

EXAMINING THE NEXUS BETWEEN CUSTOMER ENGAGEMENT AND SATISFACTION: EVIDENCE FROM A SELECTED RETAIL BANK IN SOUTH AFRICA

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Abstract

In the current retail banking environment, effective customer engagement is crucial for the success of organizations, impacting customer satisfaction, loyalty, and overall business performance. Given the competitive landscape and evolving customer expectations, it is essential for banks, especially Absa bank in South Africa, to understand the dynamics of customer engagement. This study aims to investigate how customer engagement initiatives influence customer satisfaction at Absa bank in the Durban area to provide strategic insights for enhancing competitiveness. Using theoretical frameworks such as Sashi's customer engagement cycle and Gronroos' model of service quality, this research explores the relationship between communication strategies related to organizational change and customer satisfaction levels at Absa bank in Durban. A quantitative research approach was employed, utilizing a structured questionnaire survey and convenience sampling to gather data from walk-in clients at various Absa bank branches. Statistical analyses, including descriptive and inferential methods, were used to analyze the data and test hypotheses. The results of the study offer valuable insights into customer preferences and expectations in the retail banking sector. Customers appreciate consistent messaging across different engagement channels and value personalized communication from the bank. Personalized calls, follow-up phone calls, and nonverbal cues such as a firm handshake were found to significantly impact customer perceptions and satisfaction with Absa bank's services. Customers display a high level of trust, satisfaction, and engagement with Absa bank, indicating the success of its customer engagement initiatives. The study also emphasizes the importance of social media in enhancing positive word-of-mouth and shaping consumer perceptions. Based on these findings, it is recommended that Absa bank implements a proactive customer engagement strategy focused on providing positive and personalized experiences to its existing customers. Key strategies include tailoring customer interactions, soliciting feedback, introducing loyalty programs, and utilizing various engagement platforms.

Keywords

Customer engagement, Customer Satisfaction, Retail Banking

INTRODUCTION

In the modern retail banking environment, customer engagement plays a significant role in determining the success of organizations, impacting customer satisfaction, loyalty, and overall business performance (Sadek and Mehelmi, 2020). As competition grows and customer expectations change, it is crucial for banks to understand the dynamics of customer engagement and its effects on customer satisfaction (Chitamba, 2023). Absa bank, a prominent financial institution in South Africa, operates in a competitive market with rapid technological advancements, evolving consumer behaviours, and changing regulations (Matsetlo, 2020). According to Williams and Mackay (2020) effective customer engagement at Absa bank is essential for its market position, brand reputation, and long-term sustainability. This research seeks to explore how customer engagement initiatives influence customer satisfaction, providing insights to inform strategic decision-making and enhance Absa bank's competitiveness in the greater Durban area.

According to Sashi (2021) customer engagement is important in driving customer satisfaction as it fosters meaningful interactions, emotional connections, and value-added experiences throughout the customer journey. Absa bank engages with its diverse customer base through branch interactions, digital channels, and personalized services to understand their evolving needs and deliver tailored solutions (Chitamba and Mutambara, 2023). This

study aims to enhance the understanding of customer engagement and satisfaction in the retail banking sector, with specific implications for Absa bank in the greater Durban area. By shedding light on the relationship between customer engagement strategies and customer satisfaction outcomes, this research aims to provide actionable insights to support Absa bank's customer-centric approach, build lasting relationships, and maintain a competitive edge in a dynamic marketplace.

THEORETICAL PERSPECTIVE THE CUSTOMER ENGAGEMENT CYCLE

Sashi (2012) originally set out to create a theoretical framework for customer engagement, but later refined it into a cycle of customer engagement. He emphasized the need for further research to deepen our understanding of this concept. According to Sashi (2012), the customer engagement cycle begins with establishing a connection between the organization and the customer, then progresses through various stages including interaction, satisfaction, retention, dedication, advocacy, and involvement. Williams (2017) supported these stages, highlighting elements such as connection, interaction, satisfaction, retention, commitment, advocacy, and engagement as key components of customer engagement. Javornic and Mandelli (2012) recommended incorporating important behavioral aspects into the cycle for a more thorough comprehension of customer engagement development. Vivek *et al.* (2012) argued that engagement entails cultivating customer experience, establishing trust, and fostering commitment in business relationships, as customer loyalty ultimately depends on trust. Although empirical evidence may not clearly establish a theoretical link between customer experience, trust, loyalty, and engagement, Sashi (2012) emphasized the significance of customers progressing through the stages of the engagement cycle to actively contribute to business value creation processes. The customer engagement cycle put forth by Sashi (2012) includes stages such as connection, interaction, satisfaction, retention, dedication, advocacy, and involvement. The customer engagement cycle proposed by Sashi (2012) is depicted below:

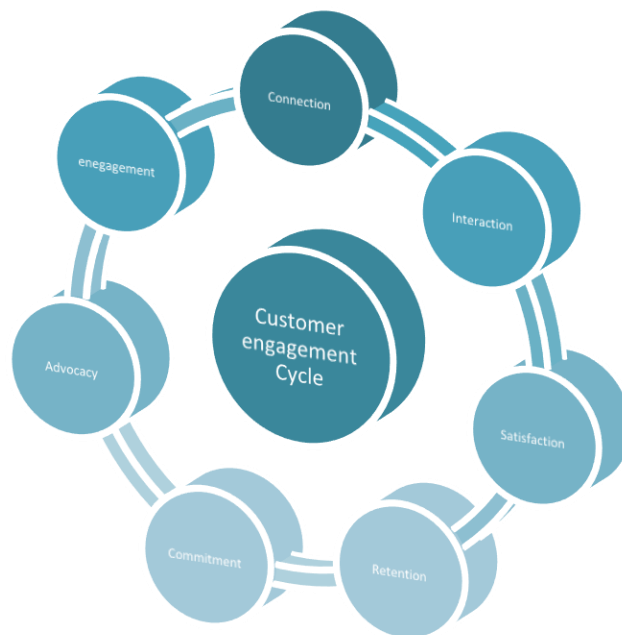


Figure 1: Customer engagement cycle.

Source: Sashi (2012)

Connection

The customer engagement cycle, as outlined by Sashi (2012), is a thorough framework that outlines the various stages of customer interaction with an organization, resulting in increased levels of engagement. According to Hoang, Kousi, Martinez, and Kumar (2023) it starts with the phase of connection, where customers make initial contact with the business, whether through online platforms or traditional offline methods such as interactions with employees or sales representatives. This initial phase is critical as it establishes the groundwork for further engagement. Williams (2016) highlights that these connections cover all points of contact with the organization, including interactions with service personnel and engagements on websites and other platforms.

Interaction

Progressing to the interaction stage, customers actively engage with the organization and other customers (Shawky, Kubacki, Dietrich, and Weaven, 2020). According to Abo-ElHamd, Shamma, Saleh and Elkhodary (2022) this

interaction can take place through different channels, such as face-to-face meetings, word-of-mouth recommendations, or social media interactions. It is essential as it allows customers to actively participate in value-adding processes, contributing to the organization's overall value (Sashi, 2012).

Satisfaction

According to Lim and Rasul (2022) as interactions continue, the next stage is satisfaction, where customers assess their experiences with the organization. Satisfaction, as explained by Sashi (2012), is influenced by emotional states and customer expectations. High levels of satisfaction are crucial for maintaining customer relationships and encouraging continued engagement.

Retention

Following satisfaction is retention, where customers show ongoing loyalty to the organization (Lim and Rasul, 2022). Joubert (2013) notes that retention signifies enduring relationships between customers and organizations, often stemming from prolonged satisfaction or positive emotional connections. Customer retention is vital for establishing mutually beneficial, long-term relationships between businesses and customers to (Hoang *et al.*, 2023).

Commitment

According to Sashi (2012) commitment becomes a key stage, characterized by affective commitment and calculative commitment. According to Alfalih (2022) affective commitment arises from emotional connections and trust, while calculative commitment stems from logical considerations. Commitment enables customers to cultivate unwavering dedication to a brand or organization, nurturing long-lasting relationships (Putri and Alexandrina, 2021).

Advocacy

According to Chen, Sun, Yan, and Wen (2020), as customers progress through the cycle, they reach the advocacy stage, where they become enthusiastic advocates for the organization. Williams (2016) points out that customer advocates play a crucial role in promoting the organization's interests, influencing others to support its products or services. Advocacy demonstrates a deep level of satisfaction and engagement, prompting customers to actively recommend the organization to their networks (Santos, Santo, and Augusto, 2021).

Engagement

Ultimately, the cycle concludes with engagement, where customers form intense emotional bonds with the organization (Putri and Alexandrina, 2021). This stage, as outlined by Sashi (2012) and Williams (2016), represents a heightened level of contribution by customers as co-creators of value. Engagement nurtures enduring relationships marked by strong emotional and relational ties, encouraging continuous interactions and connections. Sashi's (2012) customer engagement cycle offers a comprehensive framework for comprehending the progression of customer interactions with an organization. By moving through the stages of connection, interaction, satisfaction, retention, commitment, advocacy, and engagement, customers actively participate in value creation, leading to mutually beneficial and long-lasting relationships between businesses and customers.

GRONROOS MODEL

According to Yang, Jin, Le, and Sheng (2021) the concept of service quality, originally proposed by Gronroos in the 1980s, highlights the importance of understanding consumer perceptions in achieving organizational success. Ghotbabadi, Feiz, and Baharun (2015) underscore the significance of aligning perceived quality with desired quality and reducing any gaps between the two. Gronroos identified three key dimensions of service quality: technical (outcome), functional (process), and corporate image (Medberg and Grönroos, 2020). According to Hanusukma, Yasitandi, and Nugraha, (2021) technical quality refers to the actual results delivered by a service provider, while functional quality pertains to the process of service delivery and customer experience.

According to Nurhadian and Khoirunurrofik (2022), perceived service quality is determined by comparing expected service with actual service received. Customer expectations are influenced by promises made through advertising, pricing, and other marketing initiatives, as well as by past experiences and word-of-mouth recommendations (Yang, Jin, Le, and Sheng, 2021). According to Sathyan and Mano-Raj, (2020), the performance of a service is evaluated based on instrumental (technical) and emotive (functional) dimensions. Instrumental performance focuses on tangible outcomes, while emotive performance is shaped by customer interactions during service delivery (Alzoubi, Vij, Vij, and Hanaysha, 2021).

According to Essaoudi and Lotfi (2021) factors influencing functional quality, such as employee behavior, self-service options, and customer interactions, play a key role in how customers perceive service. Additionally, the corporate image of a company or brand significantly impacts customer expectations and perceptions (Yingfei, Mengze, and Ki-Hyung, 2022). Therefore, Yuan and Thanabordeej (2023) argue that effective management of

service quality requires organizations to consider and address various dimensions of service, including technical and functional aspects, to meet customer expectations and maintain a positive corporate image.

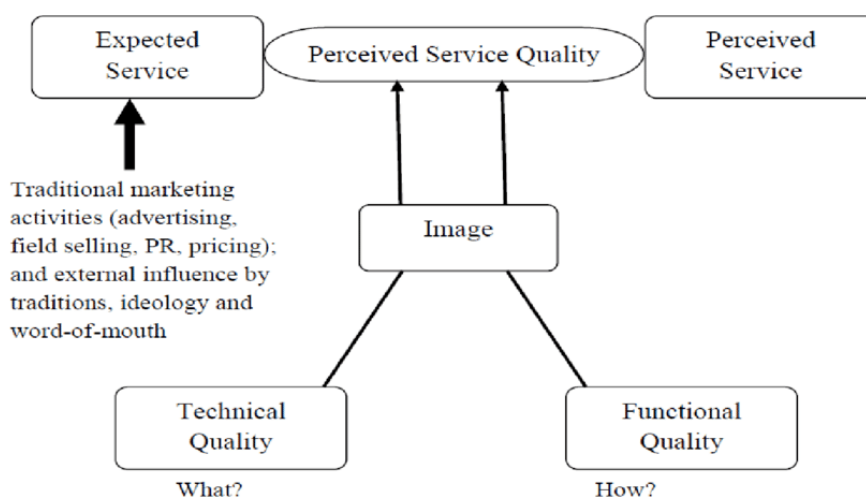


Figure 2: Gronroos Model

Source: Grönroos (1984)

Alwi, Che-Ha, Nguyen, Ghazali, Mutum, and Kitchen (2020) propose that traditional marketing activities, such as image advertising, can effectively educate potential new target markets about the image of a service company. Furthermore, Zinko, Stolk, Furner, and Almond, (2020) highlighted that in cases where current clients have a misperception of the company's image, traditional marketing can assist in conveying the true image. However, Hayati and Mahmudah (2016) advise against launching advertising campaigns if the company's image does not accurately reflect its technical and functional excellence, as this could result in customer dissatisfaction and damage the company's reputation. They also point out that a negative image can exacerbate perceived service quality issues and further negatively impact customer perceptions.

Critics of the Nordic model, as identified by Grönroos (2001), argue that its conceptualization lacks operationalization, meaning it does not offer a practical measurement tool. This limitation may have discouraged empirical research from utilizing the model (Hanuskma, Yasitandi, and Nugraha, 2021). Despite this criticism, the Nordic school places a greater emphasis on theory generation rather than hypothesis testing, emphasizing continuous comparisons between new and existing theories rather than focusing solely on theory testing (Polyakova and Mirza, 2015).

Research Design and Methodology

The purpose of this study is to investigate the correlation between communication strategies regarding organizational change and customer satisfaction levels at Absa bank in the Durban region. A quantitative research design has been utilized, involving data collection through a structured closed-ended questionnaire survey. This study follows a quantitative descriptive approach due to the methodology employed and the ample dataset gathered. Surveys were selected as the primary data collection method for their widespread use, cost-efficiency, and ability to swiftly reach many respondents to ensure data consistency. Convenience sampling was employed to select participants from walk-in clients at various Absa bank branches in and around Durban, chosen for its simplicity and affordability. Data analysis was conducted using Statistical Package for Social Sciences (SPSS) version 24, with descriptive and inferential analyses utilized to test hypotheses. Additionally, various visual tools such as tallies, frequency tables, line graphs, compound bar graphs, and pie charts were employed to effectively present the data.

CUSTOMER ENGAGEMENT

The following section will delve into the findings regarding customer engagement. The analysis will focus on the responses to all items from question 12, which are designed to gauge customer perspectives on engagement practices. Through univariate analysis, we will examine the extent to which customers agree or disagree with each item. Subsequently, these items will be consolidated into a concise number of latent factors or overarching themes.

Item	Responses as Frequency (%)					n	Mean (SD)	t	df	p-value
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree					
I do not mind receiving the same message from different engagement channel	53 19.3%	99 36.1%	71 25.9%	37 13.5%	14 5.1%	274	2.49	-7.664	273	
I prefer personalised communication from the bank	62 22.6%	112 40.9%	63 23.0%	31 11.3%	6 2.2%	274	2.30	-11.532	273	
I feel valued when the bank personally calls me to sell new products	90 32.8%	101 36.9%	59 21.5%	13 4.7%	11 4.0%	274	2.10	-14.245	273	
I prefer a follow up phone call after a service experience	55 20.1%	115 42.0%	61 22.3%	32 11.7%	11 4.0%	274	2.38	-9.785	273	
I prefer a firm handshake after a service experience	33 12%	106 38.7%	72 26.3%	47 17.2%	16 5.8%	274	2.66	-5.210	273	

Table: Scoring patterns on Attitudes towards customer engagement

Source: Chitamba (2023)

Discussion- Customer engagement

The data analysis has uncovered several significant findings regarding customer preferences and expectations in the retail banking sector. On receiving messages across different channels, most respondents (55.4%) have indicated their preference for consistent messaging across various engagement channels, highlighting the importance of offering multi-channel engagement options to meet customer accessibility and flexibility needs (Marzouk, Salminen, Zhang, and Jansen, 2022). When it comes to preference for personalized communication, a large portion of respondents (69.7%) have shown a strong preference for personalized communication from the bank. This finding corroborates with the study of Alalwan, Algharabat, Baabdullah, Rana, Qasem, and Dwivedi (2020) which underscores that the value of tailored interactions in enhancing customer experience, building loyalty, and potentially reducing operational costs and improving grievance resolution.

On feeling valued with personalized calls, majority of respondents (69.7%) have indicated that they feel valued when the bank personally contacts them to inform about products. According to Liu, Shin, and Burns (2021) this suggests that personalized calls play a significant role in enhancing customer perception and satisfaction with telephone banking services. On the other hand, the findings from the study on preference for follow-up Calls had a substantial percentage of respondents (62.1%) have shown a preference for follow-up phone calls after a service experience, highlighting the importance of post-sales communication in ensuring customer satisfaction and retention (Sheth, Jain, and Ambika, 2023). The finding from the empirical study on preference for a firm handshake indicate a notable number of respondents (50.7%) have expressed a preference for a firm handshake after a service encounter, indicating the impact of nonverbal cues on shaping customer perceptions. According to Cortez and Dastidar (2022) this suggests that a firm handshake can contribute to a positive impression of the brand and the overall service experience. These findings stress the significance of recognizing and addressing customer preferences in retail banking to bolster customer satisfaction, loyalty, and organizational success. Absa bank can utilize these insights to tailor its communication approach, introduce personalized services, and prioritize customer engagement efforts to meet evolving customer expectations.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) and Bartlett’s Test of sphericity

To meet the necessary criteria for conducting an exploratory factor analysis, two key statistical tests were utilized: the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's test of sphericity. It is important to note that a KMO value above 0.50 and a significance level below 0.05 for Bartlett's test are required for the successful application of exploratory factor analysis. Additionally, a significant Bartlett's test result ($P < 0.05$) indicates that the item correlations are sufficiently high for factor extraction.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.714
Bartlett's Test of Sphericity	Approx. Chi-Square
	df
	Sig.
	133.029
	6
	.000

KMO and Bartlett's Test

Source: Chitamba (2023)

A value for Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) of .714 indicates that the data was adequate for successful and reliable extraction. In addition, a significant Bartlett's test ($p < .05$) indicates that correlations between items are not too low for reliable extraction.

CRONBACH'S ALPHA

To test if the items in each construct are internally consistent, reliability of the composite measure/scale is tested by calculating Cronbach's alpha for each construct. The reliability of the composite measures is verified by calculating Cronbach's alpha for each construct to see if the items in each construct are internally consistent. A summary of these results follow:

Factor	Construct	Label	Items included	Cronbach's alpha
1	Attitudes of customers towards customer engagement	PCE	7-9, 14	.649

Table 6.22: Cronbach's Alpha

Source: Chitamba (2023)

This alpha $< .7$ but still the best we can get and acceptable given there are only 4 items in the construct (the more items included; the higher alpha could be). The score goes above the acceptable alpha value for Cronbach's. This shows that the measurement of these items is acceptable and consistent. According to Potgieter, Welse and Strasheim (2013) a satisfactory co-efficient is above 0,60 acceptable co-efficient above 0,70 and a good co-efficient is above 0,80. In essence, for further study the above co-efficient are considered acceptable.

Customer satisfaction

This section discusses the findings that relate to customer satisfaction. All the items from question 12 are measuring customer satisfaction will be reviewed to find out the extent to which customers agree and disagree to the items. Univariate analysis will be done on all items. Thereafter they will be reduced to a small number of latent factors/themes.

Item	Responses as Frequency (%)					n	Mean (SD)	t	df	p-value
	Strongly agree	Agree	Neutral	Disagree	Strongly disagree					
I do not hesitate to provide recommendations to anyone looking advice	54 19.7%	126 46.6%	54 19.7%	34 12.4%	6 2.2%	274	2.31	-11.399	273	
The choice to bank with Absa bank was a wise one	69 25.2%	100 36.5%	69 25.2%	28 10.2%	8 2.9%	274	2.29	-11.206	273	
I intend to use more services that are offered by Absa bank	61 22.3%	106 38.7%	68 24.8%	29 10.6%	10 3.6%	274	2.35	-10.280	273	
I trust Absa bank compared to other banks	74 27%	89 32.5%	76 27.7%	23 8.4%	12 4.4%	274	2.31	-10.532	273	
I am emotionally attached to Absa bank brand	82 29.9%	94 34.3%	58 21.2%	28 10.2%	12 4.4%	274	2.25	-11.101	273	
I am fully committed to use Absa bank for all my financial transactions	78 28.5%	99 36.1%	47 17.2%	45 16.4%	5 1.8%	274	2.27	-10.989	273	
I Intent to continue using Absa bank	111 40.5%	102 37.2%	44 16.1%	14 5.1%	3 1.1%	274	1.89	-19.807	273	
I like sharing my experiences and knowledge about Absa bank with other customers	76 27.7%	99 36.1%	68 24.8%	23 8.4%	8 2.9%	274	2.23	-12.342	273	
I defend Absa bank when someone incorrectly spread rumours about the bank	91 33.2%	112 40.9%	43 15.7%	19 6.9%	9 3.3%	274	2.06	-15.265	273	

I do not mind taking my time to assist other Absa customers at the ATMs	59 21.5%	109 39.8%	64 23.4%	29 10.6%	13 4.7%	274	2.37	-9.627	273
I share my experiences about Absa bank on social media	42 15.3%	117 42.7%	72 26.3%	33 12.0%	10 3.6%	274	2.46	-8.859	273
Absa bank is the perfect bank for me	105 38.3%	102 37.2%	46 16.8%	17 6.25	4 1.5%	274	1.95	-17.962	273
I am satisfied by the services that Absa bank offers	82 29.9%	105 38.3%	59 21.5%	24 8.8	4 1.5	274	2.14	-14.451	273
Absa bank is the only bank that I can trust	58 21.2%	112 40.9%	65 23.7%	32 11.7%	7 2.6	274	2.34	-10.797	273
I cannot imagine doing a financial transaction with any other bank	90 32.8%	86 31.4%	60 21.9%	25 9.1%	13 4.7%	274	2.22	-11.401	273
I am a proud Absa bank customer	64 23.4%	106 38.7%	68 24.8%	30 10.9%	6 2.2%	274	2.30	-11.423	273
I always recommend Absa bank to my friends	82 29.9%	95 34.7%	62 22.6%	27 9.9%	8 2.9%	274	2.21	-12.212	273
I intend to use Absa bank for all my financial transactions	66 24.1%	106 38.7%	61 22.3%	33 12.0%	8 2.9%	274	2.31	-10.809	273
In any financial issue, I trust Absa bank	65 23.7%	98 35.8%	67 24.5%	30 10.9%	14 5.1%	274	2.38	-9.223	273

Table 6.29: Customer satisfaction

Source: Chitamba (2023)

The finding from the empirical research on recommendations and Word-of-Mouth show that a substantial number of clients are willing to offer recommendations and discuss their experiences with Absa bank. This is in line with the recognized influence of word-of-mouth in shaping consumer behavior (Al-Zyoud, 2021). According to Babić-Rosario, De Valck, and Sotgiu (2020), positive word-of-mouth can have a greater impact on consumer decisions than traditional advertising or sales efforts.

When it comes to trust and loyalty, most of the participants demonstrate a high level of trust in Absa bank, which is essential for establishing lasting relationships. According to Quaye, Taoana, Abratt, and Anabila (2022), trust is a key driver of customer loyalty, satisfaction, and advocacy, and is associated with perceptions of reliability, competence, and customer focus. Additionally, customer loyalty is tied to factors like commitment, emotional connection, and a willingness to continue banking with Absa (Chitamba and Mutambara, 2023). On service satisfaction, a large portion of respondents express satisfaction with the services provided by Absa bank. Service satisfaction is considered a key driver of loyalty and advocacy, with contented customers more likely to remain loyal and recommend the bank to others (Quaye, Taoana, Abratt, and Anabila, 2022).

On customer engagement and advocacy, the study reveals that customers have a strong emotional connection to the Absa bank brand and are inclined to defend the bank against negative rumours. According to Alam, Karim, and Habiba (2021) this emphasizes the importance of customer engagement efforts and the potential benefits of customer advocacy for the bank. When it comes to commitment and future intentions, most respondents demonstrate a commitment to using Absa bank for their financial needs and intend to continue utilizing its services in the future. This level of commitment is influenced by factors such as trust, satisfaction, and loyalty (Arthur, Agbemabiese, Amoako, and Anim, 2023).

The findings from the empirical study on social media and information sharing indicates a significant number of clients are open to sharing their experiences with Absa bank on social media platforms. This signals the potential for social media to amplify positive word-of-mouth and shape consumer perceptions (Ruvio, Bagozzi, Hult, and Spreng, 2020). On perceived fit and customer satisfaction, many respondents view Absa bank as the ideal match for their banking requirements and express pride in being affiliated with the bank. According to Ullah, Wu, Mehmood, Jabeen, Iftikhar, Acevedo-Duque, and Kwan (2021) this perception of fit and pride contributes to customer satisfaction, loyalty, and advocacy.

In a nutshell, the research indicates that Absa bank has effectively nurtured positive attitudes and behaviours among its clientele, including trust, loyalty, satisfaction, advocacy, and engagement. These findings highlight the importance of maintaining high levels of customer satisfaction, trust, and engagement to cultivate enduring relationships and drive positive word-of-mouth in the retail banking sector (Haryono, Susilowati, Afifah, Hapsari, and Kinanti, 2023).

KMO AND BARTLETT' SPHERICITY TEST

Two statistical tests used to assess the factorability of the inter-correlation matrix in factor analysis are the Kaiser-Meyer-Olkin (KMO) test and Bartlett's Test of Sphericity. The KMO test evaluates the suitability of the data for factor analysis by measuring the adequacy of the sample for each variable in the model (Shrestha, 2021). It assesses the extent to which variables share common variance, with a higher value indicating better suitability for factor analysis. A KMO value greater than 0.5 is generally considered acceptable.

On the other hand, Bartlett's Test of Sphericity, as discussed by Kang (2013), examines the significance of the study, and validates the appropriateness of the collected responses for the research problem. A significance level of 0.05 is typically required for this test to be considered valid. Factor analysis is conducted on items that are broken down into smaller components using a rotated component matrix. This rotating process, as described by Shrestha (2021), aims to provide a more concise interpretation of the results. In summary, the KMO and Bartlett's test play a crucial role in determining the factorability of the inter-correlation matrix and ensuring the validity of the factor analysis process.

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.935
Bartlett's Test of Sphericity	Approx. Chi-Square	1697.586
	df	78
	Sig.	.000

Table 6.30: KMO and Bartlett's Test

Source: Chitamba (2023)

A value of 0,935 indicates the data was adequate for successful and reliable extraction. In addition, a significant Bartlett's ($p < .05$) indicates that correlations between items were not too low.

Cronbach alpha

To test if the items in each construct are internally consistent, reliability of the composite measure is tested by calculating Cronbach alpha for each. According to Vaske, Beaman, and Sponarski (2017), a passable reliability coefficient surpasses 0,60, an acceptable co-efficient exceeds 0,70, and a good co-efficient exceeds 0.80. A summary of results is shown in the table below:

Factor	Proposed Construct	Label	Cronbach's alpha
1	Customer satisfaction	CCE	.913

Table: Cronbach alpha- Customer satisfaction

Source: Chitamba (2023)

In essence the above coefficients are deemed acceptable for further analysis

Factor Analysis for customer satisfaction.

Factor analysis is used to examine the construct's validity of the measuring instrument (Glod, Creswell, Waite, Jamieson, McConachie, Don-South, and Rodgers, 2017). The goal of factor analysis is to determine which items are related in the sense that they are answered similarly and thus measure the same dimension or factor. According to Gravetter, Wallnau, Forzano, and Witnauer (2021) this multivariate statistical technique is used for three primary reasons:

- a) Decrease the number of variables from large number to smaller number;
- b) Establish underlying dimensions between measured variables and constructs and;
- c) Provide construct validity.

According to Asempapa and Brooks (2022) a factor analysis performed on a set of items yield a factor loading matrix as its primary output. According to Baistaman, Awang, Afthanorhan, and Rahim, (2020) factor loading is correlation between a variable a factor extracted from data and these loadings are correlations between the items and factors. Large values indicate which items fall under which factor. A multidimensional correlation between items or cohorts of items that are part of the combined theory was identified by EFA. The EFA was done utilising the extraction method of principal axis factoring or Principal factoring analysis (PFA) with Oblique and technique.

Extraction Method for Consequence of customer engagement

To assess the number of significant factors in the data set, the eigenvalues of the total values explained were examined. The principal rule is to choose components with eigenvalues greater than one. Furthermore, the

cumulative percentage for initial eigenvalues column should greater than 50%. The column of the factors indicates the number of factors utilised to the factor.

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.542	50.321	50.321	6.014	46.258	46.258
2	1.011	7.777	58.099			
3	0.772	5.942	64.04			
4	0.667	5.133	69.174			
5	0.631	4.853	74.027			
6	0.576	4.429	78.456			
7	0.519	3.994	82.45			
8	0.469	3.604	86.054			
9	0.449	3.451	89.505			
10	0.4	3.078	92.584			
11	0.365	2.805	95.389			
12	0.315	2.424	97.813			
13	0.284	2.187	100			

Extraction Method: Principal Axis Factoring.

Table: 6.32: Total Variance explained

Source: Chitamba (2013)

The table 6.32 shows the proportion of variations for consequences of customer engagement using the extraction method called Principal axis factoring. For extraction 13 items from consequences customer engagement construct were utilised. As depicted by the table, there are 13 factors that could be retained in the factor analysis however, only one could be extracted.

The eigenvalues or variances of the factors are in the first column of the table. The first factor accounts the highest amount (6,542) and the second factor with (1,011) respectively. Items loading less one were dropped. The second column show the percentage of total variance by each factor.

- Factor 1 50, 321
- Factor 27,777

The cumulative percentage of variation for the two factors was shown in the third column accounting 58, 098 of the variance of data.

Rotation Method for Consequences of customer engagement

The eigenvalues for consequences of customer engagement construct are rotated in this section to establish a simple structure by linking the derived elements to the study's theory. As a result, Promax with Kaiser Normalisation Rotation will be used to perform the pattern matrix table below.

	Factor 1
B15.2 I am satisfied by the services that Absa bank offers	0.758
B15.9 I always recommend Absa bank to my friends	0.734
B12.6 I intend to use more services that are offered by Absa bank	0.722
B15.8 I am a proud Absa bank customer	0.711
B15.10 I intent to use Absa bank for all my financial transactions	0.707
B15.11 In any financial issue, I trust Absa bank	0.704
B14.2 I like sharing my experiences and knowledge about Absa bank with other customers	0.676
B14.5 I do not mind taking my time to assist other Absa customers at the ATMs	0.674
B12.5 The choice to bank with Absa bank was a wise one	0.662
B13.2 I trust Absa bank compared to other banks	0.653
B13.6 I am fully committed to use Absa bank for all my financial transactions	0.644
B14.1 I Intent to continue using Absa bank	0.609
B12.4 I do not hesitate to provide recommendations to anyone looking advice	0.564

Table 6.33 Factor loading

Source: Chitamba (2023)

The results of the pattern matrix or factor loading matrix for consequences of customer engagement were in the table above. To be considered significant, the factor loading matrix must be bigger than 0,40. The loading of

the items on the (2) factors was shown in the table. The factor loading is considered significant all the of them had a value greater 0,40.

CONCLUSION

In summary, the study provides valuable insights into the research question, emphasizing the significance of a proactive customer engagement strategy for Absa bank. It is advised that Absa bank consider adopting a new customer engagement framework that focuses on delivering positive and personalized experiences to its current customers. This framework should concentrate on improving accessibility and providing the necessary systems, services, and support for effective customer engagement. Key strategies for Absa bank to contemplate in this new customer engagement framework include customizing customer interactions to enhance engagement and communication relevance. Moreover, soliciting customer feedback can showcase appreciation for their opinions while also gathering valuable data for enhancing interactions. Introducing loyalty initiatives to reward and incentivize customers for their ongoing support can further boost engagement and satisfaction. Additionally, utilizing various platforms for customer engagement, such as live chat, phone calls, and social media, can improve accessibility and convenience for customers, ensuring that they can engage with the bank in a manner that aligns with their preferences and requirements. In conclusion, analysing customer behavior and preferences is essential in establishing an effective customer engagement strategy for Absa bank. By implementing the suggested strategies and prioritizing customer satisfaction and engagement, Absa bank can strengthen its relationship with customers, nurture loyalty, and uphold a competitive advantage in the retail banking sector.

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