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The Relationship Between Customer Engagement, Satisfaction, and Loyalty

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ABSTRACT

This article examines how customer engagement influences customer satisfaction, experience, trust, and loyalty in the context of mobile banking as well as the role of customer experience and trust as mediating variables in customer engagement with customer satisfaction and customer loyalty. For these purposes, a conceptual framework based on the content analysis of the previous studies was developed. The data for this research were collected from 406 customers using mobile banking services in Jordan. The responses are verified using structural equation modelling. Customer engagement positively influences customer trust and experience, while the impact of customer engagement on customer satisfaction and loyalty is partially mediated by customer trust. The study findings may aid future researchers in their quest in understanding the inherent relationships that lie between the constructs' questions and may provide a platform for banking managers in their efforts to improve their online banking customers satisfaction.

KEYWORDS

Customer Engagement, Customer Experience, Customer Trust, Loyalty, Mobile Banking, Mobile banking, Satisfaction

1. INTRODUCTION

In the current dynamic and interactive business environment, 'customer engagement' is receiving increasing attention from both business practitioners and academics (Brodie et al., 2011). Moreover, scholars engaged in studying marketing strategies and customer behaviour are focusing on the concept of customer engagement. For example, Verhoef et al. (2010) identify customer engagement as a priority topic and describe the concept as customer behavioural manifestation toward a brand or firm beyond purchase. To this end, Sprott et al. (2009) emphasise that customer engagement plays a key role in enhancing the quality of relationship between the brand and consumers who, in turn, influence the success of the business. Furthermore, customer engagement is a strategic imperative for generating improved corporate performance, including sales growth and superior competitive advantage (Sedley and Perks, 2008). In addition, customer engagement has a clear, direct, and positive association with firm performance (Mittal et al., 2018). Studies have presented several characteristics of customer engagement. Brodie and Hollebeek (2011) highlight that engaged customers exhibit improved empowerment, connection, emotional bonding, trust, and commitment. Enginkaya et al. (2014) describe customer engagement in terms of three critical features: trust, dedication, and reputation.

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Banks seem to be most interested in providing customers with mobile banking services in order to improve services as well as enhance their effectiveness and efficiency (Alalwan et al., 2017), especially in Jordan. Jordanian banks have reached an advanced stage of using modern technology to provide mobile banking services to customers (Al-Hawary et al., 2017), and it could become an additional revenue source for banks (Chaouali et al., 2017). Furthermore, it is important for banks to increase customer satisfaction and loyalty in mobile banking, which could be achieved by increasing customers' trust in the service, providing an excellent experience, and implementing a good strategy for customer engagement. While customer engagement has not received much attention in the context of mobile banking, this research develops a conceptual framework and empirically examines customer engagement to address such aspects as customer engagement, trust, and experience. This framework also explains the impact of customer engagement on customer trust, experience, satisfaction, and loyalty in mobile banking, in which trust and experience are important. A few studies explore the relationship between customer engagement, satisfaction, and loyalty, and most survey Western countries. Therefore, a key contribution of this research is the evidence it provides on such relationships in developing country setting, particularly the banking industry.

According to Al-Rawashdeh et al. (2016), banks play a pivotal role in an economy's overall growth and development. Therefore, they should be managed properly to ensure stability, continuity, and growth (Orabi et al., 2016). Effective banking management requires adequate revenue from financial and investment activities and operations (Zyadat, 2016). These requirements drive a state of intense competition and motivate banks to pursue strategies to achieve customer engagement, satisfaction, and loyalty. This research examines the relationship between customer engagement, satisfaction, and loyalty in the banking industry, focusing on mobile banking services. It also explores the role of customer experience and trust as mediating variables in the relationship between customer engagement and customer satisfaction and loyalty.

2. BANKING INDUSTRY IN JORDAN

A country's banking industry improves economic stability, enhances economic growth, and plays a crucial role in the economy. Banks are at the core of the money-creation process and payment systems. In addition, bank credit is a critical aspect in financing investment and growth (Al-Fayoumi and Abuzayed, 2009). Over the past 2 decades, the Jordanian banking industry has witnessed considerable developments that are mainly attributable to the Central Bank of Jordan. In addition to supervisory and regulatory roles, the latest global financial practices were executed to develop and upgrade the performance of the Jordanian banking industry. The banking industry plays a key role in driving Jordan's economic growth by mobilising national savings and using them to finance productive economic sectors (Almazari, 2014). A key realisation is that customers who have the power to affect operations are the backbone of the activities and business of Jordan's banking industry (Al-Qeed et al., 2017).

Jordan's banking system was founded in 1927. The British Bank was the first bank to start operating in Jordan, working as a fiscal agent to the government owing to the absence of a central bank during that time. Next, the Arab Bank opened its first branch in 1930 with headquarters in Jerusalem, which moved to Amman in 1949. The British Bank of the Middle East was the next commercial bank to start operations in Jordan in 1949 and the Jordan National Bank was the second national bank to be established in 1956. Two additional commercial banks were established in 1960, namely, the Bank of Jordan and the Cairo Amman Bank. The government established the Central Bank of Jordan in 1964 (Aladwan, 2015) to regulate and supervise Jordan's banking system (Isik et al., 2016). According to the Central bank of Jordan, at the end of 2017, Jordan's banking industry comprised 16 local commercial banks, of which 3 are Islamic banks, 5 are investment banks, and 9 are foreign commercial banks, of which 1 is a foreign Islamic bank. Alongside technological revolution, Jordan's banks have reached an advanced stage of applying modern technology to provide online and mobile

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