ISCTE Business School
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THE IMPACT OF GENERATION **Y**'s CUSTOMER EXPERIENCE ON BANKING SECTOR

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Abstract

This dissertation based on customer experience of the Generation Y, individuals born between 1980 and 2000, and its effect on banking sector efforts from marketing perspective.

Recently, banking sector focus on attracting Generation Y because they has emerged as a big force with growing spending power which will unavoidably rival Baby Boomers' market dominance, and are becoming even more important due to their large size. Banks try to attract them by offering a unique customer experience, especially the ability of differentiation by using price or service become less than before and easier to copy from other banks.

Using Mehrabian and Russell’s model of stimulus (S) - organism (O) - response (R), this study developed Generation Y customer experience framework that intends to explain Generation Y consumer behavioral responses toward customer experience attributes in bank that developed by KPMG International. This process happen through three aspects: Affective, Attitudinal, and Perspective toward banks.

Empirical evidence, based on data from a survey suggests that the overall customer experience attributes in the bank had a positive relation with behavioral responses that represented by three items: loyalty, word-of-mouth, and brand equity, in different ways. In addition, “**Value for money**”, “**Getting things right the first time**” and "**Put the consumer first**" emerge as the most importance attributes for Generation Y in experiencing the bank.

Keywords: Customer experience, Generation Y, Stimulus-organism-response model, Credibility, loyalty, pleasure-arousal-dominance scale, and Banking sector.

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Resumo

Esta dissertação tem como base a experiência dos indivíduos da geração Y, nascidos entre 1980 e 2000, e seu efeito sobre os esforços de marketing do sector bancário.

Recentemente, o sector bancário tem apostado em atrair a geração Y, pois ela tem emergido como uma grande força com crescente poder de compra que inevitavelmente rivalizam com o *Baby Boomers* no domínio do mercado e, está-se tornando ainda mais importante devido ao seu tamanho. Os bancos tentam atraí-los (indivíduos da geração Y), oferecendo uma experiência de cliente único, especialmente a capacidade de diferenciação, usando o preço ou o serviço tornar-se-iam menos do que eram antes e mais fáceis copiar por outros bancos.

Mediante a aplicação do modelo de Mehrabian e Russell *(estímulo (S) - organismo (O) - resposta (R))*, este estudo desenvolveu um modelo conceptual da experiencia de consumidor da geração Y, o qual pretende explicar o comportamento de resposta mediante os atributos da experiência do consumidor no setor bancário propostos por *KPMG International*. Este processo ocorre através de três aspetos: afetivo, altitudinal e perspetivo para o sector bancário.

A evidência empírica, com base na informação recolhida mediante um questionário *online* sugere que em geral os atributos da experiência global do cliente bancário tem uma relação positiva com as respostas comportamentais representadas, de formas diferentes, pelas três itens: lealdade, passa-palavra e *equity* da marca. Além disso, o "valor pelo dinheiro", o "fazer as coisas bem à primeira " e o "colocar o consumidor em primeiro lugar" emergem como os atributos mais importantes para geração Y em experiências com o banco.

Palavras-chave: Experiência do consumidor, Geração Y, modelo estímulo-organismo-resposta, Credibilidade, Lealdade, Prazer, Excitação, Dominância, Setor Bancário.

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THE IMPACT OF GENERATION **Y**’s CUSTOMER EXPERIENCE ON BANKING SECTOR

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Chapter 1: Introduction

1.1. Introduction to the topic

Searching for competitive advantage through product differentiation in the banking sector is increasingly difficult today. This is because product and service offered by one bank are very quickly copied by competing banks. This forces banks to find new ways and opportunities of identifying and developing relationships with customer and enhancing positive feelings about the bank. Today, banking is regarded as a consumer-oriented services industry and banks have started realizing that their business increasingly depends on the quality of the consumer service provided and overall satisfaction of the customer.

Relationship marketing has become the most critical aspect to corporate banking success. Today, customers expect high level of experience from banks, which, if fulfilled, could result in significantly improved customer satisfaction, and potentially retention levels (Putnam, 2012). Furthermore, Brand experience is seen as the outcome of an attribute driven information processing in which consumers are engaged rationally and emotionally. Therefore, when creating brand experience, the key is to engage all senses and to evoke emotional as well as intellectual reaction towards a brand (Brakus, Schmitt & Zarantonello, 2009).

Customer satisfaction reflects the degree of a customer's positive feeling for a service provider like bank. That became harder to achieve with Generation Y, which they are considerably less likely to have positive experiences, compared to all other age groups due to the high expectations they have toward banks' digital capabilities. Generation Y is far more interested in using mobile banking compared to other age groups, placing additional importance on the development of this channel (Capgemini & Efma, 2014). Also, research indicates that only 10% would consider changing banks once their relationship is established, customers who have banked with a provider throughout their teenage years are far more likely to extend this experience into their student days and beyond when profit contribution increases significantly. All that reinforce the view that the teen segment is the optimum point of market entry (Child and Youth Finance International, 2015).

During the internship that the researcher did in marketing department in Caixa Geral de Depositos bank (CGD) in Portugal, he realized how it is important and hard to deliver a distinguished experience to youth generation especially in banking sector. According to EFMA Association, Customer Experience Index refer to declining from 73.5 in 2013 to 72.7 in 2015 and with fewer positive experiences customers are less likely to engage in behaviors that drive Profitability. Customer experience acts as an emerging opportunity in this fast-paced highly competitive world especially in the new horizon of experience economy. In addition, it will be more important when we talk about Generation Y who give more value to positive experience in banks. According to Capgemini and EFMA, customers with positive experiences are three to five times more likely to refer others and purchase additional products (Capgemini & Efma, 2015). Even though there is marked improvement in customer experience index (75.6) in 2016, however, it failed to translate into greater levels of profitable customer behavior (Capgemini & Efma, 2016).

Based on the practical experience at a bank institution, but above all, based on literature review a gap was found. Previous studies did not properly analyze which stimuli of bank experience could influence positively the emotions and the behavioral intentions. Therefore, the research question is: which stimuli of bank experience, proposed by KPMG International (2014), could influence the emotions and the behavioral intentions of Generation Y?

In this dissertation, we will try to understand the impact of Generation Y customer experience in banking sector through the stimulus (S) - organism (O) - response (R) model that developed by Mehrabian and Russell (1974). This model is a key component in focusing the various dimensions that may stimulate consumers, as well as postulating the various emotional and behavioral responses of consumers. The stimuli will represented by customer experience attributes in banks that was provided by KPMG International (2014) in study called Customer Experience Barometer. Those attributes categorized in seven group: Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money, and Reputation.

The organism of this dissertation will represented by three aspect. First aspect is Affective state, and this consists of pleasure-arousal-dominance scale (P-A-D) that developed by Russell and Mehrabian. Second aspect is attitudinal state which represented by satisfaction. Third aspect is perspective state of customer which represented by credibility toward the bank. All those aspects are affected by stimulus variables and affect the response variables. The behavioral responses represent the outcomes of the bank marketing effort which include three variables; Loyalty, Word-of-mouth and Brand equity.

1.2. Research objectives

There are several studies about customer experience in different industries; few of them focused on banking sector, and fewer who tried to study Generation Y experience in banking sector.

The major objective of this dissertation is to explore the impact of Customer Experience attributes of Generation Y in banking sector. However, in this study, we will study the attributes that suggested by KPMG International (2014), so we will try to determine which one may influence the behavioral of Generation Y.

In other words, the specific aim of this study is to understand how the Generation Y experience as a customer may influence their Affective state; Pleasure, Dominance, and Arousal with the attitudinal state through satisfaction, and how these last, together with customer perspective toward the bank represented by Credibility influence the generation Y Behavioral through Loyalty, Word-of-mouth, and Brand equity.

All that will be done through the stimulus (S) - organism (O) - response (R) model to understand the affective impact on behavior.

1.3. Structure of the dissertation

This dissertation comprises five chapters that compose this research (see figure 1). A brief summary about each chapter is given below.

Chapter 1: Introduction - This introductory chapter aims at briefly presenting an explanation of the context as well as of the aim of the study.

Chapter 2: Literature Review - The theoretical background was divided into six big themes, which aim to contextualize the investigation. Beginning with the first one, which is related to Stimulus–Organism–Response model that will be relied on this study. The second part addresses the topic of Relationship Marketing that consist of Sensory Marketing and Co-creator, Experience and Brand experience, and Stimulus as Customer experience. The third part refers to the Organism - Internal States that include pleasure-arousal-dominance scale, Customer Satisfaction, and Credibility. The fourth part concerns the Response (Marketing outcomes) including Loyalty, Word-of-mouth, and Brand equity. The fifth part addresses the topic of Generation Y as a focus segment in this study. Finally, the sixth part concerns the Banking Sector, looking into Internet Banking and

Mobile-Banking, Banking for generation Y, and Generation Y bank experience - worldwide examples.

Chapter 3: Research Design and Methodology - It includes the Objectives of this study, Conceptual Model, and Research Hypotheses. Also, it talks about the data collection and the Questionnaire Design. Finally, the sample Profile and data treatment.

Chapter 4: Results - The results chapter comprises the analysis of all the data gathered previously, including the descriptive statistics, reliability, and multiple regression analysis.

Chapter 5: Conclusions and Implications - This last chapter includes the major conclusions of this dissertation, the management implications, the limitations of the study, and the future research.

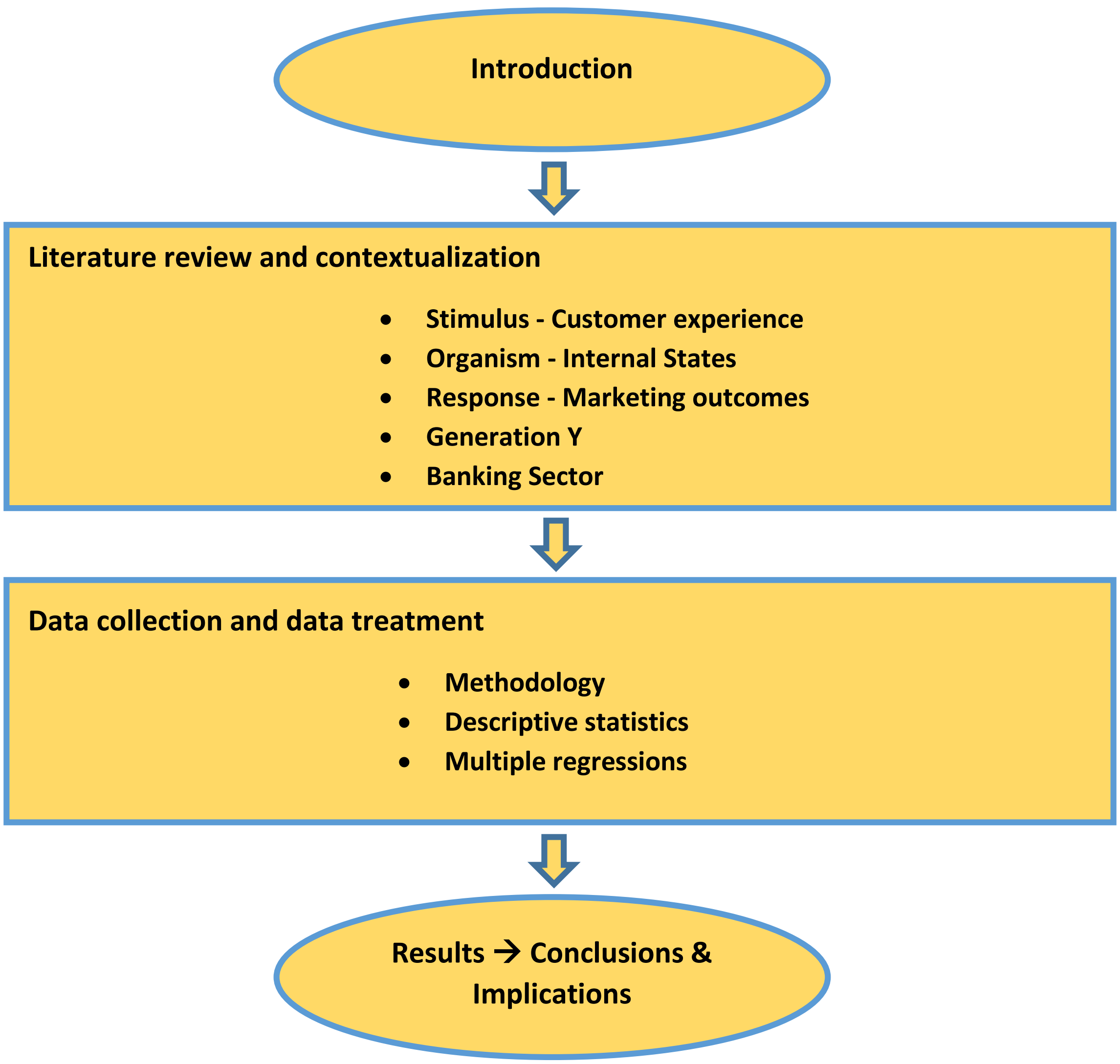


Figure 1: Structure of the dissertation project
Source: own elaboration

Chapter 2: Literature Review

2.1. Stimulus–organism–response model

The stimulus–organismic–response model (S-O-R) was introduced into marketing by Donovan and Rossiter in 1982. When applied in a retail setting (see figure 2), the stimulus is operationalized as the atmospheric cues, organism as emotional and cognitive states of consumers, and response as approach or avoidance behaviors such as re-patronage, store search, and various in-store behaviors (Koo & Lee, 2011).

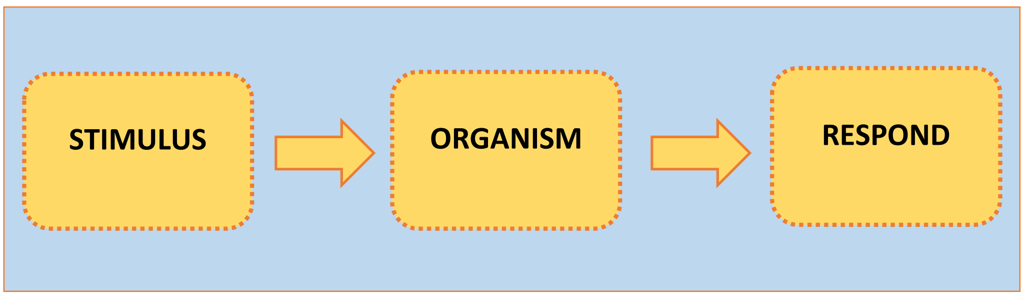


Figure 2: S-O-R model
Source: own elaboration

The stimuli in the S–O–R framework are represented by a set of attributes that affect the perceptions of the consumer (Mazursky & Jacoby, 1986). These attributes are the starting point of the consumer behavioral process and are cues that enter a consumer's cognition and arouse or incite him (as a recipient) consciously or subconsciously into action. The attributes entered into a consumer's mind in a traditional retail environment include social factor such as the people in the store, customers, and employees, design factor such as visual cues of layout, clutter, cleanliness, and color, and ambient factor such as non-visual cues including smells and sounds (Eroglu, Machleit, & Davis, 2003). The organism, the second component in the S–O–R framework, refers to the intervening internal process between the stimuli and reaction of consumer. It is a process in which, the consumer converts the stimuli into meaningful information and utilizes them to comprehend the environment before making any judgment or conclusion. In other words, the organism is emotions consumers elicit when they navigate, search, and purchase products or services. The third component, the response, is the final outcome or final action toward or reaction of the consumers, including psychological reactions such as attitudes and/or behavioral reactions (Koo & Ju, 2010).

In other words, a stimulus is something outside consumers' control, which can include marketing mix variables or other inputs from the environment. Those stimuli will affect consumers' internal states (Sherman, Mathur, & Smith, 1997). The organism is described as the "internal processes and structures intervening between stimuli, external to the person, and the final actions, reactions, or responses emitted" (Bagozzi, 1986: 46). Finally, the response is defined as the output in the form of the reaction of consumers toward the stimuli (Bagozzi, 1986).

In examining generation Y Experience in the banking sector, "stimuli" or environmental cues will be conceptualized as Customer Experience attributes. More specifically Accessibility, Ease of doing business, Executional excellence, personalized offering, Staff engagement, Value for money, and reputation. "Organism" will be described as the internal state, using the Pleasure-Arousal-Dominance scale to measure the affective and emotional state of consumers, as well as a satisfactions scale, which ultimately reflects upon the attitudinal state of the consumers while engaging with particular experience attributes given by the bank. Along with the customer perspective toward the bank represented by credibility. Then finally, "response" is outlined by three potential positive consumer behavioral reactions: Loyalty, Ward-of-mouth, and Brand equity.

2.2. Relationship Marketing

Relationship marketing have taken a central position in marketing strategy. A confluence of factors, including the transition to service-based economies; advances in communication, logistics, and computing technologies; increased global competition; and faster product commoditization have enhanced the salience of "relationship - based loyalty" to companies compared with other marketing mix factors. Moreover, some of these trends are simultaneously increasing customers' desire for the unique characteristics found in relationship-based exchanges (e.g., reduced perceived risk, higher trust, enhanced cooperation, and greater flexibility). Thus, in many situations, both businesses and clients are becoming more interested in conducting business transactions embedded within relationships and interaction between them become more active and adaptive (Rodrigues, Hultén & Brito, 2011).

Grönroos defined Relationship Marketing as a "process of identifying and establishing, maintaining, enhancing, and when necessary terminating relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met, where this done by a mutual giving and fulfillment of promises" (Grönroos, 1997: 407).

Sheth and Parvatiyar also defined Relationship Marketing, which it is the Ongoing Process of engaging cooperative and collaborative activities and programs with immediate and end-user customers to create or enhance mutual economic value at reduced cost (Sheth & Parvatiyar, 2000, p.9).

Another definition by Vargo and Lusch Relationship marketing (RM) is the process of identifying, developing, maintaining, and terminating relational exchanges with the purpose of enhancing performance (Vargo & Lusch, 2004).

The last definition based on two aspects:

1- The first aspect deals with engagement activities across stages of the relationship lifecycle and thereby implicitly recognizes that relationships are dynamic processes that develop over time through typical stages, such that relationship marketing activities and exchange characteristics systematically vary across those stages. The vast majority of definitions imply four general stages: identifying, developing, maintaining, and terminating.
2- The second key aspect deals with the locus of benefits derived from relationship marketing activities. Relationship marketing needs to generate benefits for both parties, even if one party's benefit is limited to social rewards, to achieve the implementers' long-term performance objectives.

2.2.1. Sensory marketing and Co-creation

In 2008 Hultén proposed ``Sensory marketing`` concept which referred that marketing should have its point of departure in customers experience through the human senses. Krishna in 2010 explained that there is a need to understand and highlight the fact that products are of sensual nature, where we need to be affected through our senses – sight, taste, touch, sound, and smell. Customers nowadays are more interested in products, services, and brands that appeal to their individual style and identity. In connection to creating an individual lifestyle, it is also important to specifically highlight the importance of brands that use as a tool to enables people to define their identity and who they are (Keller, Apéria & Georgson, 2008).

Schmitt take a starting point in the experience logic, and he said that it has been recognized that the human senses play a crucial part for the experience as well as the emotional connection (Schmitt, 2003). While, according to Bertil Hulten, the multi-sensory brand-experience allows firms through means as sensors, sensations, and sensory expressions to differentiate and position a brand in the human mind as image (Hulten, 2009).

Aradhna Krishna define sensory marketing as “marketing that engages the consumers' senses and affects their perception, judgment, and behavior.” (Krishna, 2012: 2). From a managerial perspective, sensory marketing can be used to create subconscious triggers that characterize consumer perceptions of abstract notions of the product. Subconscious triggers that appeal to the basic senses may be a more efficient way to engage consumers. Also, these sensory triggers may result in consumers' self-generation of desirable brand attributes, rather than those verbally provided by the advertiser. The understanding of these sensory triggers implies an understanding of sensation and perception as it applies to consumer behavior (Krishna, 2012).

In other hand, Co-creation is about joint creation of value by the company and the customer. It is not the firm trying to please the customer; it is about allowing the customer to co-construct the service experience to suit his/her context. Creating an experience environment in which consumers can have active dialogue and co-construct personalized experiences (Prahalad & Ramaswamy, 2004). Customers are therefore no longer viewed to be passive where one purchase or transaction is made; instead, they are viewed as active co-producers that are active throughout the process of the value and service chain (Vargo & Lusch, 2004).

Co-creation ought to be viewed as a process that provides an opportunity for on-going interaction, where the organization is willing to share its world with external stakeholders and can generate in return the insight that can be derived from their engagement. Involving end-users leads to more relevant and usable products and services while reducing risk (Ind & Coates, 2013). Central to service-dominant (S-D) logic is the proposition that the customer becomes a co-creator of value. This emphasizes the development of customer–supplier relationships through interaction and dialog (Payne, Storbacka & Frow, 2007).

Companies must escape the firm-centric view of the past and seek to co-create value with customers, through an obsessive focus on personalized interactions between the consumer and the company. Therefore, high-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unlocking new sources of competitive advantage. The quality of that experience is dependent on the nature of the involvement the customer has had in co-creating it with service provider (Prahalad & Ramaswamy, 2004).

The results of Auh, Bell, McLeod, and Shih study about co-creation in banking sector, suggest that bank managers should consider co-production as a means to make customers more loyal in the current competitive market. In other words, co-production can be used as one of the appropriate tools to make clients attitudinally loyal, because attitude formation precedes behavioral intentions and actual behavior (Auh, Bell, McLeod & Shih, 2007).

2.2.2. Experience and Brand experience

At the heart of marketing goals is to establish positive brand associations and attitudes towards the products/services, in order to create brand value, satisfaction, and brand commitment. In the era of relationship marketing where marketers focus on the development of long-term relationships, the understanding of how consumers experience a brand is crucial for the meet such marketing goals.

In the marketing literature, the concept of experience has been investigated in different contexts including consumption experiences, product experiences, aesthetic experiences, service experiences, shopping experiences, and customer experience. Recently, a concept has been presented that spans across these various contexts: the concept of brand experience (Zarantonello & Schmitt, 2010).

In addition, Nysveen, Pedersen and Skard consider both customer and brand experiences to span the context - and life cycle-specific experiences. However, given that both customers and non-customers can have brand experiences, we consider brand experience to be the broadest experience construct. The concept has also been suggested as the most comprehensive notion of experience, spanning across different contexts by Zarantonello and Schmitt in 2010 (Nysveen, Pedersen & Skard, 2012).

Brand experience is seen as the outcome of an attribute driven information processing in which consumers are engaged rationally and emotionally. Therefore, when creating brand experience, the key is to engage all senses and to evoke emotional as well as intellectual reaction towards a brand. In other words, it can be defined as subjective, internal consumer responses (sensations, feelings, and cognitions), as well as behavioral responses evoked by brand-related stimuli, are part of a brand's design, identity, communication and packaging strategy. They can take various forms and range from colors, sounds, haptics, to logos with special typefaces and designs, slogans with a high recall value or brand characters in form of mascots (Brakus, Schmitt & Zarantonello, 2009).

The degree to which companies can create a certain experience for customers depends on their ability to make use of all these brand stimuli in a favorable way. The approach, which explain that, is called experiential marketing. Marketers in this approach view consumers as rational and emotional human beings who are concerned with achieving pleasurable experiences. In addition, Five different types of experiences that marketers can create for customers are distinguished: sensory experiences (SENSE); affective experiences (FEEL); creative cognitive experiences (THINK); physical experiences, behaviors and lifestyles (ACT); and social-identity experiences that result from relating to a reference group or culture (RELATE) (Schmitt, 1999).

Brakus, Schmitt, and Zarantonello propose a framework with five experience dimensions that are responsible for the creation of brand experience. Furthermore, they developed a scale that reflects to what degree a brand experience can be measured by these dimensions. The five dimensions of experience are named as follows: sensory, affective, behavioral, and intellectual (Brakus, Schmitt & Zarantonello, 2009).

Brand experiences can be positive or negative, short-lived, or long lasting. Moreover, brand experience can positively affect consumer satisfaction and brand loyalty, as well as brand associations (in particular brand personality). Brand experience is empirically distinct from other brand and customer-focused concepts including brand attachment, brand involvement, and customer delight (Zarantonello & Schmitt, 2010).

Mosley argues that product brand experiences are simpler than service brand experiences, as services require a higher level of interpersonal complexity and relationship quality. Therefore, the relational dimension of experience is highly relevant in service sector (Mosley, 2007).

2.2.3. Stimulus: Customer experience in banking sector

By monitoring competitive scenario that happen in different business sectors, customer experience has turn out to be a hotspot in the growth cycle of any organizations. The concept of customer experience was first appear in marketing studies in 1982 by Holbrook and Hirschman and became generalized in marketing literature by Pine II and Gilmore in 1998. Now-a-days, creating and delivering superior customer experience has become one of the prime objectives of organizations. Since traditional Marketing views customer as rational decision making who care about benefit and functional feature of products/service (Schmitt, 1999).

The term started gaining increasing interest among academicians and practitioners, especially because of turn from service-based economy to experience-based economy. In other words, as goods and services become commoditized, the customer experiences that companies create will matter most. An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event (Pine II & H. Gilmore, 1998).

Customer experience is defined as the internal and subjective response customers have to any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use, and service and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company's products, service or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports, reviews and so forth (Meyer & Schwager, 2007). In other words, Customer experience is the user's interpretation of his or her total interaction with the brand (Ghose, 2007).

In considering customer experience, it is appropriate to consider two perspectives of consumer behavior: the traditional "information processing and decision oriented" perspective and the "experiential" perspective. The first perspective sometimes referred to as the cognition affect and behavior approach, this cognitive view suggests that the customer is engaged primarily in goal-directed activities such as searching for information, evaluating available options and deciding whether to buy a particular product or service or not (Frow & Payne, 2007). In other hand, the experiential view of consumption has broadened this perspective considerably. Consumption includes the flow of fantasies, feelings and fun where such behavior may not necessarily be goal (Payne, Storbacka & Frow, 2007). Customer experience needs to be seen from both an information-processing approach that focuses on memory-based activities and on processes that are more sub-conscious and private in nature (Holbrook & Hirschman, 1982).

The nature of service encounter and kind of service provider do an essential function because the customers not just purchase the service delivered by the business, however, purchases "experience" from that business, too. The main reason to work on the experiences of the banks' customers is that the growth of any bank depends upon its number of existing customers (Garg, Rahman, Qureshi & Kumar, 2012). For services, it has been demonstrated that the creation and delivery of an emotion-rich experience provides brand differentiation and influences sales, consumer loyalty, and promotion of the brand (Morrison & Crane, 2007).

In studying of customer experience factors in banking, a customer requires convenience at its every contact point with the organization as regarding the location of bank, available parking facilities, speed, hygienic environment and alike (Jain & Bagdare, 2009). While according to (AHP) approach, the factor "convenience" possesses maximum weight it shows that though customer takes cognitive decisions regarding "monetary aspect" but still requires "convenience" in every aspect while dealing with the organization. In addition, employees, online functional elements and service scape possess distinctively higher weights than the other factors such as service process, marketing mix, Customer interaction and online hedonic elements **(**Garg, Rahman, Qureshi & Kumar, 2012).

The research´s results about banking that done by Hardeep Chahal and Kamani Dutta study, revealed that core service experience, comprising cognitive, affective and behavioral factors, is most significant dimension followed by relational experience and sensory experience dimensions. The cognition items affecting banking customer experience include knowledge of bank products, competitive interest on loans and information sharing. Bank managers when respect customer's time and give special attention to knowledge, speed and service process, can generate positive behavioral experience. Similarly, affective items in the core service factor include problem handling, responding quality, aesthetic, and empathy, which have significant impact on creating customer experience in banking sector. Behavioral characteristics affecting customer experience include concern and caring attitude, prompt customer service and error free bank services (Chahal & Dutta, 2014).

Moreover, the Capgemini organization created Customer Experience Index (CEI); this Index encloses all the factors that drive customer decisions as they conduct banking transactions (see figure 3). Encompassing the full range of dimensions related to four different **products** (Current, Depository Accounts and Payments, Credit Cards, Loans, and Mortgages), five distinct **channels** (branch, internet, mobile, phone, and ATM), and the four stages of the **customer lifecycle** (Information Gathering, Transacting, Problem Resolution, and Account Status and History), as well as by demographic variables, such as country, age, investable assets and comfort level with technology. (Capgemini, UniCredit, and Efma, 2011).

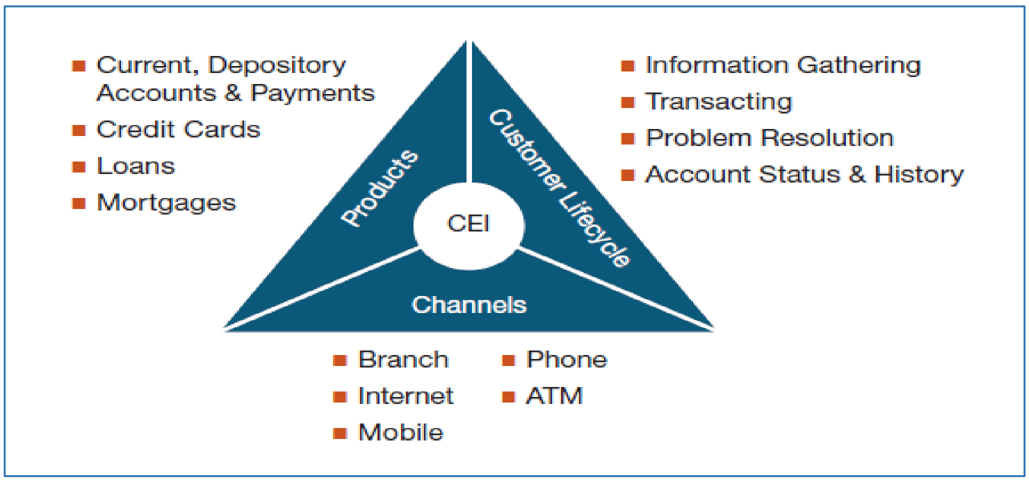


Figure 3: Dimensions of Capgemini's Customer Experience Index (CEI)
Source: Capgemini Analysis, 2011

According to the CEI index and World Retail Banking reports from 2011 until 2016, the link between positive customer experience and retention runs deep. Positive customer experience is a much stronger predictor of retention than satisfaction as the former has a much better correlation with the likelihood of a customer to stay with his bank when compared to latter. Also, because it describes not just the physical interactions that occur between retail banks and customers, but also how customers feel about those interactions, taking into account their perceptions and expectations. By identifying the factors most important to customers, then measuring satisfaction specifically along those dimensions, the CEI provides an in-depth view of customer experience that is uniquely aligned to customer values. The analysis also shows that quality of service is extremely important to creating a positive experience as well as understanding customers and their needs building trust (Capgemini and Efma, 2014; 2015; 2016).

The following figure 4 shows the development of global CEI index from 2011 until 2016 in the world. Declining could be noticed in the index in both 2014 and 2015 compared to 2013, then improvement in 2016 as we mentioned in the introduction previously.

Figure 4: Development of global CEI index from 2011 until 2016
Source: World Retail Banking Reports 2011-2016

Furthermore, KPMG International partnered with Edelman prepared study called Customer Experience Barometer in 2014. This Barometer is based on KPMG's proprietary customer experience model which incorporates 30 different attributes across seven categories (see Table 1); Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money, and Brand value and reputation. Each attribute is measured for both importance and performance in order to establish where performance gaps may exist between the two. The barometer designed to provide a simple and consistent means of measuring, tracking and benchmarking customer experience across brands. (KPMG International, 2014).

According to KPMG's study, the customer experience likely depends on where he/she live. Also, Self-service increases satisfaction. However staff engagement is critical to success. The attribute category identified as being the most important was staff engagement, with respondents particularly noting the importance of staff who are honest and who consistently follow through on their promises. In other hand, the attribute categories that ranked as the lowest importance were personalization and accessibility (KPMG International, 2014).

#	Category	Attributes
1	Accessibility	The choices/options available for contacting a provider
		The physical proximity/ease of access of a company
		Availability of services (around the clock)
		The appearance and operation of a website (including navigation)
		The ambience or decor of a bank, office, store.
2	Ease of doing business	Having services and products that are easy to understand
		Ease of getting issues/queries/complaints resolved
		Ability to get in contact with the company with short wait times.
3	Executional excellence	Speed of making an inquiry/transaction
		Getting things right the first time
		Consistency of service – continuity in communications or interactions
		Speed when resolving a complaint/resolving a query
		Speed of service.
4	Personalized offering	Rewards my loyalty
		Offers products and services that can be tailored to my specific needs
		Rewards my choice to do business with the company.
5	Staff engagement	Staff who consistently follow through on their promises
		Staff with a positive attitude
		Staff who are knowledgeable
		Quality of advice and service offered
		Staff who are honest and tell the truth
6	Value for money	Value for money (i.e. fair and appropriate fees and charges)
		Availability of rewards and promotions.
7	Brand value & reputation	A brand that inspires me
		A company that is well regarded in the media
		A company I know will deliver
		A company that puts the consumer first
		Trust in the brand to do the right thing
		Trust that the brand understands my needs
		Trust that the brand delivers on its promises

Table 1: Customer experience attributes
Source: KPMG International, 2014

This study, in examining generation Y Experience in the banking sector, will rely on KPMG international attributes and use them as a stimulus for S-O-R model that will be used.

2.3. Organism - Internal States

In this part, we intend to focus on three variables that will represent the organism component in S-O-R model. Those variables are Affective: Pleasure-Arousal-Dominance scale, Attitudinal: Satisfaction, and Perspective: Credibility.

2.3.1. Pleasure-Arousal-Dominance scale (P-A-D)

Russell and Mehrabian presented pleasure-arousal-dominance scale as it relates to Consumer's affective state while engaged with the stimuli. Pleasure relates to how good a consumer feels about the retail environment. While arousal is the extent, to which a consumer feels excited or stimulated. Then finally, dominance is an affective state that relates to control in regards to the retail environment (Russell & Mehrabian, 1977).

Donovan and Rossiter used the P-A-D model to examine the relationship between affective states provoked by store environment and the consumer behavioral intention in those environments. The study found that pleasure created a willingness to purchase while arousal created a positive desire to interact with the store environment, as well likelihood to return to the same environment. Furthermore, it has been examined that dominance variable is strongly related to usability attribute of websites, which ultimately affect pleasure and arousal states of consumers while engaging with a retailer (Mathwick & Rigdon, 2004).

Pleasure measures people general positive or negative reaction to the environment. Pleasure is defined as the degree to which a person feels good, joyful, happy, or satisfied in a situation (Eroglu, Machleit, & Davis, 2003). According to Menon and Kahn (1995), if consumers do not have any specific goals for evaluation, they may use their affective feelings as a guide while evaluating any target. In doing so, they may mistakenly attribute a pre-existing pleasure state as a reaction towards the target stimuli. This suggests that pre-existing emotions may increase favorable evaluations of novel stimuli more than familiar stimuli, thus increasing the approach behavior (Menon & Kahn, 1995). In addition, Sherman et al. (1997) demonstrated that pleasure has a positive influence on how much a consumer likes a store and the money spent in the store, but has no significant impact on the number of items purchased or time spent in the store (Sherman, Mathur, & Smith, 1997).

Arousal refers to the extent to which a person feels stimulated, active, or excited (Eroglu, Machleit, & Davis, 2003). The current studies introduce a two-dimensional concept of arousal;

energetic arousal and tense arousal. Energetic Arousal refers to the extent to which a person feels active, energetic, alert or vigorous ranging from subjectively defined feelings of energy and vigor to the opposite feelings of sleepiness and tiredness and varies in a circadian rhythm. Meanwhile, tense arousal refers to the extent that an individual feels anxious, jittery, tense, or nervous ranging from subjective tension to placidity and quietness (Matthews, Davies, & Holley, 1990). In this study, Energetic Arousal just will be used.

Dominance defined by Russell and Mehrabian (1976) as the extent that a person feels powerful vis-à-vis the environment that surrounds him/her. According to them, a person feels dominant when he/she is able to influence or control over the situation he/she is in. He/she feels submissive when the environment influences him/her (Russell & Mehrabian, 1977). In a service environment, dominance refers to the degree of power and influence on the service specification, realization, and outcome (Van Raaij & Pruyn, 1998). Service providers can influence consumers' perceived dominance in the environment. The proximity of the store, the control of the shopper's movement through the store layout, available and personalized stock and service can increase the consumers' perceived dominance (Lunardo & Mbengue, 2009).

2.3.2. Satisfaction

Customer satisfaction refers to "a person's feelings of pleasure or disappointment that result from comparing a product's perceived performance (or outcome) to their expectations" (Kotler and Keller, 2006: 144). In other words, customer satisfaction is generally described as the full meeting of one's expectations (Oliver, 1980).

Research indicates that satisfaction primarily consists of cognitive and affective variables. Cognitive measures include disconfirmation and expectations, as well as perceived performance. Other indicators include equity, performance, need fulfillment and price acceptance/willingness to pay. While affective variables include emotional measures, post-purchase, word of mouth, arousal and pleasure (Fraering & Minor, 2013).

Banking sector has been undergoing changes triggered by regulatory, structural, and technological factors, which make keeping customer satisfaction more difficult. Developing and maintaining customer satisfaction is important particularly in the service sector because that will lead to loyalty and the results will be increasing in profits through repeat patronage, less price sensitivity, and positive word-of-mouth (Foscht, Schloffer, Maloles & Chia, 2009).

Bank customer satisfaction is a hot topic of current scientific research for many reasons. In response to the negative impact of the recent financial crisis of 2008, the public has become very sensitive to all aspects of commercial bank activity. A satisfied customer is of great importance for the current and future performance of commercial banks. Korauš (2011) states that a satisfied customer remains loyal and to keep him a company requires five times less effort, time, and money than to get a new one (Belás & Gabčová, 2014). In fact, customer "retention" relies on the quality of the relationship and the experience, which the customer has with their bank. Creating satisfied, happy customers is crucial to maintaining their long-term loyalty (Baumann, Elliott & Burton, 2012).

The traditional approach above is based on the assumption that satisfied customers are less likely to switch their bank and are more willing to purchase additional products or services. Various studies did not confirm these relations and showed that even satisfied customers switch their bank if another one offers them a better product. The explained of these results are, first is loyalty; loyal clients have a more intense, emotionally based connection to their bank. Thus, they are more resistant to competitor banks´ offers even though these offers are of better technical parameters. Second, the second way to explain the quitting of satisfied customers is that not only objective factors, for example; conditions of products, price or distribution channels reliability determine their satisfaction but also subjective emotions and experience are getting more and more important (Belás, Chochoľáková, & Gabčová, 2015).

Satisfied customers spread positive information about the bank thereby increasing the potential for a group of new customers. If the bank exceeds the expectations of their clients, positive conditions for their loyalty are created. Understanding customer loyalty requires understanding customer satisfaction first (Fraering & Minor, 2013).

According to Chavan and Ahmad there are eight important attributes of satisfaction in banking: paying individual attention to each client, personnel behavior inducing customer trust, attractive bank equipment, zero fees for issuing checks, zero error records, the possibility of online banking, security of transactions, helpful staff, and readiness of staff to answer to customer requirements regardless of occupancy. While, from transaction-specific attribute customer satisfaction is dependent on nine different factors: Tangibility, E-Fulfillment, Convenience and Availability, Accuracy, Responsiveness, Empathy, Promptness, Personal Assistance. (Chavan & Ahmad, 2013) Furthermore, in online banking service, it was added the following factors that affect customer satisfaction: perceived quality of the service, perceived value, and customer expectation (Unyathanakorn & Rompho, 2014).

Baumann, Elliott and Burton (2012) report that the older the customer, the greater the intention to remain with their bank for a longer time. According to them, most of the attention in terms of acquisition/customer retention should be placed on the segment of young, high-income customers, as they are the ones most willing to change banks (Baumann, Elliott & Burton, 2012).

When Tesfom and Birch (2011) compared older bank customers to younger ones. They found that older customers are more confident on the notion that their bank offers the best deal, and more satisfied with the preferential treatment they receive from their banks. Older customers are more likely to see the perceived value in a banks' effort to recover services than are younger customers. On the other hand, the younger the bank customer is, the higher he/she perceives the availability and attractiveness of alternatives. Younger bank customers are more likely to end their relationship with their present bank. Younger customers are less loyal and less satisfied with the services they get from their banks than are older customers. Older customers are more likely to have higher perception about the satisfaction derived from their bank service, and the difficulty of switching to other banks. (Tesfom & Birch, 2011).

2.3.3. Credibility

Credibility is broadly defined as the believability of an entity's intentions at a particular time. Credibility is posited to have two main components: expertise and trustworthiness (Wernerfelt, 1988). Thus, brand credibility is the believability of the product information contained in a brand, which requires that consumers perceive the brand as having the ability (i.e., expertise) and willingness (i.e., trustworthiness) to deliver continuously what has been promised (brands can function as signals because if and when they do not deliver what is promised, their brand equity will erode). All else being equal, the credibility of a brand has been shown to be greater for brands with greater marketing-mix consistency over time and greater brand investments (Erdem & Swait, 1998). In other words, Brand credibility - the credibility of a brand as a signal - is defined as the believability of the product position information contained in a brand, which depends on the willingness and ability of firms to deliver what they promise (Erdem, Swait, & Valenzuela, 2006).

Erdem, Swait, & Valenzuela (2006) study demonstrated that credible brands provide more value to high uncertainty-avoidance consumers because such brands have high perceived quality, lower perceived risk and lower information costs (Erdem, Swait, & Valenzuela, 2006). Brand credibility supports consumer-based brand equity. Brand signaling theory suggests that credibility can build brand equity (Erdem and Swait, 1998). Furthermore, higher brand credibility can increase consumers' perceptions of product quality by influencing their psychophysical processes whereby objective quality levels are transferred into perceived, subjective quality levels (Erdem, Swait, & Louviere, 2002).

Maathuis and others (2004) have insisted on the significance of brand credibility in consumer's decision-making and choice perceptions, and the credible brand is expected to induce higher levels of consumer loyalty (Maathuis, Rodenburg, & Sikkel, 2004). In other words, a brand that is regarded as credible would easily generate loyal customers if it consistently conforms to its promised quality and trust. Trustworthiness and perceived quality induce credibility of the brand, which, then leads to a bigger customer brand relationship (Alam, Usman Arshad, & Adnan Shabbir, 2012). Sweeney and Swait (2007) results from samples of retail bank indicates that brand credibility serves in a defensive role: it significantly enhances word-of-mouth and reduces switching behaviors among customers (Sweeney & Swait, 2008).

2.4. Response - Marketing outcomes

2.4.1. Loyalty

From marketing strategy point of view, customer brand loyalty is considered as one of the most significant upshots (Chaudhuri, 1999). According to Belás (2015), loyalty is a state of mind, emotional attitude of customers to products and services, but also a rational assessment of previous experiences with a business relationship (Belás, Chochoľáková, & Gabčová, 2015). Customer brand loyalty is a sort of commitment towards the brand that induces a re-buy behavior into the customer despite the potential marketing attempts by competitors to break up the coalition between the brand and the consumer (Oliver, 1999). In other words, loyal customers have favorable attitudes toward the service provider and are also more inclined to recommend a favored service provider to other customers (Srinivasan, Anderson, & Ponnavolu, 2002). Also, the cost of serving a loyal customer is five or six times less than a new customer. This statement shows the importance of customer loyalty (Siddiqi, 2011).

The issue of customer loyalty is becoming increasingly important given that the banking industry in most western markets is suffering from limited growth, high fees, and the substantial costs of winning new customers (Candler, 2005). The high quality of banking services determines further loyalty as well as additional purchases by clients, which means that satisfied customers provide information about their satisfaction and future bank clients from their own environment: family, friends, and colleagues (Choudhury, 2013).

Customer satisfaction with a bank relationship is a good basis for loyalty, although it does not guarantee it because even satisfied customers switch banks (Pont & McQuilken, 2005). Levesque and McDougall (1996) pointed out that by increasing loyalty, a retail bank: Decreases its servicing cost (i.e. customers do not open or close their accounts), Fulfils customers need, and gains knowledge of financial affairs, also the bank has an opportunity to cross-sell existing and new products and services (Levesque & McDougall, 1996).

Lewis and Bingham (1991) report that by attracting young customers, banks can achieve more revenue on the one hand; and on the other hand, they can profit from these loyal customers in the future by establishing a customer relationship with the opportunity for cross-selling (Lewis and Bingham, 1991). Generation Y consumers are disloyal as a segment, so understanding the approach of generation Y to brands is key to any branding strategy targeting this segment (Syrett & Lamminman, 2004). Developing brand experience influences customer loyalty only through affective commitment. This relationship between brand experience and loyalty appears to be mediated by satisfaction (Brakus, Schmitt, & Zarantonello, 2009).

2.4.2. Word-of-mouth

WOM could be defined as an informal type of communication between private parties concerning the evaluation of goods and services. Also, it has been considered to be one of the most powerful forces in the market place (Bansal and Voyer, 2000). Ward-of-mouth exerts a strong influence on consumer choice so that companies have a good opportunity to increase their market share by developing positive WOM among customers (Chung and Darke, 2006). Consumers prefer to rely on informal and personal communication sources (e.g. other consumers) in making purchase decisions instead of on formal and organizational sources such as advertising campaigns. In other words, Consumers appreciate WOM because it is seen as more reliable and trustworthy than other information sources (Bansal and Voyer, 2000).

Due to the strong effect that WOM exerts on customer choice, companies should try to develop positive WOM about their products (Chung and Darke, 2006). However, WOM is more important and influential in the services context because of their intangibility and therefore, greater perceived risk (Murray and Schlacter, 1990).

Customer experience not only drives customer satisfaction and loyalty intentions but also word-of-mouth (Keiningham, Cooil, Andreassen, & Aksoy, 2007), which may be positive or negative. The positive word of mouth endorses positive experience, satisfaction, and loyalty while negative word of mouth enhances switching intentions (Chahal & Dutta, 2014). Arnold et al. (2005) have discussed outcomes of delightful and terrible experience. They remarked that customers who endured delightful experiences would either tell others about their favorable experience, i.e. use positive word of mouth, or may recommend the service provider to friends and family or would visit the service provider again, i.e. repurchase intention. They further remarked that customers who endure terrible experiences would either tell others about their bad experience or voice complaints or may stop visiting the provider again, i.e. discontinue patronage and switch to other providers (Arnold, Reynolds, Ponder, & Lueg, 2005). In other word, customer may experience positive as well as negative emotions during their service encounter and accordingly spread positive, negative word of mouth (Chahal & Dutta, 2014).

2.4.3. Brand equity

Brand equity refers to the total utility or value added to a product by virtue of the brand. Alternatively, it defined as incremental value added by a brand name to a product (Yoo and Donth, 2001). Consumers should perceive brand differentiation in the product or service category in order to create brand equity, and a meaningful brand differentiation comes from brand value components **(**Lai, Chiu, Yang, & Pai, 2010). Jones (2005) has indicated that valuable brand equity derives from the fulfillment of consumer expectations (Jones, 2005).

Aaker (1991) and Keller (1993) provide two of the most widely accepted conceptualizations of brand equity based on the consumer perspective. Aaker operationalized brand equity as a set of assets (or liabilities) consisting of brand awareness, brand associations, perceived quality, brand loyalty and other proprietary assets. On the other hand, Keller referred to brand equity as customer-based brand equity and defined it as the differential effect of brand knowledge on consumer response to the marketing of the brand. Although both adopted a consumer perspective and focused largely on memory-based brand associations, there are minor differences in their conceptualization of brand equity. While Aaker had elevated perceived quality (quality-related brand associations) as a separate dimension, considered all types of brand associations (including those that are quality-related) as brand image (Spry, Pappu, & Bettina Cornwell, 2011).

Keller (1993) stated that one of the characteristics of brands possessing strong brand equity is stronger brand loyalty, which is a function of variables such as satisfaction, loyalty and word of mouth. He remarked that a brand possesses positive customer-based brand equity when a customer reacts more favorably to a product and possesses negative customer-based brand equity when he reacts less favorably to the marketing activities associated with it **(**Keller, 1993).

Berry and Seltman (2007) considered customer service experience to play a strong role in brand formation. In their paper expressed that ‘‘a service brand is essentially a promise about the nature of a future experience with an organization or individual service provider’’ (Berry & Seltman, 2007: 200). They further underscored the role of experience in the creation of brand equity. External brand communication, which is organizational-influenced communication about the brand, is influenced by customer experience, and also influence brand equity through brand awareness and brand meaning (Berry & Seltman, 2007).

2.5. Generation Y

The Generation Y segment comprises individuals who were born between 1980 and 2000.They are also referred to as Millennials, net generation and Echo Boomers (B. Valentine & L. Powers, 2013). Individuals in this segment were typically raised in a secure and goal-driven environment, the competitive environment at home is mild. They are also called “trophy kids” as they have several accomplishments. Generation Y likes to work in a team and in a culture that is organized, integrated and growth-oriented. They believe that this would help them to accomplish their goals more easily than when working individually. However, they are eager to achieve their objectives within a short time period and are receptive to continuous feedback (Viswanathan & Jain, 2013).

Generation Y is influenced by western culture and is eager to spend money. They experiment with and adapt to new products and brands. They usually spend on personal services and consumer goods. While they have high brand awareness, they are generally not brand loyal. They are hence called “brand switchers”. However, it is important to note that the purchasing power of this young segment will only increase over time (Jurisic & Azevedo, 2010). Generation Y’s use of social media is already changing the marketplace, the workplace, and society; it will ultimately lead to new business models, processes and products (Bolton et al., 2013).

Younger customers are more likely to change their banks easily, so if retail banks want to retain younger customers, they need to offer more meaningful incentives to younger customers than they offer to older customers. In terms of practice, the findings of Tesfom and Birch research highlight the need for managers to design different switching barrier packages for each customer age group (Tesfom & Birch, 2011).

The study by Robert Rugimbana has shown that cultural values and perceptual variables may have significant implications for marketing practice particularly where Generation Y is concerned. Given that e-banking services are designed essentially to suit individuals who prefer convenience, quicker service, more frequent and less face-to-face retail banking services, one would expect that Generation Y individuals, more likely to use these e-banking services, would be those who are socialized in more individualistic and consumption orientations. These individuals would be expected to use the e-services more regularly given that individualistic societies tend to be more consumption-oriented and therefore more encouraging towards spending (Rugimbana, 2007).

Bilgihan (2016) report that generation Y group likes to travel and prefers to spend money on experiences rather than materialistic items. Their responses to online marketing is expected to be different as they process website information five times faster than older generations and are the most emotional and least loyal customers compared to all other generations. In addition, Bigihan demonstrated that trust is the most important antecedent of e-loyalty in online shopping for Generation Y customers. Brand equity is also a key precursor of e-loyalty. Finally, a positive online experience (flow) is also a significant precursor of e-loyalty for this cohort (Bilgihan, 2016).

2.6. Banking Sector

For several years now, banking sector has been under several challenges. One of the biggest challenges is keep pace with ongoing development technology. In this part, we will deliver brief information about Internet Banking and Mobile-Banking, Banking for generation Y, and show worldwide examples about banking experience for generation Y.

2.6.1. Internet Banking and Mobile-Banking

The Internet has transformed the ways in which individuals, groups, organizations communicate, obtain information, access entertainment, and conduct their economic and social activities. Looking forward, by 2018 almost 3.6 billion people, i.e. half of the world's population will be connected to the internet or the mobile internet (Nagurney, 2014).

In response to market competition and with relatively low setup costs, traditional banks have adopted a policy of enhancing the possibilities of their online services. Interactive banking services have currently become a common practice, ubiquitously performed all over the world and are now an integral part of the modern commercial environment **(**Levy, 2014).

It is widely recognized that the nature of banking services is changing rapidly, due to the diverse advances offered by the revolutionary information technologies of the Internet. This significant change extends across all levels of service in the banking industry – from global business to individual concerns. Advances in technology, globalization and customization have created a dynamic banking environment, in an attempt to improve service quality and satisfy customers' need for faster, easier, independent and real-time service (González, Mueller-Dentiste, & Mack, 2008).

Internet banking as a medium of delivery of banking services and as a strategic tool for business development has gained wide acceptance internationally and is fast catching up with more and more banks entering the fray (Sahoo & Swain, 2012). Internet banking services can be defined as the provision of information or services by a bank to its customers via the computer, cellular phone or other Internet-oriented devices (Daniel, 1999). The figure 5 below shows the online banking penetration in the European Union (EU 28) from 2007 to 2015. In 2015, 46 % of all individuals used the internet for online banking, but usage was higher among those who had used the internet within the last three months, at 57 %.

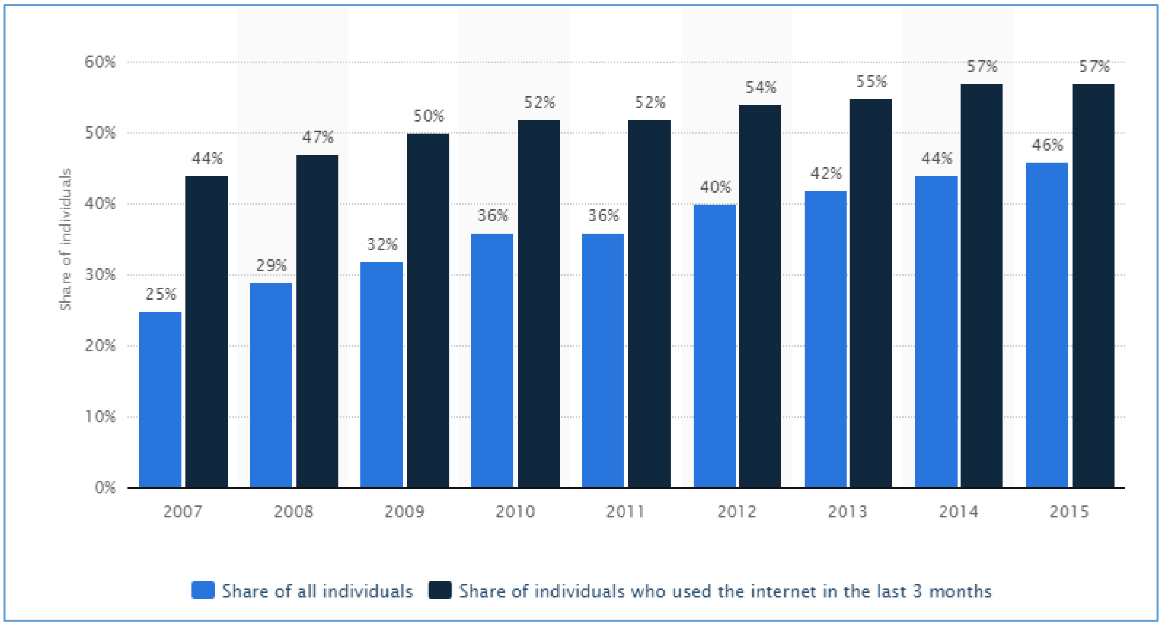


Figure 5: Online banking penetration in the European Union (EU28) from 2007 to 2015
Source: Statista, 2016

Sahoo and Swain (2012) reported main benefits from Internet banking for both Banks and customers; it is listed as the following (Sahoo & Swain, 2012):

- The main advantage regarding Internet banking is that its availability 24 hours a day and 7 days a week. Customer's perception and life style plays an important role in the growth of Internet banking system.
- The banks are succeeded to reduce this queue through uses of latest technology. Also, banks are going to utilize internet facility for customer's transactions this method will reduce paperwork, and will give a quick response to the customer while they remain in their office or at home.
- E- Banking, i.e., the liberation of bank's services to a customer at his workplace or domicile using Electronic Technology, makes it easier for customers to compare banks' services and products. Also, it can augment competition among banks, and authorizes banks to penetrate new markets and thus inflate their geographical reach.
- Customers in e-banking era can access services more easily from banks abroad and through wireless communication systems, which are developing more rapidly than traditional "wired" communication network and that provides enormous benefits to consumers regarding the ease and cost of transactions.

The following figure 6 displays an example of the online banking penetration in European countries in 2015. It was found 90 percent of the Norwegian population access online banking sites, making Norway the country with the strongest internet banking penetration in Europe.

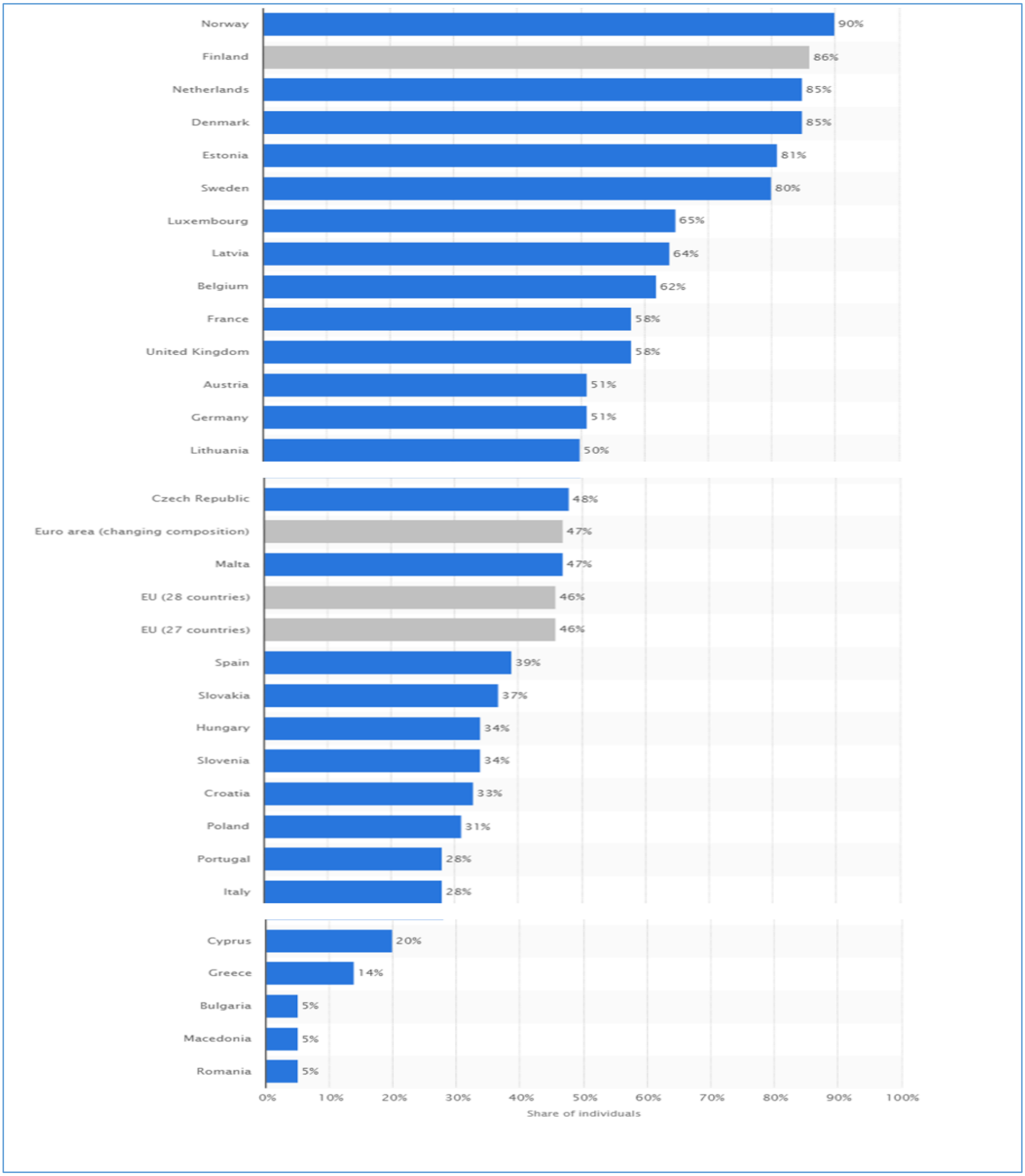


Figure 6: Online banking penetration in selected European markets in 2015
Source: Statista, 2016

Mobile has become an intrinsic and vital part of bank customers' everyday life, and they expect banks to respond rapidly to their demands and provide the level of service they want (EFMA, 2014). According to the second annual report from Bank of America "Trends in Consumer Mobility", of those consumers who use a mobile banking app, nearly two-thirds (62%) access it at least a few times a week or more (see figure 7), while one in five (20%) check once a day or more (Bank of America, 2015).

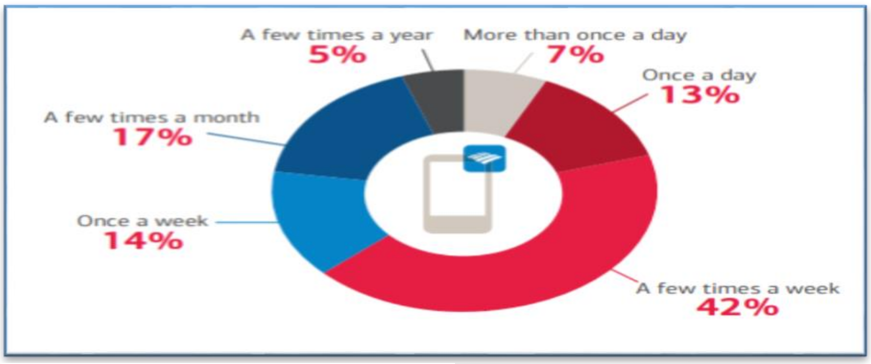


Figure 7: using mobile- banking app in USA
Source: Bank of America, 2015

Mobile Banking covers some areas, from apps to mobile financial services and even mobile payments in the future, and from smartphones to smart TVs (and eventually all devices will become 'smart' and connected). These are all part of the rapidly evolving mobile ecosystem (EFMA, 2014). In addition, according to Consumer Mobility report, the majority of consumers check their balance or statement (74%), view transactions (63%) via their mobile banking app and 72% of Millennials ages 25-34 generation report using mobile cheque deposit. Additionally, nearly four in 10 (38%) pay bills, almost one-third (32%) use it to locate a branch or ATM and 15 % manage investments (Bank of America, 2015).

Other issues also need to be considered, such as the opportunities and challenges posed by the social media; the development of mobile wallets; and the role of payments. Mobile payments are often seen as being a separate discipline from mobile banking. However, there are a few signs that there could soon be a level of convergence between the two areas, which will lead to a larger mobile ecosystem. (EFMA, 2014).

Despite the huge worldwide migration towards the use of mobiles in recent years, mobile banking is still really in its infancy. There is a lot to be discovered, and many challenges to overcome – and meanwhile the whole mobile ecosystem is continuing to grow and evolve (EFMA, 2014).

2.6.2. Banking for Generation Y

As banks target technology-friendly Generation Y customers, they must focus on developing products and services in unique and innovative ways. Generation Y customers are more likely to be attracted by innovation, quality of service, and accessibility for various products and services such as payment systems and banking accounts. To that end, effectively utilizing mobile and social media tools are powerful ways to engage Generation Y (Capgemini & Efma, 2014).

Generations often hold common values shaped by shared experiences during their key developmental years. Social media allows experiences and attitudes to be widely - nearly instantly - shared. The reasons that younger generations patronize banks is that they offer more sophisticated - online and mobile- banking services and is more convenient access to ATMs. Online or mobile banking is an influential factor for about 25% of younger generations, but only 18 % of Older Boomers or Matures. Generation Y is more likely to pay attention to what their friends are saying, texting or perhaps entering on their Facebook page about the bank than what the bank is saying about itself. Generation Y prefers to receive communications via the bank's online banking site (after login), e-mail to their computers or the bank's web site more than by "snail mail." Generation Y also is more receptive than others to communications via the bank's ATM machines or their mobile phones (Putnam, 2012).

According to Capgemini report (2014) called "What Makes Gen Y Stick with a Bank?", Generation Y Requirements and Demands are mentioned as the following (Capgemini, 2014):

- **Fees:** Generation Y choose banks that charge lower fees and are more interested in products and services that offer low fees and charges. Also, Generation Y prefer banks that offer student accounts, no maintenance fees, and loans with lower commissions and fees.
- **Interest Rates:** Generation Y tend to shop around for the best price, and are willing to switch banks to obtain higher rates on savings accounts (Generation Y seek products, such as checking and savings accounts that offer special interest rates.)
- **Convenience:** Generation Y seek easy access to money transfers, product information, and problem resolution across channels on their timeframe versus a bank's promotional Timeframe. In other words, Generation Y prefer banks, whose processes are more streamlined and offer a high level of convenience.

- **Quality of Overall Service:** Generation Y keenly aware of a bank's quality of service and will select a bank that delivers the greatest value and benefit to them. In additional, Generation Y prefer banks that have a transparent feedback system that will act on customer suggestions and complaints.
- **Quality of Internet Banking Service:** Generation Y seek added convenience in terms of services, not only through bank branches but also online and through mobile channels. Generation Y prefer banks that provide mobile and online capabilities because of high reliance on smartphones.

However, according to World Retail Banking Report (2014), there are some facts come from compering between Generation Y and other age groups. Those facts are; Generation Y customers who do have positive experiences are somewhat less likely to engage in profitable behaviors, also Generation Y are slightly less likely to refer a friend, and a similar trend exists regarding the likelihood of Generation Y to purchase another product (Capgemini & Efma, 2014).

For that and to encourage an ongoing mutually valuable relationship with Generation Y customers, banks need to focus on four key areas that could increase Generation Y Customer Stickiness (Capgemini, 2014):

1- Products: (Checking Account/ Savings Account - Loans - Investments)

Banks should introduce Generation Y specific checking and savings accounts that offer competitive interest rates and a high level of online and mobile banking convenience. Banks should provide attractive long-term savings, pension, and securities and insurance products and services to meet this need. This may encourage Generation Y customers to stay with a bank over the long term.

2- Instruments: (Mobile Wallets - Prepaid Cards - Credit Cards - Personalized Cards)

Generation Y customers have unique preferences in the way they prefer to make payments, so banks should bundle payment instruments because bundled payments offer a high level of convenience. For example, the emerging digital wallet payment system enables customers to access payment systems remotely anytime and anywhere, increasing convenience.

3- Mobile and Internet Channel Experience:

The major drivers that lead to more positive user experience are Accessibility, Convenience, and Customer Service. Generation Y customers seek anytime access to banking services, so they are among the most likely segments to use the Internet for online and mobile banking.

This technology allows them to check account balances, make purchases, and conduct payment transactions on their mobile devices or the Internet. Generation Y customers are always connected to the world via their smartphones, and they are increasingly adopting smartphones and Internet banking, so banks should focus on enhancing their online and mobile channels.

4- Social Media: (Online Interaction - Banking Community - Online Blogs/ Forums)

To improve brand awareness and increase customer retention, banks need to embrace social media platforms to engage Generation Y customers who are more likely to trust experiences posted on social media by other customers and use social networks to voice their opinions. Before making a purchase, these customers are more apt to conduct extensive research on social media and the Internet, collecting expert opinions and feedback from friends and relatives.

To ensure how important the relationship between banking sector and young generation is, the Child and Youth Finance International (CYFI) issued '*The Child and Youth Friendly Banking Product Certificate.'* This Certificate is awarded to Banking Products that meet specific standards, including Availability and accessibility for children and youth, Maximum control to children and youth, Positive financial incentive for children and youth, A Financial education component, and Monitoring of child and youth satisfaction. Core Principles of CYFI movement are focused firmly on increasing the financial protection and empowerment of all children and youth across the world. Also, CYFI is leading a global movement which seeks to facilitate access to child and youth friendly bank accounts and holistic financial education for 100 million children and youth in 100 countries by 2015 (The Child and Youth Finance International, 2012).

2.6.3. Generation Y bank experience - worldwide examples

The following worldwide examples are from banks and financial institutions that work on create positive customer experience. Those organizations invest in different approaches to delight young customers and give them unforgotten experience alongside with keeping in mind the important of accounts security and regulations.

1- ImaginBank – Spain https://www.imaginbank.com/home_en.html

CaixaBank launched ImaginBank, Spain's first mobile-only bank providing banking services exclusively through mobile apps and social networks. This initiative is to help CaixaBank to secure greater loyalty among a large group of existing young customers, as well as to drive new customer acquisition. ImaginBank customers manage their products and services via apps, everything is run entirely on mobile devices. There is also an ImaginBank website (www.imaginBank.com), but this is only provided as a source of basic information and instructions on how to become a customer. This app allows users to browse and sign up for the full range of services and products, check their bank balance, query transactions and view their overall account activity. The language is very simple and clear to ensure optimal communication with customers. Furthermore, the ImaginBank app supports fingerprint identification for devices that have fingerprint sensors. Likewise, ImaginBank offers services for smart watches, with a special application that includes an ATM and branch finder.

One of the most innovative and unique services is the use of Facebook tools to manage personal finances. An application has been developed that allows users to interact with their bank without having to leave the Facebook environment and open other applications. The Twitter channel is available to all users, as is the customer service line. Furthermore, anyone registering with the ImaginBank application can make use of an internal chat system to contact specialist account managers, while there is also a WhatsApp message line.

Money can be sent to a CaixaBank ATM, so customers then able to make a withdrawal without taking their card with them. As for financing, ImaginBank offers a one-click consumer lending facility, offering up to 15,000 euros to finance personal projects with no arrangement fee.

ImaginBank provides customers with services based on the latest in payment technology. By registering as customers, users will get a Visa ImaginBank debit card in traditional format, with the option of also getting duplicates in other formats such as wearable wristbands or the contactless Visa sticker to attach to a mobile device. The card may also be downloaded in virtual format to make payments directly via a phone. The virtual card is stored in the ImaginBank wallet, which is bundled with the mobile application, where users can temporarily or permanently activate and deactivate their cards (ImaginBank, 2016).

2- BankMobile – USA https://www.bankmobile.com/

BankMobile is a division of Customer Bank, offers traditional banking services like checking and savings through its mobile and online portals. BankMobile is aimed at the Millennial Generation that prefers to make their mobile devices as a bank instead of going to branches.

Signing up for an account simply requires uploading a photo of your driver's license and other pertinent information. You can deposit a check by snapping a photo of it, and you can even pay bills by taking a photo of it and entering the desired amount. When you need cash, you can go to one of the 55,000 surcharge-free ATMs currently within the Star Network program. Moreover, because there are not physical banking centers or personnel to maintain, BankMobile is able to offer most of the services without fee.

BankMobile has implemented some safety nets: The Company lets account holders turn on and off their debit card to protect against unauthorized usage. In addition, via parent Customer Bank, it is also collaborating with Apple to work with Apple Pay, which relies on unique security codes to complete transactions, instead of debit card information (Bankmobile, 2016).

3- Bank of Ireland – Ireland https://www.bankofireland.com/

As part of a drive to acquire and retain the business of young generation who will shortly enter working life. Bank of Ireland has opened a new concept branch on the campus of Dublin City University (DCU) to target Generation Y. This branch has opted for a particularly original design with semi-private, restaurant-style booths (Casual meetings with customers are held in it, and If more privacy is required, meetings can move into the more traditional conference room). Incorporating a new open-front design and featuring a digital wall with five zones.

The new branch, designed for a staff of four; a manager, a person in charge of transactions, a receptionist, and an advisor. The branch is equipped with the latest technology (almost all merchandising is digital and almost paper-free). Also, a giant digital bulletin board displays campus and community events, while interactive touchscreens have completely replaced racks of brochures (Bank of Ireland, 2016).

4- Frank Bank – Singapore http://www.frankbyocbc.com/

Frank Bank from OCBC Bank, was launched in 2011, targets youth generation. Customers will be served in FRANK retail stores that create new shopping experience instead of OCBC Bank branches. The store is designed differently from a traditional branch, allowing the FRANK customer to take his time to browse, touch (cards) and ask questions about the products and his banking needs. It is modelled after a shopping experience that youths and young working adults are familiar with, such as shopping for a gadget or fashion item.

The FRANK name stems from the phrase "Frankly speaking," and is intended to convey honesty, sincerity, reliability, smart and stylish. FRANK offers an online banking website that is simple to use - There is not even an "About" page - and includes details of products and promotions. FRANK also use Facebook as a tool to engage with its customers through regular updates on financial tips, promotions, and topics that are relevant to a young working adult, such as preparing for the first job interview when entering the workforce.

FRANK customers can choose, from one hundred designs, to customize their debit and credit card faces to suit their personalities and preferences. In addition, they can change the design anytime they want. Customers can enjoy bigger discounts if they gather friends to make group purchases at some retail shops. FRANK accounts earn higher interest rates than normal savings accounts in the Singapore market. The account features a "savings enabler" to help customers reach certain goals. Customers can create "savings jars" — sub accounts — for each separate goal. Money is in savings jars cannot be accessed through an ATM. There are no fees for a FRANK account, and no minimum monthly balance requirement for FRANK Account customers 26 years of age and younger (FRANK by OCBC, 2016).

5- DenizBank – Turkey https://www.denizbank.com/en/

DenizBank's fastPay mobile wallet app allows customers to withdraw their money by voice order. They just say how much money they need, and then fastPay finds the closest DenizBank ATM and allows them to make a withdrawal. FastPay enables customers to transfer money from a mobile phone to another mobile phone on a 24/7 basis without having to be a DenizBank customer, to withdraw cash from ATMs without a card, and to make payments in member merchants.

From the customer side, this innovative qualification has certain positive influence on the user experience by maintaining the ease of use and loyalty **(**Denizbank, 2015).

6- Osper- UK https://osper.com/

Osper - which is targeted at young people - offers a safe MasterCard prepaid debit card with a simple mobile banking app that separate logins for young people and parents. Osper empowers young people to manage money responsibly.

The key features of this application are:

- Easy and safe setup: The ability for parents to get up and running in under two minutes, for free, from mobile or web. Fraud and identify checks in real time removing the need to visit a branch.
- One app, two logins: A secure banking app, which both young people and parents can download and login to from their own mobile phones to manage the same Osper Card.
- Instant loading: The ability for parents to instantly load money from their Debit Card onto their child's Osper Card account instead of giving cash or in emergencies.
- Card lock: Simple card lock function both young people and parents can use directly from the app if the card is lost or stolen to block all purchases **(**Osper, 2016).

Chapter 3: Research Design and Methodology

This chapter discusses the methodology that will be used to examine customer experience concept through its attributes that affect generation Y customer's internal states and behavioral responses toward the bank experience. Therefore, this chapter includes the research objectives, the conceptual model, the research hypotheses, the data collection, the questionnaire design, the sample Profile, and data treatment.

3.1. Research Objectives

The major purpose of this thesis is to explore which of Customer Experience attributes suggested by KPMG International (2014) affects generation Y's Behavior in the banking sector. The specific aim of this study is to understand how the generation Y experience as a customer may influence their Affective state; Pleasure, Dominance, and Arousal with the attitudinal state through satisfaction and how these last, together with Credibility, influence the generation Y Behavior through Loyalty, Word-of-mouth, and Brand equity.

3.2. Conceptual Model and Research Hypotheses

The model proposed for this research was based on several studies previously developed. From those studies, important information was retrieved and selectively used to adequately match the aims of the present thesis.

The research model, see figure 8, for this study was developed on stimulus-organism-response (S-O-R) theory. The stimulus aspects are represented by Customer Experience attributes. The Customer Experience attributes, encompass 1-Accessibility, 2-Ease of doing business, 3-Executional excellence, 4-Personalized offering, 5-Staff engagement, 6-Value for money, and 7-Reputation, affect the organism state.

For this study, the organism is defined by the affective state that include 1- pleasure, 2- dominance, and 3- arousal, attitudinal state covering 4- satisfaction variable, and 5- Credibility as a perspective toward the bank, which ultimately affect the behavioral responses.

The behavioral responses was determined for this study as 1- Loyalty, 2- Word-of-mouth and 3- Brand equity. These variables are represented in the research model in Figure 8.

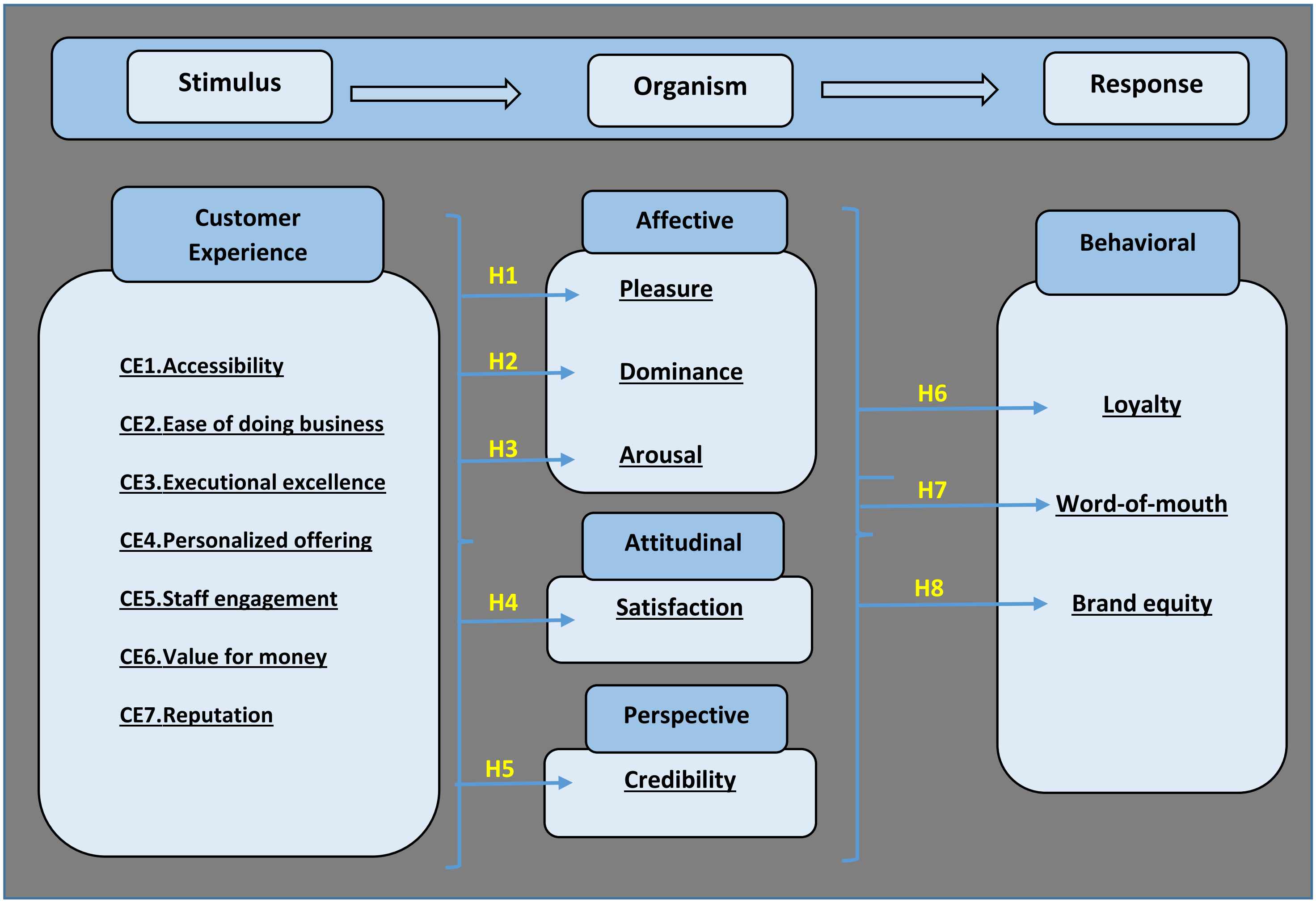


Figure 8: Research model
Source: own elaboration

The general hypotheses proposed for this study are the following:

H1: Customer Experience positively affects pleasure of Generation Y in experiencing the bank.

- H1a: Accessibility positively affects pleasure of Generation Y.
- H1b: Ease of doing business positively affects pleasure of Generation Y.
- H1c: Executional excellence positively affects pleasure of Generation Y.
- H1d: Personalized offering positively affects pleasure of Generation Y.
- H1e: Staff engagement positively affects pleasure of Generation Y.
- H1f: Value for money positively affects pleasure of Generation Y.
- H1g: Reputation positively affects pleasure of Generation Y.

H2: Customer Experience positively affects Dominance of Generation Y in experiencing the bank.

- H2a: Accessibility positively affects Dominance of Generation Y.
- H2b: Ease of doing business positively affects Dominance of Generation Y.
- H2c: Executional excellence positively affects Dominance of Generation Y.
- H2d: Personalized offering positively affects Dominance of Generation Y.
- H2e: Staff engagement positively affects Dominance of Generation Y.
- H2f: Value for money positively affects Dominance of Generation Y.
- H2g: Reputation positively affects Dominance of Generation Y.

H3: Customer Experience positively affects Arousal of Generation Y in experiencing the bank.

- H3a: Accessibility positively affects Arousal of Generation Y.
- H3b: Ease of doing business positively affects Arousal of Generation Y.
- H3c: Executional excellence positively affects Arousal of Generation Y.
- H3d: Personalized offering positively affects Arousal of Generation Y.
- H3e: Staff engagement positively affects Arousal of Generation Y.
- H3f: Value for money positively affects Arousal of Generation Y.
- H3g: Reputation positively affects Arousal of Generation Y.

H4: Customer Experience positively affects Satisfaction of Generation Y in experiencing the bank.

- H4a: Accessibility positively affects Satisfaction of Generation Y.
- H4b: Ease of doing business positively affects Satisfaction of Generation Y.
- H4c: Executional excellence positively affects Satisfaction of Generation Y.
- H4d: Personalized offering positively affects Satisfaction of Generation Y.
- H4e: Staff engagement positively affects Satisfaction of Generation Y.
- H4f: Value for money positively affects Satisfaction of Generation Y.
- H4g: Reputation positively affects Satisfaction of Generation Y.

H5: Customer Experience positively affects Credibility of Generation Y in experiencing the bank.

- H5a: Accessibility positively affects Credibility of Generation Y.
- H5b: Ease of doing business positively affects Credibility of Generation Y.
- H5c: Executional excellence positively affects Credibility of Generation Y.
- H5d: Personalized offering positively affects Credibility of Generation Y.
- H5e: Staff engagement positively affects Credibility of Generation Y.
- H5f: Value for money positively affects Credibility of Generation Y.
- H5g: Reputation positively affects Credibility of Generation Y.

H6: Organism state positively affect Loyalty of Generation Y in Bank.

- H6a: Pleasure positively affect Loyalty of Generation Y in Bank.
- H6b: Dominance positively affect Loyalty of Generation Y in Bank.
- H6c: Arousal positively affect Loyalty of Generation Y in Bank.
- H6d: Satisfaction positively affect Loyalty of Generation Y in Bank.
- H6e: Credibility positively affect Loyalty of Generation Y in Bank.

H7: Organism state positively affect Word-of-mouth of Generation Y in Bank.

- H7a: Pleasure positively affect Word-of-mouth of Generation Y in Bank.
- H7b: Dominance positively affect Word-of-mouth of Generation Y in Bank.
- H7c: Arousal positively affect Word-of-mouth of Generation Y in Bank.
- H7d: Satisfaction positively affect Word-of-mouth of Generation Y in Bank.
- H7e: Credibility positively affect Word-of-mouth of Generation Y in Bank.

H8: Organism state positively affect Brand equity of Bank that Generation Y use.

- H8a: Pleasure positively affect Brand equity of Bank that Generation Y use.
- H8b: Dominance positively affect Brand equity of Bank that Generation Y use.
- H8c: Arousal positively affect Brand equity of Bank that Generation Y use.
- H8d: Satisfaction positively affect Brand equity of Bank that Generation Y use.
- H8e: Credibility positively affect Brand equity of Bank that Generation Y use.

3.3. Data collection

Gathering data start with collecting secondary data by revision of the previous researches (academic articles, dissertations, reports, and books) that done on the chosen topic. All that allows the researcher to knowledge what are the key issues being addressed on the topic and to identify possible gaps. With the support of the theoretical background and in order to collect primary data that are necessary to test all the hypotheses to achieve the objectives of this study, **a survey was built**.

An on-line survey was created and launched via umfrageonline website, being available during February and March 2016. This way was chosen because it allows a quick response and it possible to reach a higher number of Generation Y's customers in a small period of time in different places. Furthermore, the study is aimed at Generation Y that is also known as the Internet generation, increasing the importance of using an on-line survey. The survey was spread to customers via Facebook and email. We posted the survey's link on several organizations Facebook pages like universities and youth groups.

3.4. Questionnaire Design

The theoretical framework of this study was grounded upon the S-O-R (Russell & Mehrabian, 1977) framework. The questionnaire was mainly designed to measure three constructs: Customer Experience attributes, consumer internal states, Attitude and Perspective as reactions to the Customer Experience attributes, and behavioral responses as reactions to the consumer internal states, Attitude, and Perspective. The questionnaire items were rated on a 5-point Likert scale (**1=** strongly agree, **2=** agree, **3=** Neither agree nor disagree, **4=** disagree, **5=** strongly disagree).

Hence, in the first part, the respondent had four demographic questions: gender, age, marital status and educational background. In the second part, the respondents were asked to answer eighteen questions concerning the seven Customer Experience attributes (1-Accessibility, 2-Ease of doing business, 3-Executional excellence, 4-Personalized offering, 5-Staff engagement, 6-Value for money, and 7-Reputation). Those eighteen questions were grouped in two main questions. This part was based on the study of KMPG International (2014). In the third part, the respondents were asked to rank those Customer Experience attributes according to its importance to them according to the scale 1= most important, 7= less important.

In fourth part, the respondents were asked to answer twelve questions about Credibility and affective state (pleasure, arousal, and dominance), grouped in one main question. **Credibility** items were based on study of Erdem and Swait (1998). Moreover, adapted from the study of Erdem, Swait, and Valenzuela (2006). **Affective state (pleasure, arousal, and dominance)** was based on scale developed by Koo & Lee (2011). In the fifth part, the respondents were asked to answer ten questions about the bank experience outcomes; **Satisfaction and Loyalty** - based on study of Leverin & Liljander (2006) - , **Word of mouth** – based on study of Pizzutti and Basso 2012- and **Brand equity** – based on study of Chahal and Dutta 2014 - , grouped in one main question.

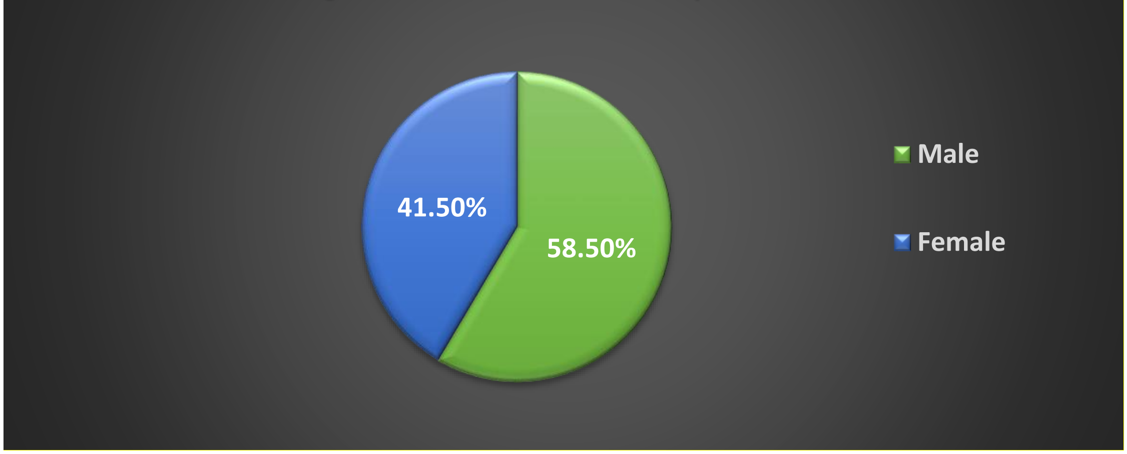
3.5. Sample Profile

The sample of this study consisted of Generation Y customers of banks from different countries. In order to achieve the target sample, an online survey was spread through Facebook and via e-mail with URL embedded that lead the respondents to the survey.

Almost 550 questionnaires were spread over a two-month period in 2016. Thereby, we gathered a sample of 211 respondents. The data consists of 205 usable survey participants.

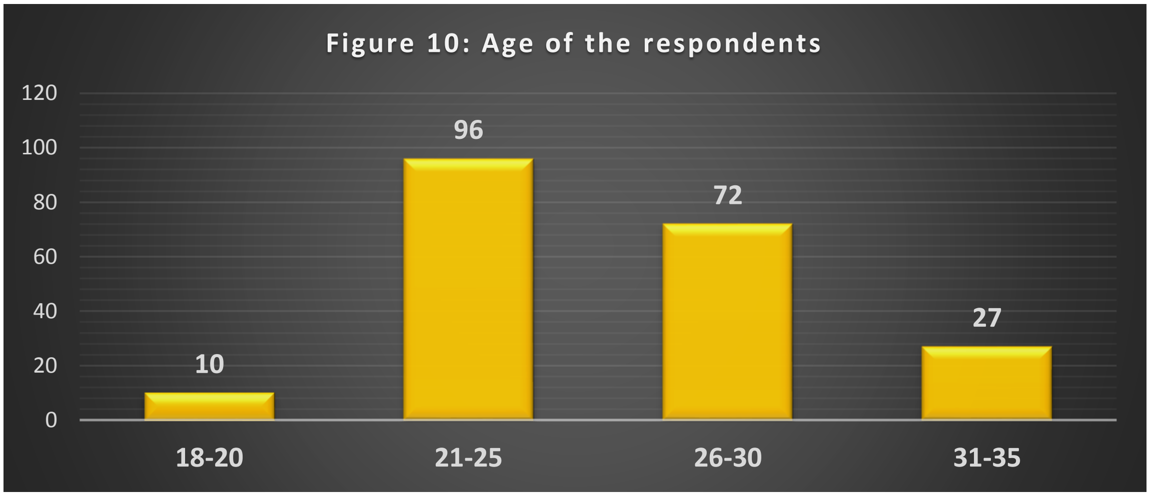
A total of 205 usable surveys were analyzed. The sample consisted of a majority of Males. Male 120 and Female 85 (figure 9).

Figure 9: Gender of the respondents



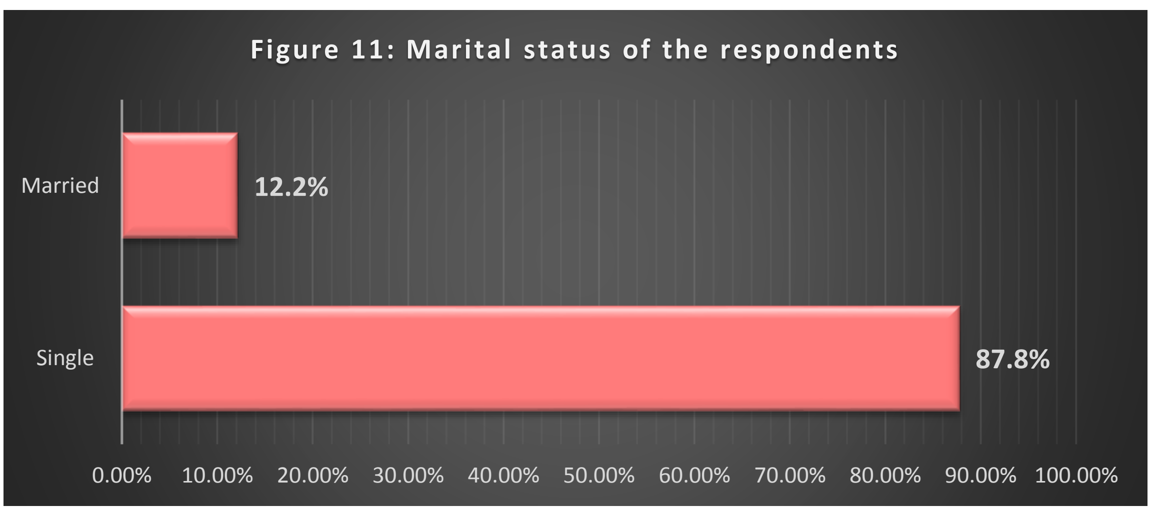
Source: own elaboration

Moreover, the majority of the 205 answers is from individuals aged between 21-25 (46.8%), then between 26-30 (35.1%), see figure 10.



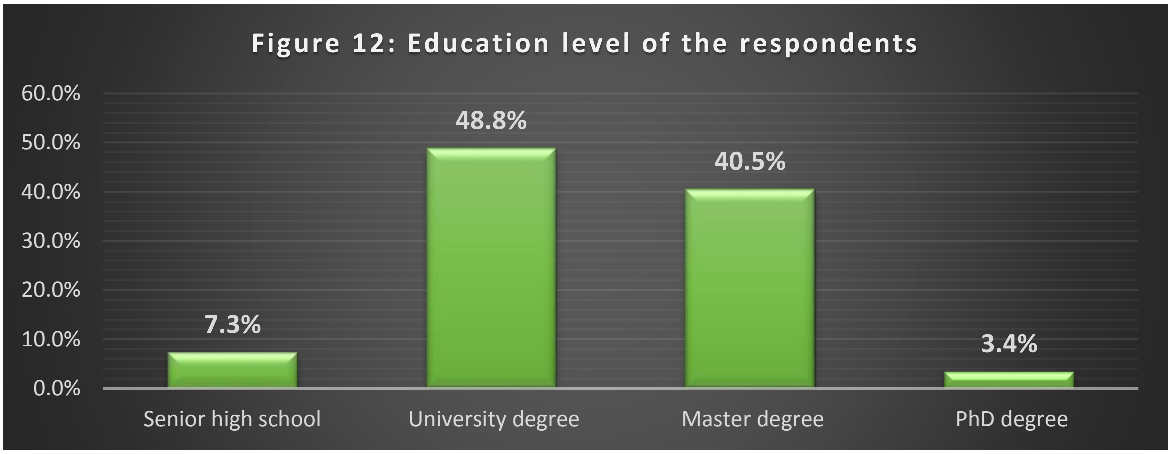
Source: own elaboration

Regarding the Marital status, the majority of the answers is single (180), and the others (25) are married (see figure 11).



Source: own elaboration

Finally, regarding the Education level (see figure 12), the majority of the sample is doing or already has University degree (100) then who is doing or already has Master degree (83).



Source: own elaboration

3.6. Data treatment

Utilizing Statistical Package for Social Sciences (SPSS) version 22 were conducted to test the hypotheses relating to Generation Y customer experience in bank and their marketing outcomes. **Descriptive statistical**, **Reliability test**, **Custom Table,** and **multiple regression** statistical methods were used for analyzing data in this study. Descriptive statistical calculations were conducted where means and standard deviations were evaluated. Moreover, the Reliability of the constructs was analyzed through the Cronbach's Alpha varies between 0 and 1. (Reliability is the degree to which measures are free from error, and therefore yield consistent results and Cronbach's alpha is an index of reliability, which determines the internal consistency) see table 2.

Table 2: Acceptable and unacceptable levels of the Cronbach's Alpha coefficient

Alpha coefficient	Implied reliability
below .60	unacceptable
between .60 and .65	undesirable
between .65 and .70	minimally acceptable
between .70 and .80	respectable
between .80 and .90	very good
much above .90	consider shortening the scale

Source: DeVellis (1991)

Chapter 4: Results

In this chapter, we intend to study all the data previously gathered. Thus, this analysis is divided in three parts: the **descriptive statistics and Reliability**, **multiple regressions and custom table.**

4.1. Part 1: Descriptive Statistics and Reliability

<u>Stimulus - Customer experience</u>

Here we go through all the Customer Experience attributes (1-Accessibility, 2-Ease of doing business, 3-Executional excellence, 4-Personalized offering, 5-Staff engagement, 6-Value for money, 7-Reputation) analyzing means and standard deviations for all of them.

Cronbach's alpha was calculated to confirm the construct reliability of the scales for the following customer experience attributes (Executional excellence, Staff engagement, and Reputation). For the others customer experience attributes (Accessibility, Ease of doing business, Personalized offering and Value for money) we do not do the reliability test using the Cronbach's Alpha because those attributes has only two statements.

1- Accessibility:

We can see from Table 3, that the item **1CE1** is the one that shows the lowest mean's value, which signifies highest agreement with an average response of 2.09 (2=agree, in 5-point Likert scale). Moreover, regarding variability **1CE2** shows the highest value, with a standard deviation of 0.95.

Table 3: Accessibility

Items	Mean	Std. Deviation
1CE1: In my Bank, the physical proximity/ease of access is good	<u>2.09</u>	0.85
1CE2: In my Bank, the availability of services (around the clock) is good	2.27	<u>0.95</u>

Source: own elaboration

2- Ease of doing business:

As we can see in Table 4, the item **2CE2** is the one that shows the highest agreement, with an average response of 2.44 and **2CE1** shows the highest variability with a standard deviation of 0.92.

Table 4: Ease of doing business

Items	Mean	Std. Deviation
2CE1: My Bank has services and products that are easy to understand	2.47	<u>0.92</u>
2CE2: It is ease of getting issues/queries/complaints resolved	<u>2.44</u>	0.89

Source: own elaboration

3- Executional excellence:

Concerning the Executional excellence. We can see in the table 5 below that the item **3CE1** shows the highest agreement rate, with an average response of 2.04 (where 2=agree). Moreover, in terms of variability, **3CE2** shows the highest value, with a standard deviation of 0.93.

Moreover, we can conclude that the internal dimensions of the items do have consistency and can be used for statistical analysis since the value **0,762** observed for the Cronbach's Alpha is considered a respectable value.

Table 5: Executional excellence

Items	Mean	Std. Deviation	Cronbach's Alpha
3CE1: It is fast to make an inquiry/transaction	2.04	0.86	**0.762**
3CE2: My Bank is fast in resolving a complaint/resolving a query	2.46	0.93	
3CE3: I get things right from the first time	2.47	0.85	
3CE4: The services are Consistent – continuity in communications or interactions	2.34	0.82	

Source: own elaboration

4- Personalized offering:

As we can see in the table 6 below, the item **4CE1** is the one that shows the highest agreement, with an average response of 2.58 (where 2=agree), and **4CE2** shows the highest variability, with a standard deviation of 0.93.

Table 6: Personalized offering

Items	Mean	Std. Deviation
4CE1: My Bank offers products and services that can be tailored to my specific needs.	2.58	0.92
4CE2: My Bank rewards my choice to do business with it.	2.98	0.93

Source: own elaboration

5- Staff engagement:

Concerning the Staff engagement. We can see in the table 7 below that the item **5CE1** shows the highest agreement rate, with an average response of 2.21. Also, regarding variability, **5CE2** shows the highest value, with a standard deviation of 0.89.

Moreover, we can conclude that the internal dimensions of the items do have consistency and can be used for statistical analysis since the value **0,711** observed for the Cronbach's Alpha is considered a respectable value.

Table 7: Staff engagement

Items	Mean	Std. Deviation	Cronbach's Alpha
5CE1: In my Bank, the staff has a positive attitude	2.21	0.80	**0.711**
5CE2: The stuff are honest and tell the truth	2.32	0.89	
5CE3: My Bank offer high quality of advice and service	2.41	0.85	

Source: own elaboration

6- Value for money:

In term of value for money, we can see in the table 8 below that the item **6CE1** shows the highest agreement rate, with an average response of 2.77. Also, in terms of variability, also **6CE1** shows the highest value, with a standard deviation of 1.08.

Table 8: Value for money

Items	Mean	Std. Deviation
6CE1: The fees/charges are fair and appropriate (Value for money).	2.77	1.08
6CE2: The rewards and promotions are available.	2.85	0.89

Source: own elaboration

7- Reputation:

In term of Reputation, we can see in the table 9 below that the item **7CE1** shows the highest agreement rate, with an average response of 2.27. Also, regarding variability, **7CE1** also shows the highest value, with a standard deviation of 1.03.

Concerning the Cronbach's Alpha, the value of **0.65** – that appear in the table 9 below - is considered the minimally acceptable value hence, we can infer that the internal dimensions of the items do have consistency and can be used for statistical analysis.

Table 9: Reputation			
Items	**Mean**	**Std. Deviation**	**Cronbach's Alpha**
7CE1: My Bank is well regarded in the media	2.27	1.03	**0.65**
7CE2: I trust that my Bank does the right thing	2.62	0.91	
7CE3: My Bank puts the consumer first	2.79	0.96	

Source: own elaboration

Organism - Internal States

Regarding of Descriptive analysis of Organism variables, we will go through all the items (1-Pleasure, 2-Dominance, 3-Arousal, 4-Satisfaction, 5- Credibility) analyzing means and standard deviations.

Cronbach's alpha was calculated to confirm the construct reliability of the Credibility items. For the others Organism variables we do not do the reliability test using the Cronbach's Alpha because those items has only two statements for each.

1- Pleasure:

As we can see from table 10 below, the item **PL2** is the one that shows the highest agreement, with an average response of 2.54 (closer to 2= Agree on a 5-point Likert scale) and **PL1** shows the highest variability, with a standard deviation of 0.89.

Table 10: Pleasure		
Items	**Mean**	**Std. Deviation**
PL1: When I am dealing with my Bank, I feel (Pleased)	2.58	0.89
PL2: When I am dealing with my Bank, I feel (Contented)	2.54	0.84

Source: own elaboration

2- Dominance:

In term of Dominance, we can infer from table 11 below that the item **DO1** is the one that shows the highest agreement, with an average response of 2.65 and **DO2** shows the highest variability, with a standard deviation of 0.85.

Table 11: Dominance

Items	Mean	Std. Deviation
DO1: When I am dealing with my Bank, I feel (Acted) in control of the environment.	2.65	0.80
DO2: When I am interacting with my Bank, I feel (Influential) in control of the environment.	2.77	0.85

Source: own elaboration

3- Arousal:

From the table 12 below, we can infer that the item **AR2** is the one that shows highest agreement, with an average response of 2.80. In addition, in terms of variability, **AR2** also shows the highest value, with a standard deviation of 0.88.

Table 12: Arousal

Items	Mean	Std. Deviation
AR1: When I am interacting with my Bank, I feel (Energetic)	3.04	0.85
AR2: When I am interacting with my Bank, I feel (Active)	2.80	0.88

Source: own elaboration

4- Satisfaction:

As we can see from table 13, the item **SA1** is the one that shows the highest agreement, with an average response of 2.30 and **SA2** shows the highest variability, with a standard deviation of 0.90.

Table 13: Satisfaction

Items	Mean	Std. Deviation
SA1: I am satisfied with the quality of my Bank’s services.	2.30	0.85
SA2: I am satisfied with the interactions that I have had with my Bank.	2.32	0.90

Source: own elaboration

5- Credibility:

From the table 14 below, we can infer that the item **CR2** is the one that shows the highest agreement, with an average response of 2.15. Also, regarding variability, **CR2** as well shows the highest value, with a standard deviation of 0.88.

Moreover, we can conclude that the internal dimensions of the items do have consistency and can be used for statistical analysis since the value **0.805** observed for the Cronbach's Alpha is considered a very good value.

Table 14: Credibility

Items	Mean	Std. Deviation	Cronbach's Alpha
CR1: My bank is committed to delivering on its claims, no more and no less	2.36	0.74	**0.805**
CR2: My bank has a name I can trust	<u>2.15</u>	<u>0.88</u>	
CR3: My bank has the ability to deliver what it promises	2.24	0.73	
CR4: My bank's product claims are believable	2.35	0.75	
CR5: My experiences with my bank have led me to expect it to keep its promises	2.33	0.80	
CR6: My Bank delivers what it promises	2.37	0.80	

Source: own elaboration

<u>Response - Marketing outcomes</u>

Regarding of Descriptive analysis of Response variables, we go through all the items (1- Loyalty, 2-Word-of-mouth, 3-Brand equity) analyzing means and standard deviations.

Cronbach's alpha was calculated to confirm the construct reliability of the Brand equity items. For the others response variables we do not do the reliability test using the Cronbach's Alpha because those items has only two statements for each.

1- Loyalty:

As we can see from table 15 below, the item **LO1** is the one that shows the highest agreement, with an average response of 2.48 (closer to 2= Agree on a 5-point Likert scale) and **LO2** shows the highest variability, with a standard deviation of 1.06.

Table 15: Loyalty		
Items	Mean	Std. Deviation
LO1: I consider myself to be a loyal customer of my Bank	2.48	1.05
LO2: I conduct all my Banking affairs at my Bank	2.63	1.06

Source: own elaboration

2- Word-of-mouth:

From the table 16 below, we can infer that the item **WOM1** is the one that shows the highest agreement, with an average response of 2.59 and **WOM2** shows the highest variability, with a standard deviation of 1.01.

Table 16: Word-of-mouth		
Items	Mean	Std. Deviation
WOM1: I say positive things about my Bank to other people	2.59	0.93
WOM2: I encourage my friends and family to make business with my Bank	2.77	1.01

Source: own elaboration

3- Brand equity:

In term of Brand equity, we can see in the table 17 below that the item **BE1** shows the highest agreement rate, with an average response of 2.14. Also, in terms of variability, **BE2** shows the highest value, with a standard deviation of 0.91.

Moreover, we can conclude that the internal dimensions of the items do have consistency and can be used for statistical analysis since the value **0.809** observed for the Cronbach's Alpha is considered a very good value.

Table 17: Brand Equity			
Items	Mean	Std. Deviation	Cronbach's Alpha
BE1: My Bank has a good reputation	2.14	0.86	**0.809**
BE2: My Bank is contributing positively to society	2.53	0.91	
BE3: I have positive personal feelings about my Bank	2.58	0.89	
BE4: I am fond of my Bank after availing the services	2.73	0.87	

Source: own elaboration

4.2. Part 2 - Multiple regressions

In order to test the hypothesized relationships of H1 through H8, multiple regression analysis was used. Multiple regressions are used when one wants to determine relationships between two or more independent variables and one dependent variable. While the independent variable is the predictor variable and the dependent variable is the outcome variable.

Multiple regression analysis compares data and then prioritizes the effects. In this case, multiple regression determined the relative importance as well as significance of the relationship between customer experience, the organism state, and responses.

To do this a transformation was employed for each of the latent variables presented: **Stimulus variables** (Customer Experience; Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money, Reputation), **Organism variables** (Pleasure, Dominance, Arousal, Satisfaction, and Credibility), and **Response variables** (Loyalty, Word-of-mouth, and Brand equity).

In order to detect multicollinearity among independent variables, the Variance Inflation Factor (VIF) was examined. All VIF values among independent variables in multiple regression models in this study were within an acceptable range (VIF values are below 10).

Tolerance and Durbin Watson values were tested for all the following regressions. For all of them, Tolerance values are superior to 0.1. Given the sample's dimension, it can be considered that the Durbin-Watson test is at the inclusion zone (close to 2).

H1: Customer Experience positively affects pleasure of Generation Y in experiencing the bank.

In order to test the Hypothesis 1, multiple regression analysis was used. The seven attributes of **Customer Experience**; Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money and Reputation were used as independent or predictor variables while **pleasure** was the dependent or outcome variable.

In the table 18 below, the results show that there is a significant positive relationship between the Customer Experience and pleasure ($p < .05$). The seven customer experience attributes help to explain 38.7% of the variability of Pleasure.

However, only the Executional excellence **(β = .277, p ≤ .05),** Personalized offering **(β = .130, p ≤ .05)**, Staff engagement **(β = .188, p ≤ .05)**, Value for money **(β = .123, p ≤ .05)** and the Reputation **(β = .187, p ≤ .05)** are important to explain the Pleasure. The Accessibility and Ease of doing business do not significantly contribute to explain the Pleasure.

Table 18: H1: Customer Experience positively affects pleasure of Generation Y in experiencing the bank

F(sig.)= 19.384 (p= .000)		**Adjusted R^2 = .387**		**Durbin-Watson= 1.852**		
	Unstandardized Coefficients B	**Standardized Coefficients Beta**	**t**	**p(Sig.)**	**Collinearity Statistics**	
					Tolerance	**VIF**
(Constant)	.206		.612	.542		
Accessibility	-.044	-.041	-.634	.527	.728	1.374
Ease of doing business	.017	.017	.242	.809	.626	1.598
Executional excellence	.151	**.277**	3.699	**.000**	.537	1.862
Personalized offering	.138	**.130**	2.030	**.044**	.738	1.356
Staff engagement	.145	**.188**	2.750	**.007**	.644	1.552
Value for money	.118	**.123**	1.990	**.048**	.785	1.274
Reputation	.129	**.187**	2.862	**.005**	.701	1.427

Source: own elaboration

H2: Customer Experience positively affects Dominance of Generation Y in experiencing the bank.

Hypothesis 2 was tested with The seven attributes of **Customer Experience**; Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money and Reputation as independent or predictor variables, while **Dominance** was the dependent or outcome variable.

In the table 19 below, the results show that there is a significant positive relationship between the Customer Experience and Dominance ($p < .05$) and the seven customer service attributes used in the study help to explain 31.9% of the variability of Dominance.

However, only the Ease of doing business **($\beta = .248$, $p \leq .05$)** and the Reputation **($\beta = .217$, $p \leq .05$)** are important to explain the Dominance. The Accessibility, Executional excellence, Personalized offering, Staff engagement, and Value for money do not significantly contribute to explain the Dominance.

Table 19: H2: Customer Experience positively affects Dominance of Generation Y in experiencing the bank.

F(sig.)= 14.633 (p= .000)		Adjusted R^2 = .319		Durbin-Watson= 1.957		
	Unstandardized Coefficients B	**Standardized Coefficients Beta**	**t**	**p(Sig.)**	**Collinearity Statistics**	
					Tolerance	**VIF**
(Constant)	1.026		3.192	.002		
Accessibility	.086	.087	1.289	.199	.728	1.374
Ease of doing business	.235	**.248**	3.397	**.001**	.626	1.598
Executional excellence	.005	.010	.122	.903	.537	1.862
Personalized offering	.111	.115	1.708	.089	.738	1.356
Staff engagement	.098	.140	1.944	.053	.644	1.552
Value for money	.015	.017	.256	.798	.785	1.274
Reputation	.136	**.217**	3.145	**.002**	.701	1.427

Source: own elaboration

H3: Customer Experience positively affects Arousal of Generation Y in experiencing the bank.

In order to test the Hypothesis 3, multiple regression analysis was used. The seven attributes of **Customer Experience**; Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money and Reputation were used as independent or predictor variables while **Arousal** was the dependent or outcome variable.

The table 20 below show that there is a significant positive relationship between the Customer Experience and Arousal ($p < .05$). Arousal is explained by the seven predictors by 32.4%.

However, only the Ease of doing business **(β = .240, p ≤ .05),** Personalized offering **(β = .213, p ≤ .05),** and Reputation **(β = .168, p ≤ .05)** are important to explain the Arousal variable. The Accessibility, Executional excellence, Staff engagement, and Value for money do not significantly contribute to explain the Arousal.

Table 20: H3: Customer Experience positively affects Arousal of Generation Y in experiencing the bank

F(sig.)= 14.999 (p= .000)	Adjusted R^2 = .324		Durbin-Watson= 1.903			
	Unstandardized Coefficients B	**Standardized Coefficients Beta**	**t**	**p(Sig.)**	**Collinearity Statistics**	
					Tolerance	**VIF**
(Constant)	1.157		3.363	.001		
Accessibility	.060	.057	.850	.396	.728	1.374
Ease of doing business	.244	**.240**	3.299	**.001**	.626	1.598
Executional excellence	.034	.065	.822	.412	.537	1.862
Personalized offering	.222	**.213**	3.186	**.002**	.738	1.356
Staff engagement	.063	.084	1.173	.242	.644	1.552
Value for money	.007	.008	.118	.906	.785	1.274
Reputation	.113	**.168**	2.446	**.015**	.701	1.427

Source: own elaboration

H4: Customer Experience positively affects Satisfaction of Generation Y in experiencing the bank

Multiple regression analysis was used to test the hypothesis 4. The seven attributes of **Customer Experience**; Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money and Reputation were used as independent variables, while **Satisfaction** was the dependent variable.

From the table 21 below, the results show that there is a significant positive relationship between the Customer Experience and Satisfaction ($p < .05$). Satisfaction is explained by the seven predictors by 41.8%.

Nevertheless, only the Accessibility **(β = .193, p ≤ .05),** Executional excellence **(β = .267, p ≤ .05),** Personalized offering **(β = .124, p ≤ .05),** and Reputation **(β = .202, p ≤ .05)** are important to explain the Satisfaction variable. The Ease of doing business, Staff engagement, and Value for money do not significantly contribute to explain the Satisfaction.

Table 21: H4: Customer Experience positively affects Satisfaction of Generation Y in experiencing the bank

F(sig.)= 21.914 (p= .000)	Adjusted R^2 = .418		Durbin-Watson= 2.171			
	Unstandardized Coefficients B	**Standardized Coefficients Beta**	**t**	**p(Sig.)**	**Collinearity Statistics**	
					Tolerance	**VIF**
(Constant)	-.204		-.633	.527		
Accessibility	.205	**.193**	3.084	**.002**	.728	1.374
Ease of doing business	.070	.068	1.012	.313	.626	1.598
Executional excellence	.143	**.267**	3.667	**.000**	.537	1.862
Personalized offering	.130	**.124**	1.995	**.047**	.738	1.356
Staff engagement	.037	.049	.740	.460	.644	1.552
Value for money	.031	.033	.552	.582	.785	1.274
Reputation	.137	**.202**	3.164	**.002**	.701	1.427

Source: own elaboration

H5: Customer Experience positively affects Credibility of Generation Y in experiencing the bank

Multiple regression analysis was used to test the hypothesis 5. The seven attributes of **Customer Experience**; Accessibility, Ease of doing business, Executional excellence, Personalized offering, Staff engagement, Value for money and Reputation were used as independent variables, while **Credibility** was the dependent variable.

In the table 22 below, the results show that there is a significant positive relationship between the Customer Experience and Credibility ($p < .05$). The seven customer experience attributes help to explain 51.7% of the variability of Credibility.

However, only the Executional excellence **($\beta = .188$, $p \leq .05$)**, Staff engagement **($\beta = .172$, $p \leq .05$)**, Value for money **($\beta = .145$, $p \leq .05$)** and the Reputation **($\beta = .402$, $p \leq .05$)** are important to explain the Credibility variable. The Accessibility, Ease of doing business and Personalized offering do not significantly contribute to explain the Credibility.

Table 22: H5: Customer Experience positively affects Credibility of Generation Y in experiencing the bank

F(sig.)= 32.248 (p= .000)		Adjusted R^2 = .517		Durbin-Watson= 2.162		
	Unstandardized Coefficients B	Standardized Coefficients Beta	t	p(Sig.)	Collinearity Statistics	
					Tolerance	VIF
(Constant)	2.314		3.301	.001		
Accessibility	.152	.060	1.047	.297	.728	1.374
Ease of doing business	-.008	-.003	-.052	.959	.626	1.598
Executional excellence	.242	**.188**	2.838	**.005**	.537	1.862
Personalized offering	.094	.038	.665	.507	.738	1.356
Staff engagement	.312	**.172**	2.833	**.005**	.644	1.552
Value for money	.327	**.145**	2.647	**.009**	.785	1.274
Reputation	.652	**.402**	6.917	**.000**	.701	1.427

Source: own elaboration

H6: Organism state positively affect Loyalty of Generation Y in Bank.

In order to test the Hypothesis 6, multiple regression analysis was used. The five variables of **organism state** of this study's model; Pleasure, Dominance, Arousal, Satisfaction, and Credibility were used as independent or predictor variables, while **Loyalty** was the dependent or outcome variable.

From the table 23 below, the result of Hypothesis 6 determined a positive and significant relationship among the organism and Loyalty ($p < .05$). Loyalty is explained by the five predictors by 29%.

Nevertheless, only the Arousal **($\beta = .203$, $p \leq .05$)** and Satisfaction **($\beta = .242$, $p \leq .05$)** are important to explain the Loyalty variable. The Pleasure, Dominance, and Credibility do not significantly contribute to explain the Loyalty variable.

Table 23: H6: Organism state positively affect Loyalty of Generation Y in Bank

F(sig.)= 17.645 (p= .000)		Adjusted R^2 = .290			Durbin-Watson= 2.270	
	Unstandardized Coefficients B	Standardized Coefficients Beta	t	p(Sig.)	Collinearity Statistics	
					Tolerance	VIF
(Constant)	.562		1.473	.142		
Pleasure	.048	.043	.540	.589	.544	1.839
Dominance	.129	.106	1.349	.179	.562	1.778
Arousal	.230	**.203**	2.523	**.012**	.536	1.866
Satisfaction	.271	**.242**	3.136	**.002**	.584	1.714
Credibility	.049	.104	1.310	.192	.550	1.820

Source: own elaboration

H7: Organism states positively affect Word-of-mouth of Generation Y in Bank.

In order to test the Hypothesis 7, multiple regression analysis was used. The five variables of **organism state** of this study's model Pleasure, Dominance, Arousal, Satisfaction, and Credibility were used as independent or predictor variables while **Word-of-mouth** was the dependent or outcome variable.

In the table 24 below, the results show that there is a significant positive relationship between the organism and Word-of-mouth ($p < .05$). Word-of-mouth is explained by the five predictors by 39.5%.

Nevertheless, only the Pleasure **($\beta = .185$, $p \leq .05$),** Arousal **($\beta = .155$, $p \leq .05$)**, Satisfaction **($\beta = .169$, $P \leq .05$)** and Credibility **($\beta = .178$, $p \leq .05$)** are important to explain the Word-of-mouth variable. The Dominance does not significantly contribute to explain the Word-of-mouth.

Table 24: H7: Organism states positively affect Word-of-mouth of Generation Y in Bank

F(sig.)= 27.685 (p= .000)		Adjusted R^2 = .395		Durbin-Watson= 2.087		
	Unstandardized Coefficients B	**Standardized Coefficients Beta**	**t**	**p(Sig.)**	**Collinearity Statistics**	
					Tolerance	**VIF**
(Constant)	.122		.347	.729		
Pleasure	.204	**.185**	2.506	**.013**	.544	1.839
Dominance	.157	.129	1.778	.077	.562	1.778
Arousal	.176	**.155**	2.091	**.038**	.536	1.866
Satisfaction	.190	**.169**	2.377	**.018**	.584	1.714
Credibility	.084	**.178**	2.424	**.016**	.550	1.820

Source: own elaboration

H8: Organism states positively affect Brand equity of Bank that Generation Y use.

Multiple regression analysis was used to test the hypothesis 8. The five variables of **organism state** of this study's model Pleasure, Dominance, Arousal, Satisfaction, and Credibility were used as independent or predictor variables, while **Brand equity** was the dependent or outcome variable.

From the table 25 below, the result of Hypothesis 8 determined a positive and significant relationship among the organism and Brand Equity ($p < .05$). Brand equity is explained by the five predictors by 51.2%.

However, only the Arousal **(β = .203, P ≤ .05),** Satisfaction **(β = .184, P ≤ .05)** and Credibility **(β = .374, P ≤ .05)** are important to explain the Brand equity variable. The Pleasure and Dominance do not significantly contribute to explain the Brand equity.

Table 25: H8: Organism states positively affect Brand equity of Bank that Generation Y use

F(sig.)= 43.734 (p= .000)		**Adjusted R^2 = .512**		**Durbin-Watson= 1.657**		
	Unstandardized Coefficients B	**Standardized Coefficients Beta**	**t**	**p(Sig.)**	**Collinearity Statistics**	
					Tolerance	**VIF**
(Constant)	.273		.499	.619		
Pleasure	.143	.075	1.128	.261	.544	1.839
Dominance	.132	.063	.962	.337	.562	1.778
Arousal	.396	**.203**	3.034	**.003**	.536	1.866
Satisfaction	.356	**.184**	2.865	**.005**	.584	1.714
Credibility	.303	**.374**	5.668	**.000**	.550	1.820

Source: own elaboration

4.3. Part 3: Custom Table - Rank the Customer Experience attributes

In order to find out how importance the Bank customer experience attributes for Generation Y customer, we asked them to rank the seven attributes that represent the seven categories of customer experience that provided by KPMG International (2014). The customer experience attributes are: Value for money (i.e. fair and appropriate fees and charges), Getting things right the first time, Put the consumer first, Staff who are honest and tell the truth, Ease of getting issues /queries /complaints resolved, Availability of services (around the clock), and Offers products and services that can be tailored to my specific needs.

To test the data of this question, custom Table was created. From the table 26 below that show the number and percentage of respondents for each rank, the results determined that the majority of respondents mentioned **Value for money (i.e. fair and appropriate fees and charges)** as the most important attribute (rank 1); the number of respondents gave that is 68 respondents, with percentage 33.17%. The least important for the majority of respondents (rank 7) was **Offers products and services that can be tailored to my specific needs**; the number of respondents gave that is 90 respondents, with percentage 43.9%.

Table 26: Custom Table

Customer Experience attributes	Rank 1		Rank 2		Rank 3		Rank 4		Rank 5		Rank 6		Rank 7		Column Total	
Availability of services (around the clock)	21	10.2%	31	15.1%	18	8.8%	25	12.2%	22	10.7%	57	27.8%	31	15.1%	205	100%
Offers products and services that can be tailored to my specific needs	13	6.3%	13	6.3%	18	8.8%	27	13.2%	21	10.2%	23	11.2%	90	43.9%	205	100%
Value for money (i.e. fair and appropriate fees and charges)	68	33.2%	29	14.1%	31	15.1%	22	10.7%	22	10.7%	19	9.3%	14	6.8%	205	100%
Getting things right the first time	39	19.0%	39	19.0%	30	14.6%	31	15.1%	25	12.2%	25	12.2%	16	7.8%	205	100%
Put the consumer first	37	18.0%	41	20.0%	51	24.9%	26	12.7%	23	11.2%	20	9.8%	7	3.4%	205	100%
Staff who are honest and tell the truth	19	9.3%	37	18.0%	29	14.1%	42	20.5%	29	14.1%	29	14.1%	20	9.8%	205	100%
Ease of getting issues/ queries/ complaints resolved	8	3.9%	15	7.3%	28	13.7%	32	15.6%	63	30.7%	32	15.6%	27	13.2%	205	100%

Source: own elaboration

As well we can notice from Table 26, that for rank (2) there are two attributes (Getting things right the first time *and* Put the consumer first) that have close number of respondents 39 – 41 respectively.

The final order of importance for the seven attributes, with the number and percentage of respondents who gave each rank, is in the following table 27: (Rank: 1= most important, 7= less important).

Table 27: Rank the Customer Experience attributes

Customer Experience attributes	Rank	the number of respondents gave this rank	the percentage of respondents gave this rank
Value for money (i.e. fair and appropriate fees and charges)	1	68	33.2%
Getting things right the first time	2	39	19.0%
Put the consumer first	3	51	24.9%
Staff who are honest and tell the truth	4	42	20.5%
Ease of getting issues/ queries/ complaints resolved)	5	63	30.7%
Availability of services (around the clock)	6	57	27.8%
Offers products and services that can be tailored to my specific needs	7	90	43.9%

Source: own elaboration

CHAPTER 5: Conclusions and Implications

5.1. Major conclusions

The present study had the intention to go further in understanding how Generation Y customer experience could affect the outcomes of the banking sector's efforts from a marketing perspective. To achieve this goal and Based on Russell and Mehrabian (1974)'s S-O-R theoretical framework, we tasted the process of constructing the banking customer experience with hypothesized relationships. In other words, this thesis studied the relationship between the Generation Y customer experience attributes with Internal States of customers (pleasure-arousal-dominance), Generation Y satisfaction, and the Credibility from a customer perspective. Along with the marketing outcome that could be affected; Loyalty, Word-of-mouth, and Brand equity.

Previous studies showed different attributes of customer experience while in this study we relied on the study of KPMG International (KPMG International, 2014) that focus in financial organizations. According to KPMG, There are 30 attributes for customer experience that categorized in seven main categories. Those categories are 1-Accessibility, 2-Ease of doing business, 3-Executional excellence, 4-Personalized offering, 5-Staff engagement, 6-Value for money, and 7-Reputation. In general, by looking into the descriptive statistics, we notice that all attributes that were used show positive agreement rates. The highest agreement rates are for attributes of the **Accessibility** and **Staff engagement**, with an average response of 2.18 and 2.31 respectively - where, 2 = agree -, meaning that the Accessibility and Staff engagement bank's experience of the sample were positive. In another hand, the lowest agreement rates are for attributes of the **Value for money** (2.81) and **Reputation** (2.65) – where 3= neither agree nor disagree -.

In the same context, to know the most and less important customer experience attributes, we consider the results in the table 27 (Rank the Customer Experience attributes). We see that **Value for money (i.e. fair and appropriate fees and charges)** is the most importance attribute with the 33.2% of respondents gave this rank. Moreover, the least importance attributes in this sample is **Offers products and services that can be tailored to my specific needs** with the 43.9% of respondents gave this rank. Those results are consistent with the ones found by KPMG International for banks (KPMG International, 2014). The only different that Generation Y in this sample gave **Getting things right the first time** and **Put the consumer first** attributes more importance than **Staff who are honest and tell the truth.**

Backing to the descriptive statistics and looking in the internal state: Pleasure - Dominance – Arousal scale results, we see overall positive agreement rate. However, this rate is low and more close to "neither agree nor disagree =3" than to "agree=2." The highest agreement rate is for **Pleasure**, with an average response of (2.56) on a 5-point Likert scale. Further, the lowest agreement rate is for **Arousal** with an average response of (2.92), notably the lowest item rate "**When I am interacting with my Bank, I feel (Energetic)**" with an average response of (3.04). That mean the banking experience does not hold big effect of the sample's Generation Y internal state.

Moreover, for the Generation Y bank experience outcomes - Satisfaction, Credibility, Loyalty, Word-of-mouth and Brand equity - we can infer that there are an overall positive agreement rate, which mean banks provided a positive experience for the Generation Y customer of this study. Moreover, Both of Credibility and Satisfaction show highest agreement rate among the sample's members (2.30, 2.31 respectively). While Word-of-mouth and Loyalty got the lowest agreement rate among all the outcomes, with 2.68 and 2.56 respectively. Those results are consistent with the studies that said Generation Y is less loyalty (Syrett & Lamminman, 2004; Capgemini & Efma, 2014).

To test the relationship in all the study hypotheses, we resorted to multiple linear regressions. All the hypotheses show significant results, meaning that there is a significant positive relationship between the dependent variables and at least one of the independent or outcome variables. In other worlds, all customer experience attributes; 1-Accessibility, 2-Ease of doing business, 3-Executional excellence, 4-Personalized offering, 5-Staff engagement, 6-Value for money, and 7-Reputation, have a positive impact on internal state (Pleasure - Dominance – Arousal), Satisfaction and Credibility. Furthermore, those variables; internal state, Satisfaction, and Credibility, have a positive effect on Loyalty, Word-of-mouth, and Brand equity.

The **<u>first</u>** research hypothesis has been confirmed. This hypotheses estimates Customer Experience attributes; Accessibility (**H1a)**, Ease of doing business (**H1b)**, Executional excellence (**H1c)**, Personalized offering (**H1d)**, Staff engagement (**H1e)**, Value for money (**H1f)**, and Reputation (**H1g)** have a positive impact on pleasure. Those results are consistent with the ones found by Belás, Chocholáková, and Gabčová (2015) that said subjective emotions and experience are getting more and more important in bank sector (Belás, Chochoľáková, & Gabčová, 2015). However, only the Executional excellence, Personalized offering, Staff engagement, Value for money and the Reputation significantly contribute to explain the pleasure by 38.7%. While The Accessibility and Ease of doing business do not significantly contribute to explain the pleasure.

As well, we confirmed the **second** research hypothesis that say Customer Experience attributes; Accessibility **(H2a)**, Ease of doing business **(H2b)**, Executional excellence **(H2c)**, Personalized offering **(H2d)**, Staff engagement **(H2e)**, Value for money **(H2f)**, and Reputation **(H2g)** have a positive impact on Dominance of Generation Y in experiencing the bank. However, not all the items significantly contribute to explain the dependent variable, only the Ease of doing business and the Reputation do.

The **third** research hypothesis has been confirmed. This hypothesis states that Customer Experience attributes; Accessibility **(H3a)**, Ease of doing business **(H3b)**, Executional excellence **(H3c)**, Personalized offering **(H3d)**, Staff engagement **(H3e)**, Value for money **(H3f)**, and Reputation **(H3g)** have a positive impact on Arousal. However, we found that only the Ease of doing business, Personalized offering, and Reputation significantly contribute to explain the Arousal by 32.4%. While, The Accessibility, Executional excellence, Staff engagement, and Value for money do not significantly contribute to explain the Arousal.

After looking to the results of the **fourth** hypothesis, that states Customer Experience attributes; Accessibility **(H4a)**, Ease of doing business **(H4b)**, Executional excellence **(H4c)**, Personalized offering **(H4d)**, Staff engagement **(H4e)**, Value for money **(H4f)**, and Reputation **(H4g)** have a positive effect on Satisfaction, we can confirm it. Those results are consistent with the ones found by Baumann, Elliott and Burton (2012) that said customer "retention" satisfaction relies on the quality of the relationship and the experience, which the customer has with their bank. (Baumann, Elliott & Burton, 2012).Nonetheless, only Accessibility, Executional excellence, Personalized offering, and Reputation significantly contribute to explain Satisfaction. At the same time, The Ease of doing business, Staff engagement, and Value for money do not significantly contribute to explain the dependent variable.

As well, we confirmed the **fifth** research hypothesis that states Customer Experience attributes; Accessibility **(H5a)**, Ease of doing business **(H5b)**, Executional excellence **(H5c)**, Personalized offering **(H5d)**, Staff engagement **(H5e)**, Value for money **(H5f)**, and Reputation **(H5g)** have a positive impact on Generation Y Credibility toward the bank. However, we found that only the Executional excellence, Staff engagement, Value for money and the Reputation significantly contribute to explain the Credibility by 51.7%. While, The Accessibility, Ease of doing business and Personalized offering do not significantly contribute to explain the Arousal.

The **sixth** research hypothesis has been confirmed. This hypothesis states that Organism states variables; Pleasure **(H6a)**, Dominance **(H6b)**, Arousal **(H6c)**, Satisfaction **(H6d)**, and Credibility **(H6e)** have a positive effect on Loyalty. Nevertheless, only the Arousal and Satisfaction significantly contribute to explain the loyalty by 29%. While, The Pleasure, Dominance, and Credibility do not contribute in that.

After looking to the results of the **seventh** hypothesis, that states Organism states variables; Pleasure **(H7a)**, Dominance **(H7b)**, Arousal **(H7c)**, Satisfaction **(H7d)**, and Credibility **(H7e)** have a positive effect on Word-of-mouth of Generation Y in banking sector, we can confirm it. All those variables significantly contribute to explain the Word-of-mouth except Dominance does not.

As well, we can confirm the **eighth** research hypothesis that states Organism states variables; Pleasure **(H8a)**, Dominance **(H8b)**, Arousal **(H8c)**, Satisfaction **(H8d)**, and Credibility **(H8e)** have a positive effect on Brand equity of Bank that Generation Y use. However, we found that only the Arousal, Satisfaction, and Credibility significantly contribute to explain the Brand equity. While, each of Pleasure and Dominance do not contribute.

In sum, by examining relationships from stimulus to organism and then to behavioral response, significant relationships are identified in this study. From that, it is determined the seven underlying stimulus dimensions (customer experience attributes) predict the studied behavioral responses; Loyalty, Word-of-mouth, and Brand equity. The consequent relationships are depicted in Figure 13.

We can conclude from the figure 13, that **Accessibility**, **Ease of doing business**, **Executional excellence**, **Personalized offering**, and **Reputation** are primary predictor variables for all dimensions of behavioral response; Loyalty, Word-of-mouth, and Brand equity through different organism variables. While both of **Staff Engagement** and **Value for money** are just predictor variables for Word-of-mouth and Brand equity through Pleasure and Credibility.

Also, **Reputation** plays key role in predicting of all the organism variables; Pleasure, Dominance, Arousal, Satisfaction, and Credibility. Thus, predicting of all the dimensions of behavioral response. On the other hand, **Dominance** is a dimension not identified as a predictor variable for any of the measured behavioral responses in this study. It can be concluded that Dominance in itself can be seen as the resulting stage to customer experience.

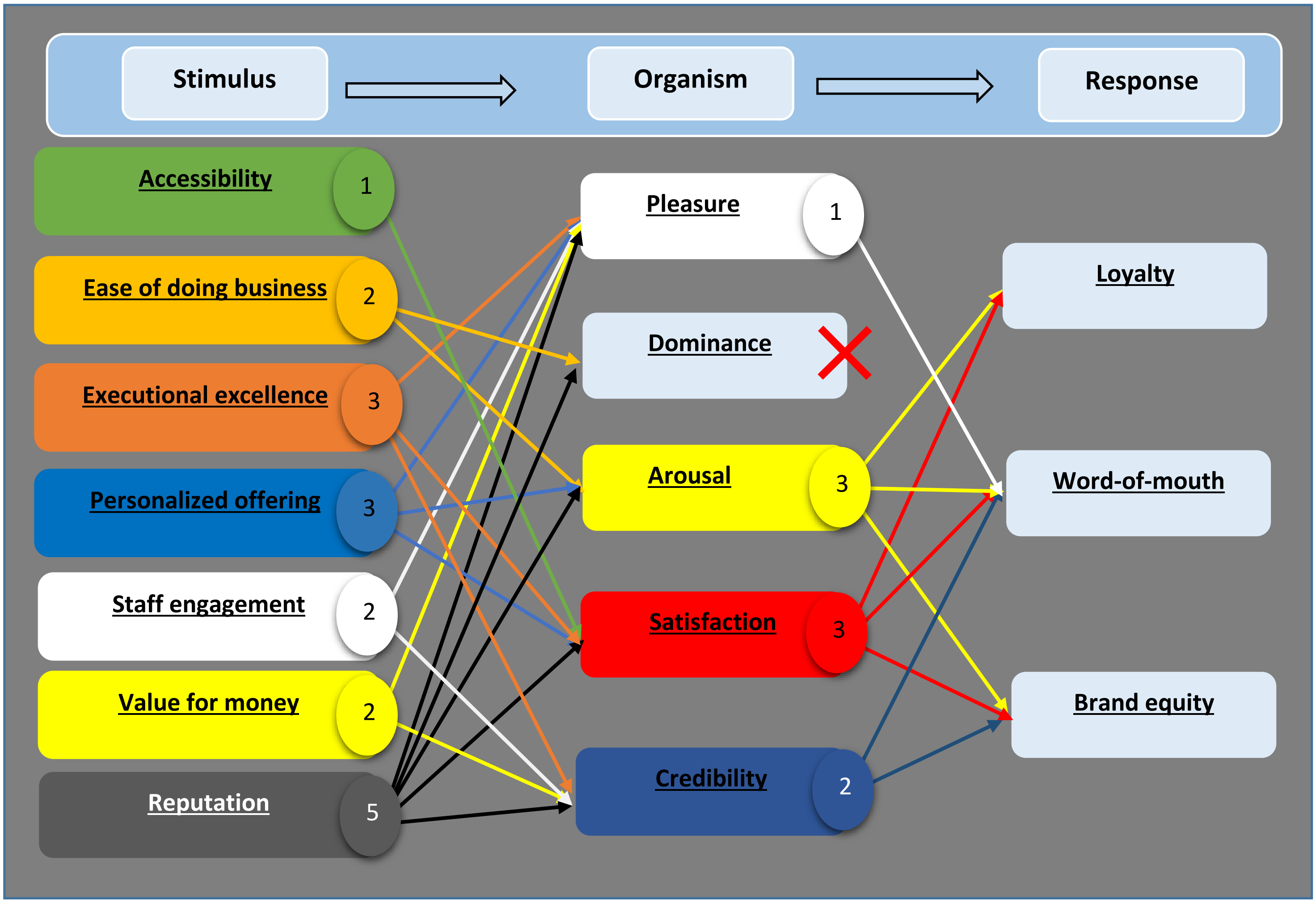


Figure 13: Consequent relationships
Source: own elaboration

5.2. Management implications

Implications for marketers and practitioners derived from this study are suggested to lay a strategy for Generation Y that hold customer experience-oriented in the retail banks. This study contributes to understand the importance of customer experience concept in banking sector for Generation Y. Also, contributes by developing new model for banks that focus in the emotional side of the interaction between Generation Y and banking sector. This model usually is used in customer-oriented businesses like retailer industry.

Banks need to be aware of the importance of the “value for money” for Generation Y as a first reason to stay or leave the Bank. As well, each of “Put the consumer first” and “Getting things right the first time” occupy an important place in building positive Generation Y customer experience. Furthermore, particular attention should also be paid to the “Reputation” because it plays the leading role to achieve marketing efforts outcomes and it is the foundation to any relationship between Generation Y and banks.

Personalized genuine offerings along with excellence performance is a critical issue for Generation Y in the banking sector. Each of “Executional Excellence” and “Personalized offering” contributes to achieving the marketing goals of banks through different aspects. Also, it has been noticed that the Generation Y does not feel active or Energetic during experiencing the bank environment as he/she does in other industries. From that, bank’s managers should consider that in planning the process of the interaction between Generation Y and bank by making this process more entertainment for example.

In sum, banks need to work in making Generation Y customer experience unique, not boring or something Generation Y need to deal with. This should be done with customized services and products that tailored with the special need of this segment along with ongoing innovations that benefit from continuing IT development.

5.3. Limitations of the study

The conducted study has got some limitations that need to be acknowledged;

- The first limitation concerns small size the sample of respondents, due to the subjects that relate to banks and financial issues not interesting for Generation Y. Moreover, the inability to reach respondents from specific bank due to Confidentiality of the customer information.
- The second limitation is that the use of quantitative research and the especially the usage of closed answer survey does not allow the respondents to express their opinion about the subjects under study. Also, this method may also limit the degree of understanding of the issues that being addressed since there might be some doubts about the questions.

5.4. Future research

There is a need for further research on the subject matter of Generation Y customer experience and its relationship with banking sector. Further research on this topic should include at first a bigger sample, perhaps with the help of statistics companies. Also, the usage of focus groups or semi-structured interviews in future studies could also be helpful on obtaining consumers thoughts and beliefs.

Further research on this topic should try to focus on the geographic aspect as well, and study the culture of the Generation customer's country and its effect in relationship with the banking experience. Furthermore, in this research, we studied eighteen out of thirty (18/30) attributes from Customer Experience Barometer - KPMG International (2014); future research could focus on the other twelve attributes.

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Appendices

Online Survey - THE IMPACT OF Generation Y’s CUSTOMER EXPERIENCE ON BANKING SECTOR

THE IMPACT OF GENERATION Y's CUSTOMER EXPERIENCE ON BANKING SECTOR

Page 1

Firstly, thank you for agreeing to take part in this survey. The purpose of this survey is to measure youth generation opinions and thoughts about experience that Banking sector provide: (This survey should only take 9-10 minutes to complete)

1. **Gender:** *
   - ○ Male
   - ○ Female

2. **Age:** *
   - ○ 18-20
   - ○ 21-25
   - ○ 26-30
   - ○ 31-35

3. **Marital status:** *
   - ○ Single
   - ○ Married

4. **Education level:** *
   - ○ Senior high school
   - ○ University degree
   - ○ Master degree
   - ○ PhD degree

5. *** The following statements are about your BANK EXPERIENCE: part 1**

(if you deal with more than one bank, please think about the once that you use most). *

	Strongly agree (1)	Agree (2)	Neither agree nor disagree (3)	disagree (4)	Strongly disagree (5)
In my Bank, the physical proximity/ease of access is good	○	○	○	○	○
In my Bank, the availability of services (around the clock) is good	○	○	○	○	○
My Bank has services and products that are easy to understand	○	○	○	○	○
It is ease of getting issues/queries/complaints resolved	○	○	○	○	○
It is fast to make an inquiry/transaction	○	○	○	○	○
My Bank is fast in resolving a complaint/resolving a query	○	○	○	○	○
I get things right from the first time	○	○	○	○	○
The services are Consistent – continuity in communications or interactions	○	○	○	○	○
My Bank offers products and services that can be tailored to my specific needs	○	○	○	○	○

6. *** The following statements are about your BANK EXPERIENCE: part 2**

(if you deal with more than one bank, please think about the once that you use most). *

	Strongly agree (1)	Agree (2)	Neither agree nor disagree (3)	disagree (4)	Strongly disagree (5)
My Bank rewards my choice to do business with it	○	○	○	○	○
In my Bank, the staff has a positive attitude	○	○	○	○	○
The stuff are honest and tell the truth	○	○	○	○	○
My Bank offer high quality of advice and service	○	○	○	○	○
The fees/charges are fair and appropriate (Value for money)	○	○	○	○	○
The rewards and promotions are available	○	○	○	○	○
My Bank is well regarded in the media	○	○	○	○	○
I trust that my Bank does the right thing	○	○	○	○	○
My Bank puts the consumer first	○	○	○	○	○

7. **Please RANK the following Bank's attributes according to its importance to you (Here you can think about all banks you deal with)**
1= most important, 7= less important *

- Value for money (i.e. fair and appropriate fees and charges)
- Getting things right the first time
- Put the consumer first
- Staff who are honest and tell the truth
- Ease of getting issues/queries/complaints resolved
- Availability of services (around the clock)
- Offers products and services that can be tailored to my specific needs

8. *** The following statements are about your FEELING to your bank:**

(if you deal with more than one bank, please think about the once that you use most) *

	Strongly agree (1)	Agree (2)	Neither agree nor disagree (3)	disagree (4)	Strongly disagree (5)
My bank is committed to delivering on its claims, no more and no less	○	○	○	○	○
My bank has a name I can trust	○	○	○	○	○
My bank has the ability to deliver what it promises	○	○	○	○	○
My bank's product claims are believable	○	○	○	○	○
My experiences with my bank have led me to expect it to keep its promises	○	○	○	○	○
My Bank delivers what it promises	○	○	○	○	○
When I am dealing with my Bank, I feel (Pleased)	○	○	○	○	○
When I am dealing with my Bank, I feel (Contented)	○	○	○	○	○
When I am dealing with my Bank, I feel (Acted) in control of the environment	○	○	○	○	○
When I am interacting with my Bank, I feel (Influential) in control of the environment	○	○	○	○	○
When I am interacting with my Bank, I feel (Energetic)	○	○	○	○	○
When I am interacting with my Bank, I feel (Active)	○	○	○	○	○

9. *** The following statements are about your OPINION of your bank experience:**

(if you deal with more than one bank, please think about the once that you use most) *

	Strongly agree (1)	Agree (2)	Neither agree nor disagree (3)	disagree (4)	Strongly disagree (5)
I am satisfied with the quality of my Bank's services	○	○	○	○	○
I am satisfied with the interactions that I have had with my Bank	○	○	○	○	○
I consider myself to be a loyal customer of my Bank	○	○	○	○	○
I conduct all my Banking affairs at my Bank	○	○	○	○	○
I say positive things about my Bank to other people	○	○	○	○	○
I encourage my friends and family to make business with my Bank	○	○	○	○	○
My Bank has a good reputation	○	○	○	○	○
My Bank is contributing positively to society	○	○	○	○	○
I have positive personal feelings about my Bank	○	○	○	○	○
I am fond of my Bank after availing the services	○	○	○	○	○

» **Redirection to final page of Umfrage Online** (change)