



The Effect of Customers' Gender, Education and Age on Their E-banking Experience and Word-of-Mouth Online: A CRM Approach

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Abstract

The aim of the current research paper is to investigate the effects of customer demographics, (mainly gender, age and education), on the perception of customer experience of e-banking services and on customer's eWOM about e-banking services. A convenience sample of 564 e-banking customers in Kuwait was asked to participate in a survey measuring their demographics, perception of e-banking experience and their eWOM about e-banking. The findings indicate that only age and education have a moderate effect on the perception of customer experience of e-banking services whereas, each of the variables of gender, age and education has a relatively weak but significant effect on customers' eWOM about their e-banking services. Data analysis also revealed significant differences between mean values of some of the demographic groups investigated. Managerial and academic implications of the findings were also discussed to conclude the research.

Keywords: Online Word of Mouth, Customer Experience, Online Demographics, E-banking Services, Arab Consumers

Introduction

The final aim of customer relationship management is to achieve a bigger share of customer instead of a bigger share of the market (Ward & Dagger, 2007) which can only be attained through customer acquisition, retention and development (Zineldin & Philipson, 2007). According to (Grönroos, 2007) the three main ways marketers can build and maintain a long-term customer relationship are communication, interaction and value creation because a relationship can only develop when customers experience an extra added value (higher than that offered by the competition) in their exchange or touch-points with the company that there is something special and important in the contact with the company (Grönroos, 2007). Consequently, customer become loyal to that company because they feel, according to their experience, that their needs are being better fulfilled in the most appropriate way (McIlroy & Barnett 2000).

In this sense, loyalty can be seen as an outcome of customers' experience of value received from a certain company compared to the competition (Hallowell, 1996). The main difference between loyalty and satisfaction is that, satisfied consumers might believe that they can find a higher value offer from other companies in spite of their satisfaction, contrary to loyal consumers (McIlroy & Barnett 2000).

What is Customer Experience?

Customer experience is defined as “the cognitive and affective outcome of the customer’s exposure to, or interaction with, a company’s people, processes, technologies, products, services and other outputs” (Buttle & Maklan, 2015, P.189). This comprehensive view of customer experience was also confirmed by Lemke, et. al. (2011) who defined customer experience as the subjective response to the holistic direct and indirect encounters with the firm, including but not necessarily limited to the communication encounter, the service encounter and the consumption encounter. Other researchers adopted a more emotional perspective in defining customer experience as a concept that refers to the conscious and subconscious feelings a customer perceives from engaging goods and service providers (Anderson & Sullivan, 1993; Shaw et. al 2010).

Both perspectives on customer experience are focusing on the role of processes put into place by firms to enable consumers to realise and consolidate their expectations for the entire period of engagement. According to Petre et al, (2006), the totality of customer experience consists of both cognitive ingredients (like beliefs, thoughts) and affective ingredients (like feelings, attitudes) therefore; both should be emphasized to enhance customers’ perceptions of value of companies’ offerings.

The Effect of Demographics on Customers’ Experience

McGoldrick & Andre (1997) explained that demographic variables affect consumers’ loyalty which is an outcome of their experience. Several researchers (Mägi, 2003; Kuruvilla et al., 2009; Helgesen and Nettet, 2010) have emphasized that the differences in customers’ expectations of the buying experience might be attributed to their gender and age. Melnyk et al., (2009) argued that, customers’ reactions towards loyalty programs differ according to their gender, as females were found to assign higher value than males to long-term relationships with personal contact rather than companies as a whole (Patterson, 2007). It was also found that female customers are more loyal, relationship-oriented and socially minded than male customers (Helgesen and Nettet, 2010).

As for the effect of age, older customers were found to be more conservative and loyal, and less willing to try new brands, than younger customers (Ndubisi, 2007; Patterson, 2007). Therefore, Foscht et al., (2009) argued that in order to increase customers’ retention rate, companies need to focus on younger customers to establish stronger long-term relationships. The effect of age seems to be clearer when analyzed from a generational perspective according to Lu & Seock, (2008) who concluded that generation Y, generation X and baby boomers have different values, characteristics and behaviors of buying. Generation Y was found to be less loyal to companies and brands than the former generations (Gurau, 2012) and it can be hard to maintain re-buys from these customers (Lazarevic, 2012) where the characteristics of the product and price are amongst the main drivers for their decision to buy (Gurau, 2012). Generation X was also found to be more doubtful and less loyal compared to baby boomers (Lu & Seock, 2008).

Building on the findings of the aforementioned research papers it seems logical to assume that respondents’ demographic variables have an effect on their perception of their experiences; therefore, the current research is adopting the following hypothesis

H1: the perception of customers’ experience of e-banking service is affected by their gender, education and age.

Consumers' Word of Mouth Online & Offline

Word-of-mouth (WOM) is the informal communication about a service or product between consumers (Gelbrich 2011). WOM is considered one of the most influential channels of communication in the marketplace primarily because of its credibility (Allsop, et al 2007). Online, or electronic, word of mouth (eWOM) is defined as any positive or negative statement made by customers about a product or company via the Internet (Hennig-Thurau et al. 2004).

WOM is considered to be amongst the most powerful source of information impacting consumers' actual adoption of innovations and new products (Gilly et al. 1998) as well as services (Mangold, et al 1999). Behaviourally, WOM is directly related to consumer's tendency to influence the attitudes and overt behaviours of others where individuals tend to share information (Shoham & Ruvio 2008).

The anonymous and interactive nature of the digital world enables consumers to freely give and seek opinions about product experiences of peer consumers who are unknown to them (Goldsmith & Horowitz 2006). Moreover, the transmission of information on the Internet gives consumers unlimited access to a great amount of information. The Internet's freedom from geographic and time constraints allows eWOM communication to spread globally and quickly, and enables consumers to reach large audiences simultaneously (Hennig-Thurau et al. 2004). All of the above led marketers to consider eWOM as one of the main online feedback mechanisms that has valuable implications for brand building, customer relationship management, and product development (Dellarocas 2003).

E-banking is considered to be an innovative service that endures some degree of perceived risk by consumers, which makes eWOM a highly reliable and effective tool of e-banking communication. Researchers indicated that consumers are more likely to engage in WOM referral behaviour when they perceive the product is innovative (Bone 1992) or when they perceive a high risk in product choice (Bansal & Voyer 2000).

Additionally, WOM communication is viewed as the most effective information by consumers when they have little expertise or knowledge in a product category (Gilly et al. 1998), or when they are extremely satisfied or dissatisfied with a product or service (Richins 1983), or even when they are highly committed to a firm (Dick and Basu 1994).

Demographics and Customers' Word of Mouth

Previous research suggests that compared to men, women seem to place a greater emphasis on interpersonal relationships, communicate more often, and react more to information provided by others (Brannon, 2008). Research also indicate that women describe themselves as being more receptive to word-of-mouth information (Kempf & Palan, 2006) and are more likely to change their attitudes as a result of online word-of-mouth than men (Garbarinoa & Strahilevitz, 2004).

In addition, some combinations of demographic characteristics might drive consumers to be more engaged in displaying word of mouth behaviors. For example, Charlie et al (2016) suggest that female and older users are more likely to engage in e-WOM. Respondents' age and education were also found to have significant impacts on their word-of-mouth behaviors (Balaji, et al. 2017). Age had a significant positive effect on offline WOM (Zhang et al., 2014) as well as e-WOM (Karjaluoto, et al 2016). The majority of the previous literature suggests that consumers' demographic variables have

an effect of their behavior to spread word of mouth related to the company or the brand. Therefore, the current study is adopting the following hypothesis

H2: customers' online word of mouth behaviors about their e-banking service is affected by their gender, education and age.

Research Methodology

The population of this study consists of individual retail e-banking customers in Kuwait who use the service of e-banking through their personal computers, tablets or mobile phone applications. Convenience sampling is used to draw a sample of 564 e-banking customers in Kuwait that are both easily accessible and willing to participate in the study (Castillo, 2009; Teddlie and Yu, 2007).

The customer experience scale adopted by the current study is a modified version of Klaus's (2015) scale which was proved to be valid and reliable. Respondents' gender, age and education were measured using categorical questions to avoid response bias. The "online word of mouth" scale of the current study is derived from similar scales by previous researchers (Grégoire, et al. 2010; Brüggem, et al. 2011; Gelbrich 2011) who reported Alpha values that ranged from 0.96 to 0.84 as a demonstration of scale reliability. Several evidences of the scale's convergent and discriminant validity were provided.

For the purpose of data analysis, several statistical procedures are applied. Cramer's V is used as an index of strength of association in cross-tabulations, larger than 2 x 2, involving nominal or categorical variables and it ranges from 0 to 1 (Dancey & Reidy, 2002). Values of V below 0.3 indicate low association, values between 0.3 and 0.6 indicate moderate association, and values above 0.6 indicate strong association (Dancey & Reidy, 2002). The contingency coefficient index, which varies between 0 and 1, is also used to measure the strength of association between variables in a table of any size (Dancey & Reidy 2002). The independent-samples T test procedure is used to compare means for two groups of cases to further confirm the findings.

Results and Discussions

- **Customer Experience**

The cross-tabulation of respondents' gender with customer experience did not produce significant Cramer's V or contingency coefficient values, as shown in table 1. Therefore, it can be concluded that there is no significant association between both variables, and gender has no effects on the perception of customer experience of e-banking services.

Table 1: Gender & Customer Experience Association Test

	Value	Approx. Sig.
Cramer's V	.271	.326
Contingency Coefficient	.358	.326
N of Valid Cases	564	

The independent samples T test showed that there are no significant differences between male and female respondents in the mean values of perceived customer experience in e-banking, as table 2 indicates.

Table2: Mean Differences of Customer Experience According to Gender

t-test for Equality of Means				
t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
-1.905	332.028	.058	-.04756	.02497

The cross-tabulation of respondents' age with customer experience produced significant Cramer's V and contingency coefficient values, as shown in table 3. Therefore, it can be concluded that there is a significant association between both variables, and age has an effect on the perception of customer experience of e-banking services.

Table 3: Age & Customer Experience Association Test

	Value	Approx. Sig.
Cramer's V	.400	.000
Contingency Coefficient	.569	.000
N of Valid Cases	564	

The independent samples T test showed that there is a significant difference in the mean values of perceived customer experience in e-banking between customers who are less than 45 years of age (Mean= 1.5018 for N= 330) and customers who are 45 years of age and older (Mean= 1.5605 for N= 232), as table 4 indicates.

Table4: Mean Differences of Customer Experience According to Age

t-test for Equality of Means				
t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
2.425	362.570	.016	.05870	2.425

The cross-tabulation of respondents' education with customer experience produced significant Cramer's V and contingency coefficient values, as shown in table 5. Therefore, it can be concluded that there is a significant association between both variables, and education has an effect on the perception of customer experience of e-banking services.

Table 5: Education & Customer Experience Association Test

	Value	Approx. Sig.
Cramer's V	.398	.000
Contingency Coefficient	.623	.000
N of Valid Cases	564	

The independent samples T test showed that there is a significant difference in the mean values of perceived customer experience in e-banking between customers who have a university degree or

higher (Mean= 1.5140 for N= 490) and customers who have less than a university degree (Mean= 1.5968 for N= 74), as table 6 indicates.

Table 6: Mean Differences of Customer Experience According to Education

t-test for Equality of Means				
t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
-2.526	562	.012	-.08284	.03280

- **Online Word of Mouth**

The cross-tabulation of respondents' gender with their eWOM behavior produced significant Cramer's V and contingency coefficient values, as shown in table 7. Therefore, it can be concluded that there is a significant association between both variables, and gender has an effect on consumers' eWOM about their e-banking services.

Table 7: Gender & eWOM Association Test

	Value	Approx. Sig.
Cramer's V	.194	.004
Contingency Coefficient	.265	.004
N of Valid Cases	564	

The independent samples T test showed that there is a significant difference in the mean values of the tendency for spreading eWOM about the e-banking experience between males (Mean= 1.3058 for N= 362) and female respondents (Mean= 1.3853 for N= 198), as table 8 indicates.

Table8: Mean Differences of eWOM According to Gender

t-test for Equality of Means				
t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
-2.311	341.974	.021	-.07944	.03438

The cross-tabulation of respondents' age with eWOM produced significant Cramer's V and contingency coefficient values, as shown in table 9. Therefore, it can be concluded that there is a significant association between both variables, and age has an effect on consumers' eWOM about their e-banking services.

Table 9: Age & eWOM Association Test

	Value	Approx. Sig.
Cramer's V	.265	.000
Contingency Coefficient	.417	.000
N of Valid Cases	564	

The independent samples T test showed that there is a significant difference in the mean values of the tendency for spreading eWOM about the e-banking experience between customers who are less than 45 years of age (Mean= 1.2745 for N= 330) and customers who are 45 years of age and older (Mean= 1.4298 for N= 232), as table 10 indicates.

Table10: Mean Differences of eWOM According to Age

t-test for Equality of Means				
t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
4.766	404.059	.000	.15534	.03259

The cross-tabulation of respondents' education with eWOM produced significant Cramer's V and contingency coefficient values, as shown in table 11. Therefore, it can be concluded that there is a significant association between both variables, and education has an effect on consumers' eWOM about their e-banking services.

Table 11: Education & eWOM Association Test

	Value	Approx. Sig.
Cramer's V	.230	.000
Contingency Coefficient	.418	.000
N of Valid Cases	564	

The independent samples T test showed that there is a significant difference in the mean values of the tendency for spreading eWOM about the e-banking experience between customers who have a university degree or higher (Mean= 1.3125 for N= 490) and customers who have less than a university degree (Mean= 1.5019 for N= 74), as table 12 indicates.

Table12: Mean Differences of eWOM According to Education

t-test for Equality of Means				
t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
-4.168	562	.000	-.18939	.04544

Conclusion

The aim of the current research paper is to investigate the effect of customer demographics, (mainly gender, age and education), on the perception of customer experience of e-banking services and on customers' eWOM about their e-banking services.

In regard to the perception of customer experience of e-banking services gender has no effect on the perception of customer experience and there are no significant differences between male and female respondents in the mean values of perceived customer experience in e-banking, Whereas, each of the variables of age and education has a moderate effect on the perception of customer experience

of e-banking services with more positive perceptions for customers who are aged 45 years or older and for customers who have less than a university degree, respectively.

In regard to customers' eWOM about their e-banking services, the findings indicate that each of the variables of gender, age and education has a relatively weak but significant effect on consumers' eWOM about their e-banking services. Female customers, as well as customers who are 45 years of age and older, and customers who have less than a university degree, were all found to have a stronger tendency for spreading eWOM about their e-banking experiences than their peers.

The managerial implications of the findings draw the attention to the importance of concentrating on the, usually ignored, demographical characteristics of customers when marketers are planning and implementing their buzz marketing campaigns and supporting opinion leaders online. The effect becomes even more important when we are talking about marketing innovative services like e-banking to the new digital consumer where relationship building is the only way up, especially in a highly competitive market like Kuwait where the majority of the population is young and highly educated.

Academically, the findings represent a step towards deepening our understanding of the factors that might lead consumers to more favorable perceptions of their online experiences of services and to induce them to spread positive eWOM about it.

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