings Zimbabwean commercial banks are still not providing a wide array of products is less than 50% of the clients were familiar with each of the products they were asked about. Providing a wide range of products can help banks to meet their customers' expectations as they will be having a wide variety of products to select from (Berry, 2006).



**Figure 4.3: Banks Products and Service Offering Affordability of Banking Services**

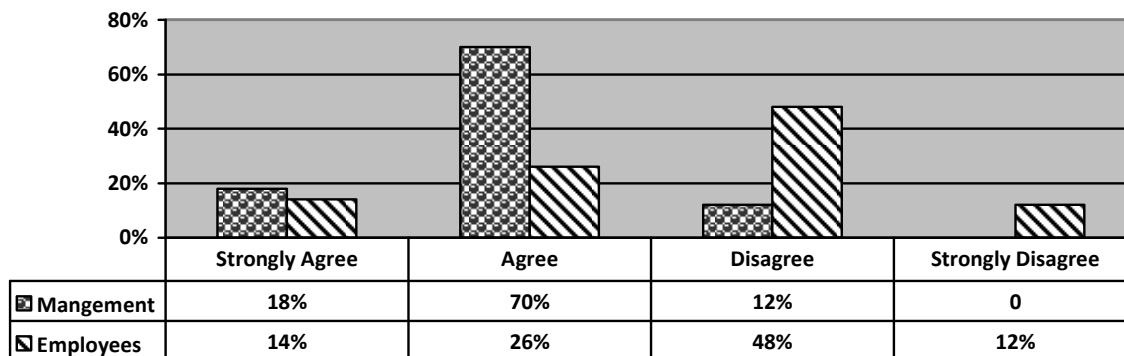
Survey respondents were asked on the affordability of banking services. A majority of the respondents, 53%,

revealed that loan interest rates were quite high at their banks. 26% of respondents cited bank charges as the second least affordable service offered by banks whilst 21% of the respondents mentioned deposit interest rates to be attractive at commercial banks as shown in Fig 4.4 below.



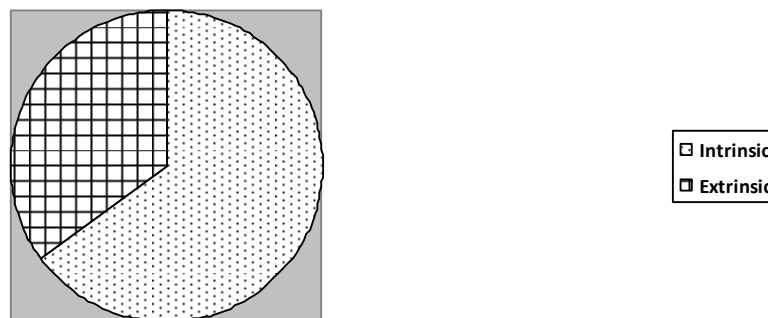
**Figure 4.4: Pricing of banking services**  
**Employee Motivation and Customer Centricity**

Bank managers and customers were asked if employees were empowered to make decisions 18% of managers strongly agreed that employees were empowered and 14% of employees also strongly agreed that they were empowered to make decisions. However a larger percentage of management that is 70% agreed that employees were empowered to make decisions 48% of the employees disagreed that they were empowered to make decision. These results clearly show that there is a difference in perception regarding employee empowerment between the managers and the employees. Managers perceive that employees are motivated while employees seem to think that they are not motivated as illustrated in Fig 4.5 below:



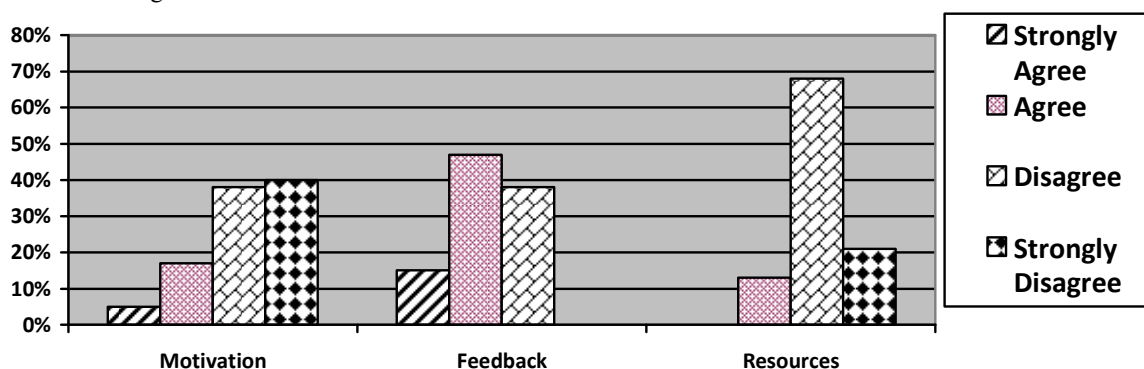
**Figure 4.5 Employee Empowerment**  
**Form of incentives**

When asked how they motivate employees 65% of managers in the retail banking sector said their employees are motivated through offering psychological rewards (intrinsic motivation) while the remaining 35% said they provided tangible benefits (extrinsic motivation) as illustrated in Figure 4.6. 75% Management who chose psychological rewards said they chose so as it was organizational policy, while 15% said it was because it was difficult for them to access funds to reward employees with tangible benefits. Only 10% of management said they motivated their employees through offering intrinsic benefits because they felt it would motivate their employees. 92% of the management who used extrinsic motivation said they did so because it was organizational policy, while the remaining 8% wanted to motivate their customers.



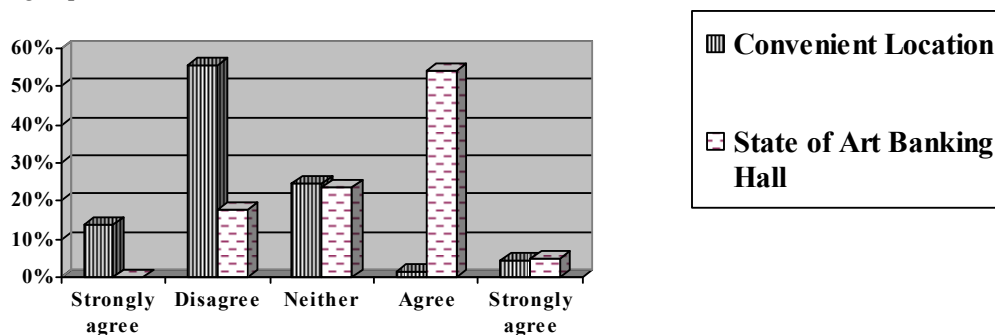
**Figure 4.6: Form of incentives**  
**Employee Motivations, Feedback and Availability of Resources**

Bank Employees when asked if they were motivated 5% strongly agreed that they were motivated while 17% agreed that they were motivated, however 78% of the employees either disagreed or strongly disagreed to being motivated. 62% of employees agreed that they were constantly given feedback from management while the remaining 38% disagreed to receiving feedback from management. The majority of employees comprising of 81% disagreed to being given adequate resources to enable them to provide good customer experiences as illustrated in Figure 4.7.



**Figure 4.7 Employee Motivations, Feedback and Availability of Resources**  
**Physical Environment**

Figure 4.8 show tangibles in commercial banks location and state of the banking halls. From the tables, 55.4% of respondents disagree about the convenience of commercial banks in terms of location. However, 24.6% respondents responded with a neither/nor showing that they were not affected by the location of the bank. Disagreeing implies that customers are not satisfied about the location of commercial banks.



**Figure 4.8: Location of Bank**  
**Nature and Quality of the Physical Banking Environment**

The question on nature and quality of the physical banking environment that was posed to bank customers, the results are presented in Table 4.1. A significant proportion of the respondents agreed that the bank infrastructure, signs and symbols are appealing, and were satisfied with the ambience in the banking hall, and agreed that the spatial layout in the banking hall was convenient (See Table 4.1). However, 21% of the respondents were undecided on the issue of convenience of the spatial layout in the banking hall. This is because the respondents

had never taken time to observe the physical evidence as they were concentrating on the mechanical and humanic clues.

**Table 4.1: Nature and Quality of the Physical Evidence**

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
The infrastructure, signs and symbols are appealing	-	-	-	47%	53%
The ambience in the banking hall is satisfactory				46%	54%
The spatial layout in the banking hall is convenient			21%	30%	49%

**Customers' complaints on service offering**

When asked if there was anything else that they disliked about the service at the bank, 53% of customers said they were bothered by the long queues in the banking hall while 39% sighted system deficiencies such as ATMs' being out of service and 8% of the customers highlighted that they wanted the banking hours to be from 0800hrs to 1700hrs to enable them to visit the banking hall at their convenience.

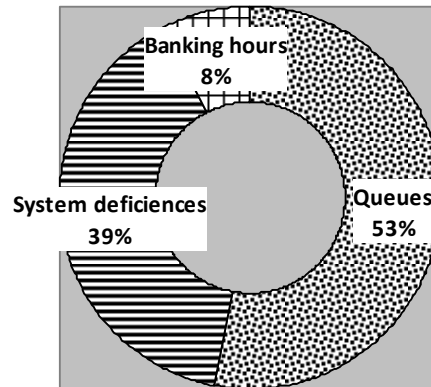


Fig 4.9: Customers' complaints on service offering

**Challenges in Managing Customer Experiences**

When management were asked the challenges they faced when managing customer experiences 39% of the management said that they lacked senior management support while the second biggest challenge was that of lack of adequate resources with 32% of management saying they lacked adequate resources to implement customer experience management strategies. 22% of management said that the biggest challenge they faced was trying to find the right employees and only 7% said that technology prevented individuals from being accountable as highlighted in the figure below.

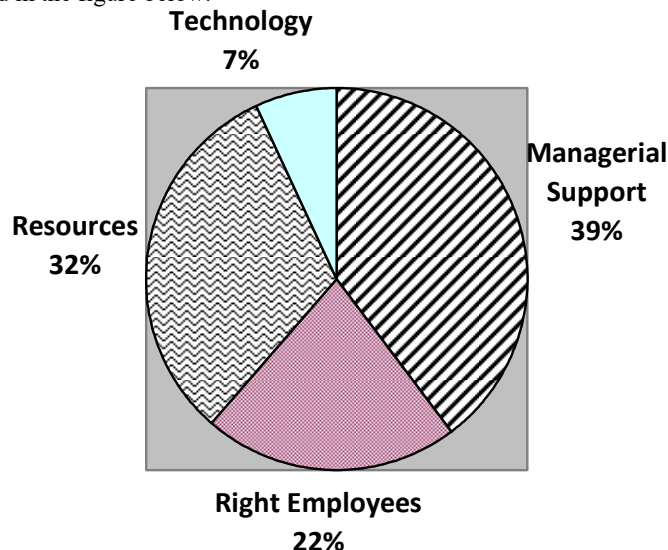


Fig 4.10: Challenges in Managing Customer Experiences

## 5. Conclusions

This study aimed to achieve a number of objectives. These were to find out if Zimbabwean commercial banks were realigning their service offering to meet customer expectations, to ascertain whether employees in the Zimbabwean commercial banking sector are motivated to have customer centric values. Other objectives were to evaluate the contribution of physical evidence towards customer perceptions in Zimbabwean commercial banks and lastly to identify the challenges being faced by Zimbabwean Commercial banks in trying to manage customer experiences. The study revealed that Zimbabwean commercial banks seem to be failing to realign their service offering to meet customer expectations. Only 21% of management conceded that they considered customers views when developing new products. There was a noted disparity between management and employees regarding their views with 68% of management saying that service offering met customer experiences while 63% of customers disagreed with the notion that the services provided met their expectations. Therefore it can be concluded that the service offering in Zimbabwean Banks does not meet customer expectations. The study also reveals that employees in the Zimbabwean commercial banking sector are not adequately motivated to have customer centric values, this was clearly bought out in the study when 68% of the employees highlighted that they were not motivated. This lack of motivation can be as a result of the lack of clear organisational strategies on employee motivation. 15% of managers highlighted that it was difficult to access funds for employee motivation. Approximately 18% of managers highlighted that they chose a certain strategy for motivating their employees because they felt it would contribute towards employee satisfaction. The study results divulge that customers are satisfied with the physical environment and managers conveyed that they used the Physical Environment as a package and a facilitator. Finally managers mentioned that they face challenges when they are trying to manage customer experiences, 39% of management showed that lack of support from senior management which can be closely linked to the lack of resources contributed significantly to the challenges they faced in trying to manage customer experiences. Management also brought to fore the point that they were no clearly defined customer experience strategies in the organizations therefore it becomes very difficult to execute such strategies.

## 6. Recommendations

The researcher came up with various measures as recommendations which include the need for Zimbabwean commercial banks to begin to actively involve their customers during product development. This will help them to develop products that meet customer expectations. This can be achieved through encouraging customer feedback. Managers should motivate their employees through various motivation strategies, not only should they focus on monetary motivation but they should also employ other strategies like employee engagement, empowerment and training. The Physical evidence in banks should not be standard but should be tailor made to suit customer needs. The commercial banks should have clearly defined customer experience strategies in the form of a service blue print. This will make it easier for managers to draw up strategies which can be implemented controlled and measured for results. Though the researcher has evaluated the customer experience strategies being implemented by Zimbabwean commercial banks, the researcher did not look at how customer experience impacts on customer loyalty and the correct implementation of customer experience strategies in the banking sector, hence the researcher prescribes those areas for future research.

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