



# Relationship quality determinants and outcomes in retail banking services: The role of customer experience

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## ABSTRACT

Cultivating high quality relationships with customers is of paramount importance in the banking sector. However, there has been little effort to examine relationship quality (RQ) in financial services, and though the evaluation of RQ should depend on the experience provided, empirical evidence on how customer experience may contribute to RQ is scant. Therefore, based on data collected from 227 retail banking clients, analysed using PLS-SEM, the purpose of this study is to understand the role played by customer experience on RQ in retail banking, and its impact on relational outcomes, comparing customers with and without a dedicated account manager.

## 1. Introduction

Owing to the intangibility, long-term delivery and complexity of financial services (FS), also characterized by considerable uncertainty (Ponsignon et al., 2015), cultivating high quality relationships with customers is of paramount importance (Ndubisi, 2007; O'Loughlin et al., 2004), particularly in an age of increased depersonalization, homogenization and automation in the industry (Barari and Furrer, 2018; Rajaobelina and Bergeron, 2009). A strong relationship is an intangible asset not easily duplicated by competitors (Wong et al., 2007) that reflects the psychological connection that customers have with a service provider (e.g. Crosby et al., 1990; DeWulf et al., 2001). Relationship Quality (RQ) has been defined as “the degree of appropriateness of a relationship to fulfil the needs of the customer” (Hennig-Thurau and Klee, 1997, p.751), and it means that the customer is able to trust and rely on providers integrity because the level of past performance has consistently been satisfactory (So et al., 2016). Numerous authors (e.g. Roberts et al., 2003; Grégoire and Fisher, 2006; Wu and Li, 2011) have acknowledged that maintaining high quality relationships fosters loyalty-related outcomes, such as customers' willingness to provide referrals and to pay a price premium. Therefore, according to Hennig-Thurau et al. (2002), the RQ approach is among the most expressive ones in modelling the determinants of relationship marketing outcomes.

Because of the lack of concreteness of service outcomes high in

credence qualities, functional attributes associated with customer experience (i.e. how the service is delivered), such as accessibility, professionalism, and empathy of FS providers, are likely to heavily contribute to consumer's evaluation of their relationship with the bank (Eisingerich and Bell, 2007; Roy, 2018). In fact, although the banking industry is identified as “weak experiential” and goal oriented, “process” factors are pivotal to the service experience provided by a bank (O'Loughlin et al., 2004), and may play a more dominant role than technical, outcome-based factors, intrinsically difficult for customers to evaluate (Bell and Eisingerich, 2007).

Therefore, financial organizations are increasingly focusing on customer experience to drive competitive advantage (Cambra-Fierro et al., 2016; Klaus and Nguyen, 2013). However, despite broader conceptualizations of experience (Dube and Helkkula, 2015; Halvorsrud et al., 2016) from “memorable and extraordinary” to “normal, day-to-day service experiences” (Edvardsson et al., 2005), research mainly focus hedonic services (Brakus et al., 2009; McColl-Kennedy et al., 2015), while empirical studies in weak experiential contexts (such as FS) are still lacking (Hamzah et al., 2014; Klaus and Maklan, 2012). Moreover, empirical evidence on the impact of customer experience in the relationship domain is scant, particularly in high credence services such as retail banking. Though a handful of studies has analysed the nomological network of RQ in FS, both in offline (Wong et al., 2007) and online settings (e.g. Olavarría-Jaraba et al., 2018), none has explored the role of customer experiences as a potential antecedent

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(Rajaobelina and Bergeron, 2009). However, from a customer perspective, it seems plausible to expect that the quality of the relationship will be evaluated based on the experience provided, with positive experiences encouraging a deepening of the relationship (Auh et al., 2007; Rajaobelina, 2018).

Therefore, our purpose is to address these literature gaps by examining how customer experience can contribute to RQ and relational outcomes in a utilitarian setting, namely retail banking services, through a holistic model. Additionally, and given financial services' membership-based relationships (Ponsignon et al., 2015), we compare the impact of customer experience on RQ and relational outcomes for customers with and without a dedicated account manager. The paper begins by presenting the literature review relevant to this study, followed by the development of research hypotheses. Then we report the main results of a cross-sectional survey based on data collected from 227 retail banking clients concerning their evaluations of relationship and experience quality, employing PLS-SEM. Finally, we conclude by presenting main conclusions, contributions and suggestions for future research.

## 2. The concept of customer experience in services

Ever since the notion that consumption has an experiential dimension (Holbrook and Hirschman, 1982), customer experience has been a key concept in service research and management, including fields such as services marketing, innovation and retailing (Jakkola et al., 2015). With the advent of the “experience economy” (Pine and Gilmore, 1998) came a research stream dedicated to the concept of customer experience (Verhoef et al., 2009), understood as a form of economic offering that creates a competitive advantage, difficult to imitate and replace (Prahalad and Ramaswamy, 2004). As a result, the relevance of customer experience as a strategy to create value and to foster satisfaction, differentiation, image, loyalty and word-of-mouth has been acknowledged (Jain et al., 2017).

Described as the core of the service offering and as the basis of all business (Vargo and Lusch, 2008), the experience phenomenon has been referred to, often interchangeably (Jain et al., 2017), as consumption experience (Bolton et al., 2014), customer experience (Palmer, 2010), and service experience (Helkkula, 2011). The concept of experience is an old, but relatively underdeveloped concept in the services literature (Dube and Helkkula, 2015). Researchers approach customer experience according to different, but complementary, perspectives (Helkkula, 2011): as a process (focusing on the architectural and time element of the experience); as an antecedent to various outputs (such as satisfaction and repurchase intentions); or as a phenomenon (specific to an individual in a specific context). The phenomenological and holistic approach shifted the focus from the production of outcomes to how they are uniquely and contextually experienced by the individual (Vargo and Lusch, 2008). The Service-Dominant (SD) logic recognizes experiences as a key dimension in the value co-creation process, since “there is no value until an offering is used”, and thus “experience and perception are essential to value determination” (Vargo and Lusch, 2006, p.44). Thus, value is no longer embedded in tangible offers, focused on the firm, but is co-created with customers and other actors in interactive experiences through value-in-use (Vargo and Lusch, 2006). Accordingly, contemporary thought conceptualizes experiences beyond their staging or orchestration by companies, but mainly as a function of the personal and subjective value perceived by the actors involved (Helkkula et al., 2012). As such, customers can co-create their own experiences and become a part of companies' offerings as operant resources (Vargo and Lusch, 2006), with organizations acting as resource integrators that facilitate experience creation (Jain et al., 2017).

The research perspective has thus evolved from studying “extraordinary” experiences toward studying experience as a collective, co-created phenomenon (Akaka et al., 2015). Broadly speaking, experience

originates from a set of complex interactions between the customer and other actors, including a company or a company's offerings (Carù and Cova, 2003), shaped by their characteristics and by the context in which the interaction takes place (Barari and Furrer, 2018). In recent research, experiences are seen as omnipresent and as a core element in the emergence of experiential value (Dube and Helkkula, 2015), regardless of the hedonic or non-hedonic nature of services (Roy, 2018). However, despite broader conceptualizations of experience, research mainly focus hedonic services such as theme parks (Slatten et al., 2009), cruise vacations (Hosany and Whitam, 2010), music festivals (Manthiou et al., 2014) or wine tourism (Fernandes and Cruz, 2016). Therefore, customer experience management outside experiential environments (such as financial services) remains partly unaddressed (Zomerdijk and Voss, 2010) and poorly understood (Ponsignon et al., 2015).

## 3. Customer experience in retail banking services

In the banking sector, deregulation and technological advances have lowered entry barriers, and created unprecedented competition between financial institutions, where only by delivering positive customer experiences, real differentiation in an increasingly generic sector can be achieved (Barari and Furrer, 2018; O'Loughlin and Szmigin, 2005; Reydet and Carsana, 2017). Therefore, FS are increasingly focusing on customer experience to drive competitive advantage (Cambra-Fierro et al., 2016; Klaus and Nguyen, 2013; Ponsignon et al., 2015).

Customer's experiential perceptions are contextual, and therefore the determinants of a positive experience vary across settings (Lemke et al., 2011), demanding context-specific research. As such, FS contextual characteristics are bound to influence perceptions of customer experience. Ponsignon et al. (2015) characterize the FS industry according to four features well established in the literature: intangibility, complexity, information intensity, and membership-based relationships. The FS sector therefore provides an excellent example of highly complex and intangible service-based offerings, which most clients are unable to confidently evaluate (Eisingerich and Bell, 2007), and that vary enormously in context, use, consumption, delivery, duration and significance to the customer (O'Loughlin and Szmigin, 2005), contributing to high levels of uncertainty and perceived risk.

Because of the lack of concreteness of service outcomes high in credence qualities, functional attributes associated with customer experience (i.e. how the service is delivered) are likely to heavily contribute to consumer's evaluation of the relationship with the bank (Eisingerich and Bell, 2007) along with technical features, i.e. what the service is designed to achieve (Grönroos, 1982). Also according to Morrison and Crane (2007), in the particular case of high credence services, consumers are “forced” into a low information decision, which may elicit feelings of uncertainty and inherent risk in making the wrong selection. Furthermore, consumers may have difficulty evaluating the core, technical product also after consumption (Crosby et al., 1990), given that even standard transactions such as saving accounts or basic insurance contracts involve complex specifications in the eyes of the customer (Ponsignon et al., 2015). As a result, customers are likely to heavily rely on the relational and tangible cues characteristic of the functional elements of service delivery (Morrison and Crane, 2007), such as accessibility, professionalism, and empathy of service providers (Barari and Furrer, 2018; Bell and Eisingerich, 2007). Accordingly, on a study related to Irish bank customers' perceptions, O'Loughlin and Szmigin (2005) found that the main way by which they associate value added and differentiation to FS is through people-based “process” factors such as advice and expertise, customer orientation, and flexibility. In fact, although the banking industry is identified as “weak experiential” and goal oriented, staff interactions are pivotal to the service experience given by a bank (O'Loughlin et al., 2004), and may play a more dominant role than technical, outcome-based factors, intrinsically difficult for customers to evaluate (Bell and Eisingerich, 2007). Failed critical interactions (or “moments-of-truth”) may prevent customers

**Table 1**  
Overview on the relevant literature on customer experience measurement in financial services.

Authors	Setting	Dimensions	Outcomes
Klaus and Maklan (2012)	Mortgage Services, UK	Product Experience, Outcome Focus, Moments of Truth, Peace of Mind	Loyalty, Satisfaction, Word-of-Mouth
Klaus et al. (2013)	Banco Popolare di Bari, Italy	Brand Experience, Service Experience, Post-Purchase Experience	Loyalty, Satisfaction, Word-of-Mouth
Sharma and Chaubey (2014)	Retail Banking Services, India	Convenience, Responsiveness, Technological Support, Ambience, Professionalism, Marketing Support Services	<i>n.a.</i>
Garg et al. (2014)	Online and Offline Retail Banking Services, India	Convenience, Servicescape, Employees, Online Functional Elements, Other Customers, Online Aesthetics, Customization, Value Added, Speed, Core Service, Marketing Mix, Service Process, Online Hedonic Elements, Customer Interaction	Satisfaction

from co-creating a satisfying experience and derive value from it (Ponsignon et al., 2015). Therefore, together with physical environment, the customer's overall evaluation very much depends on extended, personalized and direct personal interactions (O'Loughlin and Szmigin, 2005; Al-alak, 2014). Accordingly, previous research (Table 1) has considered FS physical environment, its personnel, and its practices and offerings as common dimensions of customer experience.

As previously noted, FS heavily rely on membership-based and advice-oriented relationships (Ponsignon et al., 2015), implying that “an organization and its customers enter into long-term ongoing relationships, and the customer experience consists of multiple discrete interactions taking place over time” (p.298), while in most experiential firms' interactions occur “in quick succession over a short period of time” (p.311). Therefore, since FS delivery occurs in a continuous flow, clients are likely to forge long-term relationships with financial organizations based on client-advisor interactions, which tend to be ongoing rather than single encounters (Ennew and Binks, 1999; Al-alak, 2014). These interactions may not only evolve to “commercial friendships” (Price and Arnould, 1999) related to the social aspects of the service (Hausman, 2003), but have also the potential to “train” and educate the customer through information sharing and continuous learning (Wong et al., 2007). By increasing customers' technical competencies and improving information transparency, the asymmetry between the organization and its customers is reduced, thereby helping them to engage in experience co-creation (Auh et al., 2007) and to derive value from it (Ponsignon et al., 2015). This is in line with a study carried out in a health care setting by McColl-Kennedy et al. (2012), who found that educating patients help them to co-create their experiences with medical staff, which in turn allow them to derive greater value from future interactions. Within FS, Eisingerich and Bell (2006) found that customer education is a powerful determinant of customer participation, since it increases the ability to appreciate and contribute to service delivery and experience co-production (Auh et al., 2007; Al-alak, 2014), thus strengthening the provider-client relationship. In particular, explanations, follow-ups and personalized proposals provided by financial advisors may be especially important for developing customers' confidence, satisfaction and loyalty towards the FS provider (Bell and Eisingerich, 2007). Namely, communication flow is central to the establishment of strong relationships (Auh et al., 2007): information exchange “reduces perceived risk and uncertainty, shapes expectations, educates clients, resolves misunderstandings and achieves empathy”, thus improving the quality of relationships (Wong et al., 2007, p.593).

#### 4. The impact of customer experience on RQ and loyalty

RQ captures the essence of relationship marketing (Smith, 1998; Jap et al., 1999). Dwyer and Oh (1987) were among the first to describe the term “relationship quality” (Roberts et al., 2003), followed by Crosby et al. (1990) pioneering study on the role of RQ between life insurance purchasers and their financial agents in influencing future interactions. Though no consensus has been achieved regarding its measurement (Athanasopoulou, 2009), a commonly accepted and widely used

approach (So et al., 2016), particularly in the banking literature (Rajaobelina and Bergeron, 2009) conceptualizes RQ as including two key constructs, satisfaction and trust (Crosby et al., 1990). Satisfaction has been defined as not only a cognitive evaluation but also as a consumer's affective state resulting from an overall appraisal of all aspects of a relationship with a firm over time (Crosby et al., 1990; DeWulf et al., 2001; Arcand et al., 2017). Cumulative satisfaction of customer needs signals the health of the exchange relationship (Roberts et al., 2003). Trust refers to the level of customer confidence in a firm's integrity and reliability (Moorman et al., 1992; Morgan and Hunt, 1994), associated with honesty and expertise, and benevolence, which entails a belief in the other party's favourable and positive intentions (Doney et al., 2007). Trust is seen as a “necessary ingredient” for long-term relationships (Hennig-Thurau et al., 2002, p.232), especially when a relatively high degree of uncertainty is attached to future rewards, as it happens with FS (Ndubisi, 2007). Given consumers' inability to confidently evaluate technical performance and the long time period before assessing the true value of an investment advice, consumer trust will take on added significance (Eisingerich and Bell, 2007) since it reduces risk (Roberts et al., 2003). According to Wong et al. (2007), the best predictor of customer loyalty in FS is the quality of the relationship established with the provider. Maintaining high quality relationships also increases customers' willingness to provide referrals (Wu and Li, 2011), to pay a price premium (Grégoire and Fisher, 2006), and to spend and purchase more (DeWulf et al., 2001). Research also suggests that RQ elements such as satisfaction lead to a greater tolerance related to e.g. price increases (Maunier and Camelis, 2013). Therefore, according to Hennig-Thurau et al. (2002), the RQ approach is among the most expressive ones in modelling the determinants of relationship marketing outcomes.

However, despite the importance of a relational approach, there has been little effort to examine RQ in professional, high credence services such as FS (Wong et al., 2007). The literature on RQ in FS is scarce and dwells on a handful of studies (Table 2), with no study exploring experience quality as a potential antecedent. Regarding other service sectors, few empirical studies examined RQ as a global construct (DeCannière et al., 2009; Ng et al., 2011; So et al., 2016; Wu and Li, 2011; Vesel and Zabkar, 2010; also see Rajaobelina and Bergeron, 2009 for a review) or related it with experience. To the best of our knowledge, only Rajaobelina (2018) has recently examined the impact of customer experience on RQ in the context of travel agencies. Athanasopoulou (2009) thus suggests that more RQ research is needed on service settings, namely professional ones like FS.

Within the branding literature, researchers agree that empirical evidence on the impact of experience in the relationship domain is scant (Chang and Chieng, 2006). Brand relationship quality (BRQ) evaluates the relationship strength and the depth of consumer-brand relationships (Xie and Heung, 2012), following Fournier (1998) framework. Brand experience has received increasing research attention in recent years (Nysveen et al., 2013) and has been defined as the “subjective, internal consumer responses and behavioral responses evoked by brand-related stimuli” (Brakus et al., 2009, p.53). Though there is

**Table 2**  
Overview on the relevant literature on relationship quality as a global construct in FS.

Authors	Setting	RQ components	RQ antecedents	RQ outcomes
Crosby et al. (1990)	Life Insurance, USA	Trust, satisfaction	Similarity, expertise, relational selling	n.a.
Wray et al. (1994)	Financial Services, USA	Trust, satisfaction	Ethics, expertise, relationship duration, customer and selling	n.a.
Wong et al. (2007)	Financial Services, Hong Kong	Trust, satisfaction	Information sharing	Willingness to refer, anticipation of future interaction
Rajaobelina and Bergeron (2009)	Financial Services, Canada	Trust, satisfaction	Customer orientation, similarity	Purchase intention, word-of-mouth
Brun et al., 2014	Online Banking, Canada	Trust, satisfaction, commitment	n.a.	n.a.
Al-alak (2014)	Retail Banking, Malaysia	Trust, satisfaction	Client/relational orientation, mutual disclosure, service provider attributes	Relationship continuity, word-of-mouth
Olavarría-Jaraba et al., 2018	Online Banking, Spain, Mexico	Trust, satisfaction, commitment	Market orientation, knowledge management, perceived relationship investment	Customer relationship promeness

still a lack of empirical studies on brand experience impacts (Khan and Rahman, 2015; Khan and Fatma, 2017), researchers argue that the evaluation of BRQ should be based on evidences of the experience provided to the consumer (Francisco-Maffezzoli et al., 2014), ultimately leading to brand loyalty (Ramaseshan and Stein, 2014). However, in a brand context, the (direct or indirect) link between experience and loyalty is still controversial in the literature (Table 3) and research focused mainly on product and hedonic brands (Hamzah et al., 2014).

**5. Research framework and methodology**

This study aims to examine how customer experience contributes to RQ and relational outcomes in a utilitarian setting, namely retail banking services, through a holistic model. Additionally, we compare the impact of customer experience on RQ and relational outcomes for customers with and without a dedicated account manager through a multi-group analysis.

Following previous studies (e.g. Klaus and Maklan, 2012), our research framework (Fig. 1) specifies customer experience as a formative latent construct, determined by four dimensions: Environment, Frontline Branch Personnel, Moments-of-Truth, and Product Offerings. Furthermore, and following previous studies (DeWulf et al., 2001; DeCannière et al., 2009; Rajaobelina and Bergeron, 2009; Rajaobelina, 2018), we consider RQ as a single latent construct with individual items representing its two dimensions, trust and satisfaction.

Like most studies (Table 1), to define experience dimensions we have considered both functional/rational and relational/emotional components (Jain et al., 2017), adapting them to fit the study setting. “Environment” refers to physical surroundings (Garg et al., 2014), with banks increasingly investing in contemporary, open and modern branch offices (Olavarría-Jaraba et al., 2018) that may elicit positive customers' emotional perceptions of experience quality (Kim et al., 2011). “Frontline Personnel” refers to customer's assessment of interactions with branch employees (Klaus and Maklan, 2012), given that employees' interpersonal skills have the potential to influence the value-creating experience by interacting with the customer (Barari and Furrer, 2018). “Moments-of-Truth” refers to the flexibility of FS when dealing with customers, especially when complications or mishaps arise (Klaus and Maklan, 2012). The bank should be interested in solving problems, providing timely services, and making up the promises previously made (Ndubisi, 2007). Finally, “Product Offerings” refers to the core service, i.e. to the range and features of the bank's products and services, as well as to the customer's perception of having choices and enough information to assess them (Garg et al., 2014; Klaus and Maklan, 2012). As such, we define customer experience in retail banking as a multidimensional higher-order construct, corresponding to a four-factor structure consisting of Environment, Frontline Personnel, Moments-of-Truth, and Product Offerings.

We aim to assess the impact of customer experience on RQ and selected relational outcomes (retention, positive word-of-mouth and tolerance). RQ is defined as “the degree of appropriateness of a relationship to fulfil the needs of the customer” (Hennig-Thurau and Klee, 1997, p.751). As previously mentioned, no consensus exists regarding its measurement (Athanasopoulou, 2009), but a widely used approach (So et al., 2016), particularly in FS, conceptualizes RQ as including trust and satisfaction, whereas some studies also include commitment (Brun et al., 2014; Olavarría-Jaraba et al., 2018). Yet, some authors consider discrimination issues (Arcand et al., 2017) and view commitment as a consequence of the first two constructs (e.g., Ha and Jang, 2009; Lee et al., 2012). Moreover, the concept of commitment is very closely related with customer loyalty, defined as “a deeply held commitment to rebuy or patronize a preferred product or service consistently in the future” (Oliver, 1999, p.34), which might generate some overlap with loyalty-related outcomes included in this study. Therefore, we operationalize RQ as having two dimensions, trust and satisfaction (Crosby et al., 1990), following the approach of most studies in the banking

**Table 3**  
Overview on the relevant literature on experience, relationship quality and loyalty in a brand context.

Authors	Setting	Elements of BRQ	Findings
Brakus et al. (2009)	Computer, water, clothing, sneaker, car, and newspaper brands, USA	Brand satisfaction	Brand Experience impacts Brand Satisfaction and Loyalty Brand Satisfaction and Brand Personality mediate the Brand Experience-Brand Loyalty link Brand Personality mediates the Brand Experience-Brand Satisfaction link
Iglesias et al. (2011)	Cars, laptops, sneakers, Spain	Affective commitment	Brand Experience impacts Affective Commitment Affective Commitment fully mediates the Brand Experience-Brand Loyalty link
Jung and Soo, 2012	Unspecified brand categories, South Korea	Brand trust, commitment	Affective Brand Experience impacts Brand Trust and Commitment Behavioral Brand Experience impacts Brand Commitment Brand Trust and Commitment impact Brand Loyalty
Francisco-Maffezzoli et al. (2014)	Perfume and bath soaps, Brazil	BRQ as a global construct	Brand Experience impacts BRQ BRQ fully mediates the Brand Experience-Brand Loyalty link
Ramaseshan and Stein (2014)	Consumer goods, electronics, services, Australia	Brand trust, attachment, commitment	Brand Experience impacts Brand Attachment, Commitment and Loyalty, but not Trust Brand Commitment and Personality partially mediate the Brand Experience-Brand Loyalty link

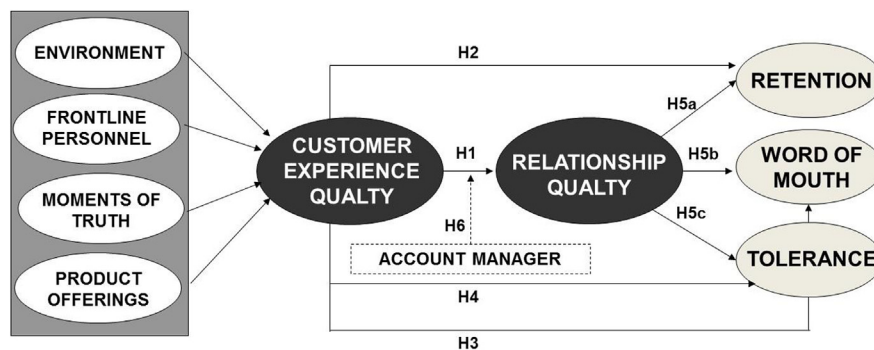


Fig. 1. Research framework.

sector (Table 2).

As noted previously, in an era of increasing financial commoditization and customer cynicism (O’Loughlin and Szmigin, 2005), banks worldwide face the first and foremost challenge of creating quality and sustainable relationships with clients (Klaus et al., 2013; Olavarría-Jaraba et al., 2018), which may be achieved through the delivery of positive customer experiences (O’Loughlin et al., 2004; Ramaseshan and Stein, 2014). Researchers suggest that the evaluation of RQ should be based on evidences of the experience provided to the consumer (Francisco-Maffezzoli et al., 2014), since positive encounters enable customers to build a relationship with the provider, “grounded in confidence, dedication and trust” (Collier et al., 2018, p.155). However, most studies fail to provide empirical evidence on how experience may influence RQ. To the best of our knowledge, only Francisco-Maffezzoli et al. (2014) and Rajaobelina (2018) examined this link, but their studies were developed in other specific contexts, namely product brands and travel agencies respectively, while no similar studies were found for FS (Table 2). Most remaining studies only examined the link between experience and elements of RQ (trust, satisfaction) separately (Table 3). We thus posit that:

**H1.** Customer experience has a positive impact on RQ

Prior service research, mostly developed in hedonic settings but also in FS (Table 1), has validated the effect of experience quality on behavioral intentions, such as loyalty (Lemke et al., 2011; Manthiou et al., 2014; Fernandes and Cruz, 2016) and positive word-of-mouth (Hosany and Whitam, 2010; Keiningham et al., 2007; Klaus and Maklan, 2013), i.e. customer’s inclination to say nice things about the bank and likelihood of recommending it (Bontis et al., 2007). Overall experience evaluation is also likely to have a significant impact on retention (Roy,

2018), i.e. on customer’s stated continuation of a business relationship with the firm in the future (Keiningham et al., 2007). Furthermore, though less explored in the literature, one can expect that a customer satisfied about the overall experience is not only less likely to defect, but also more willing to forgive and to be more tolerant (Cooil et al., 2007). Tolerance refers to customer’s “sense of leniency” towards the service provider when faced with a less-than-desired experience (Collier et al., 2018, p.155), including price increases, occasional mistakes and/or service failures. Yet, less than a handful of studies in FS validated the impact of experience (Table 1) on loyalty-related intentions. As such, we expect that:

**H2.** Customer experience has a positive impact on customer retention

**H3.** Customer experience has a positive impact on word-of-mouth intentions

**H4.** Customer experience has a positive impact on customer tolerance

However, though customers may wish to repeat and share pleasurable experiences, experience itself may not be capable of generating true customer loyalty unless it elicits strong emotional responses, associated with quality relationships (Ramaseshan and Stein, 2014). According to the authors, a close relationship reflects the level of positive experiences received, which in turn leads to increased loyalty. Yet, though the link between experience and loyalty remains controversial (Francisco-Maffezzoli et al., 2014), most studies fail to provide empirical evidence on whether there is a direct impact of experiences on relational outcomes or if the effect is partially or fully mediated by relational constructs such as RQ. Within the services (including FS) literature, high-quality, well-functioning relationships have been associated with relational benefits (Athanasopoulou, 2009) such as loyalty

**Table 4**  
Measurement scales, reliability and dimensionality statistics.

Measures	Loadings	Means	CR (AVE)
<b>Environment</b> ( $\alpha = .620$ )			.798 (.570)
The appearance of the [bank] is visually appealing	.777	5.21	
The physical layout of the [bank] is comfortable	.816	6.33	
The location of the [bank] is at a convenient place	.663	5.47	
<b>Frontline Personnel</b> ( $\alpha = .800$ )			.882 (.714)
[Bank] employees are polite, courteous and make me feel comfortable	.831	5.89	
[Bank] employees always help out the customers	.856	5.08	
[Bank] employees know my specific needs	.847	5.10	
<b>Moments-of-Truth</b> ( $\alpha = .829$ )			.898 (.745)
I appreciate the way the [bank] deals with me when things go wrong	.865	4.78	
The [bank] is flexible when dealing with me	.827	4.69	
When I have a problem, the [bank] shows sincere interest in solving it	.896	5.10	
<b>Product Offerings</b> ( $\alpha = .761$ )			.863 (.677)
The [bank] keeps me up-to-date about new offers	.808	4.73	
The [bank] provides all the products I need	.831	4.67	
The [bank] offers a wide range of products/services	.829	5.06	
<b>Relationship Quality</b> ( $\alpha = .895$ )			.920 (.657)
I'm confident in the [bank] expertise, they know what they are doing	.846	5.59	
The [bank] keeps my best interests in mind	.771	4.99	
The [bank] is a safe and reputable company	.794	5.07	
Overall I am satisfied with [bank] and the service they provide	.854	5.10	
I feel satisfied that [bank] produces the best results for me	.841	4.85	
My feelings towards [bank] are very positive	.751	4.06	
<b>Retention</b> ( $\alpha = .846$ )			.896 (.686)
Though there are other banks, I rather stay with [bank]; the process is easier process much easier.	.875	4.86	
The [bank] knows me and takes good care of me, so I won't leave it	.890	4.73	
I rather stay with [bank] because I'm not confident about alternative providers	.655	3.90	
The [bank] will look after me for a long time	.870	4.54	
<b>Word-of-Mouth</b> ( $\alpha = .928$ )			.954 (.874)
I would speak positively about the [bank] to others	.940	4.97	
I would recommend the [bank] to someone who seeks my advice	.955	5.07	
I would recommend the [bank] to family members and close personal friends	.909	4.42	
<b>Tolerance</b> ( $\alpha = .744$ )			.851 (.659)
I would continue to do business with [bank] even if price commissions increase	.896	3.51	
I would switch to a competitor if I experience a problem with [bank] <sup>a</sup>	.669	3.40	
I would continue to do business with [bank] even if a failure occurs	.853	3.48	

<sup>a</sup> Reverse coded.

(Roberts et al., 2003), repurchase intention (Rajaobelina and Bergeron, 2009), retention (Hennig-Thurau and Klee, 1997; Al-alak, 2014), willingness to recommend (Wong et al., 2007; Ng et al., 2011) and willingness to make sacrifices, like tolerating mistakes (Fernandes and Proença, 2013). In a brand context, a few studies found that prior experiences with the brand foster customer's trust (Jung and Soo, 2012; Khan and Fatma, 2017) and satisfaction (Brakus et al., 2009; Khan and Rahman, 2015), both components of RQ. Still within the branding literature, Iglesias et al. (2011) found that brand experience does not have a significant direct impact on loyalty, while Francisco-Maffezzoli et al. (2014) concluded that Brand Experience influences BRQ, which in turn fully mediates the Brand Experience-Brand Loyalty link. We thus expect that:

**H5.** RQ mediates the relationship between customer experience and (a) customer retention, (b) word-of-mouth intentions, and (c) customer tolerance

Furthermore, and considering the membership nature of bank relationships, we expect that the social and technical competence displayed by financial advisors during customer experience will influence satisfaction and trust in service providers' expertise (Bell and Eisingerich, 2007), loyalty (Eisingerich and Bell, 2007), and willingness to provide referrals (Wong et al., 2007). We further expect that, given not only the interpersonal bonds developed between clients and their advisors, but also information exchanges between them, customers will be more willing to give the benefit of the doubt when potential conflicts of interest arise (Eisingerich and Bell, 2007; Wong et al., 2007) and to forgive occasional mistakes (Curasi and Kennedy, 2002). Since usually the functions performed by financial advisors vary according to the value of the client, and are thus not available for all but only for high-

value clients (Eisingerich and Bell, 2007), we expect that:

**H6.** The impact of customer experience on RQ and relational outcomes will be stronger for customers with a dedicated account manager than for customers without a dedicated account manager.

Data was collected from 227 retail banking clients concerning the overall experience with their main bank. Besides demographic data, the questionnaire included 28 questions based on scales adapted from the literature, measured with a seven-point Likert scale, ranging from "totally disagree" to "totally agree". Experience dimensions were measured based on Klaus and Maklan (2012), Garg et al. (2014), and Sharma and Chaubey (2014), while scales from Klaus and Maklan (2012, 2013) and Brun et al. (2014) were used to measure RQ and its two dimensions, satisfaction and trust. Regarding satisfaction, items captured economic and non-economic aspects of the relationship, as well as a global evaluation (Rajaobelina and Bergeron, 2009). Regarding trust, items were based on the three dimensions of competence, benevolence and integrity (Brun et al., 2014). Relational outcomes were measured based on Klaus and Maklan (2012) and Fernandes and Proença (2013).

Partial Least Squares Structural Equation Modelling (PLS-SEM) using the SmartPLS 3.0 software was employed. PLS-SEM is explicitly recommended for models including formative measurement constructs and readily incorporates both reflective and formative measures (Hair et al., 2014). Furthermore, this modelling technique is well-suited for assessing complex predictive models (Hair et al., 2011). The higher-order construct of customer experience was modelled formatively by using the hierarchical components or repeated indicators approach (Wold, 1982), where the indicators of the lower-order reflective dimensions are repeated to measure the higher-order formative construct

(Ringle et al., 2012). The advocated two-step procedure of evaluating the measurement (outer) model first, followed by an estimation of the structural (inner) model was adopted (Diamantopoulos and Winklhofer, 2001).

### 6. Research findings

The majority of respondents (63%) were female, aged between 20 and 40 years old (76%), with a bachelor degree (50%). 36% of respondents were clients of their main bank for more than 11 years and 30% declared having a dedicated account manager. Respondents subscribed in average four products from their main bank, including the usual core (e.g. deposit accounts) and routine products (e.g. credit cards), in addition to investment products.

Composite measures of identified factors were unidimensional and demonstrated good scale reliability according to accepted standards (Nunnally, 1978). Identified factors showed strong Cronbach's alpha (ranging from 0.62 to 0.93). Composite Reliabilities (CR) and Average Variances Extracted (AVE) were above recommended minimums of 0.70 and 0.50, respectively (Fornell and Larcker, 1981). Thus, all factors demonstrated good internal consistency and high levels of convergence, supporting the reliability and validity of multiple item scales (Table 4).

Convergent and discriminant validity were demonstrated by factor loadings, and correlations between the constructs and the square root of their AVE, respectively. All factor loadings for indicators measuring the same construct were statistically significant ( $p < .01$ ), supporting convergent validity. Moreover, as Table 5 shows, estimated pair-wise correlations between factors (i) did not exceed 0.85 and were significantly less than one (Bagozzi and Yi, 1988); and (ii) the square root of AVE for each construct was higher than the correlations between them (Fornell and Larcker, 1981), supporting discriminant validity (Anderson and Gerbing, 1988), except for Moments-of-Truth and RQ (Table 5). Yet, bootstrapping results show that the Heterotrait-Monotrait Ratio (HTMT) is significantly smaller than one, and cross loadings examination revealed that no indicator loads higher on opposing endogenous constructs, indicating discriminant validity between the constructs (Henseler et al., 2015).

In order to reduce potential common method variance, we used existing scales and ensured respondents' anonymity (Podsakoff et al., 2012). In addition, we examined common method bias (CMB) by performing Harman's single-factor test (Harman, 1976). The single common latent factor explains 44.2% of the variance, which demonstrated that none of the factors accounted for more than 50% of the covariance among items, and thus the data can be accepted as valid (Podsakoff and Organ, 1986). Finally, the correlation matrix (Table 5) does not indicate any highly correlated factors, whereas according to Pavlou et al. (2007), evidence of CMB should have resulted in extremely high correlations ( $r > 0.90$ ). Therefore, we consider CMB not to be a serious threat to our analyses.

After establishing the strength and psychometric properties of the scales underpinning the model, we examined the degree of

multicollinearity among the dimensions defined as experience quality components, as suggested for formative measurement constructs. When excessive multicollinearity exists between the formative indicators, the formative nature of the higher-order construct may be inappropriate (Diamantopoulos and Winklhofer, 2001). As such, the variance inflation factor (VIF) for each indicator was determined. Values vary from 1.676 to 3.117, which is below the common cut-off threshold of 5 (Hair et al., 2014), thereby suggesting that the factors are not highly correlated to one another. Therefore, all the dimensions were retained in the measurement model.

The weights of each dimension and their significance were also examined. All weights are significant, which supports the relevance of the four indicators for the construction of the formative, higher-order construct of experience quality (Hair et al., 2014). Furthermore, all weights are higher than 0.1 and their signs are all positive, consistent with the underlying theory. "Moments-of-Truth" (0.344) emerged as the most important component of customer experience, followed by "Frontline Personnel" (0.309) and "Product Offerings" (0.300). "Environment" reported the weakest correlation, but nonetheless also significant. Giving the above findings, we conceptualize experience in retail banking as a multidimensional, formative, higher-order construct, comprised of four reflective dimensions (Fig. 2).

Having established the soundness of the measures, we subsequently use them to test the hypothesized relationships through a structural (inner) model (Diamantopoulos and Winklhofer, 2001). The standardized path coefficients and significance levels provide evidence of the structural model's quality (Hair et al., 2014). The structural model was estimated through a bootstrap re-sampling tool in order to determine path significances.

Regarding total effects (i.e. without controlling for mediating effects) of experience on RQ and relational outcomes (H1-H4), we find a significant and positive relationship between experience and RQ ( $\beta = 0.908$ ;  $t = 64.92$ ), thus supporting H1. We also find support for H2-H4, with a significant, positive relationship between experience and retention ( $\beta = 0.693$ ;  $t = 18.234$ ), word-of-mouth ( $\beta = 0.658$ ;  $t = 14.777$ ) and tolerance ( $\beta = 0.519$ ;  $t = 11.241$ ). Results regarding indirect effects also showed that "Moments-of-Truth" is the experience dimension with the highest positive impact on RQ ( $\beta = 0.312$ ), followed by "Front-Line Personnel" and "Product Offerings" ( $\beta = 0.281$  and  $\beta = 0.273$ , respectively). The same pattern was observed regarding the indirect impact of experience dimensions on relational outcomes.

We have also tested the mediating role of RQ on the link between experience and relational outcomes (H5). According to Zhao et al. (2010), full mediation is supported if the indirect effect is significant and if the direct effect is non-significant. By applying a bootstrapping procedure (Preacher and Hayes, 2004) based on 3000 samples, the indirect effects (mediated by RQ) of customer experience on retention ( $\beta = 0.646$ ;  $p = .000$ ), word-of-mouth ( $\beta = 0.648$ ;  $p = .000$ ) and tolerance ( $\beta = 0.397$ ;  $p = .000$ ) are significant. Experience has a significant and positive impact on RQ ( $\beta = 0.908$ ;  $t = 64.92$ ), which in turn significantly influences retention ( $\beta = 0.711$ ), word-of-mouth ( $\beta = 0.713$ ) and tolerance ( $\beta = 0.437$ ). Moreover, direct effects of

**Table 5**  
Means, reliabilities and correlations between constructs.

Construct	Mean	A	CR	AVE	ENV	EMP	MOM	OFF	RQ	RET	WOM	TOL
ENV	5.67	.620	.798	.570	.755							
EMP	5.36	.800	.882	.714	.626	.845						
MOM	4.85	.829	.898	.745	.529	.804	.863					
OFF	4.82	.761	.863	.677	.529	.731	.794	.823				
RQ	5.38	.895	.920	.657	.537	.801	.822	.783	.811			
RET	4.71	.846	.896	.686	.425	.610	.675	.644	.750	.828		
WOM	4.82	.928	.954	.874	.318	.553	.574	.587	.697	.818	.935	
TOL	3.50	.744	.851	.659	.323	.449	.479	.518	.546	.705	.600	.812

Note: Diagonals are the square root of AVE of each factor; the remaining figures represent the correlations ( $p < .01$ ).

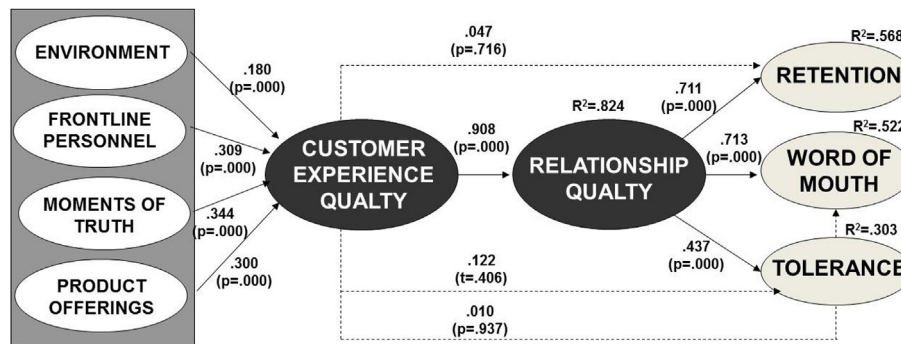


Fig. 2. PLS results for the full structural model (dotted lines indicate non-significant path coefficients).

experience on retention ( $\beta = 0.047$ ;  $p = .716$ ), word-of-mouth ( $\beta = 0.010$ ;  $p = .937$ ) and tolerance ( $\beta = 0.122$ ;  $p = .406$ ) become non-significant, indicating full mediation, and thus confirming H5. Results (Fig. 2) indicate that the full structural model explains 82.4% of the variance in RQ, 56.8% in retention, 52.2% in word-of-mouth and 30.3% in tolerance.

Finally, a multi-group analysis was performed to compare paths between customers with and without a dedicated account manager. Conceptually, the comparison of group-specific effects entails the consideration of a categorical moderator variable, which affects the direction and/or strength of the relation between variables (Sarstedt et al., 2011). Therefore, multi-group analysis is regarded as a special case of modelling continuous moderating effects (Henseler and Chin, 2010; Henseler and Fassott, 2010).

Given that measurement invariance is an essential pre-requisite for conducting comparison across groups, we have followed Henseler et al. (2016) standard procedure to analyse the measurement invariance of composite models (MICOM) when using variance-based SEM, such as PLS path modelling. Building on non-parametric permutation tests, the MICOM procedure comprises three hierarchically interrelated steps: (i) configural invariance, (ii) compositional invariance, and (iii) the equality of composite mean values and variances. According to Henseler et al. (2016), researchers must establish configural and compositional invariance in order to carry out meaningful multi-group analyses by comparing the standardized path coefficients estimates in the structural model across the groups. Configural invariance consists of a qualitative assessment of the composites' specification across groups, namely regarding criteria related to identical indicators per measurement model, data treatment and algorithm settings, and is automatically established by running MICOM in the Smart PLS software (Hair et al., 2018). To statistically test for compositional invariance, i.e. if composites' scores are equal across groups, permutation tests were applied. Table 6 shows the results of 2000 permutations and substantiates (through permutation-based confidence intervals) that correlations between all composites scores included in the model are not significantly different from one, meaning composites do not differ much in both groups, thus establishing compositional invariance. Finally, in the third step, results (Table 6) allowed us to conclude that variances do not significantly differ across groups; however, this was not the case for differences in mean values, thus supporting partial measurement invariance. Therefore, and following Henseler et al. (2016) recommendations, we proceeded to the comparison of standardized path coefficients across groups by conducting a multi-group analysis. Separate models were estimated for each group and then a multi-group comparison was performed to assess whether the group specific path coefficients differ significantly, using a non-parametric approach (Henseler et al., 2009). Bootstrap estimates are used to assess the robustness of group-specific parameter estimates (Sarstedt et al., 2011). Group 1 corresponds to clients with a dedicated account manager, while Group 2 refers to clients without a dedicated account manager (Table 7). The paths between experience and RQ, retention and

Table 6

Results of the measurement invariance assessment (MICOM).

Composite	Original Correlation (c value)	95% Confidence Interval
ENV	0.985	[0.962, 1.000]
EMP	0.999	[0.998, 1.000]
MOM	0.999	[0.998, 1.000]
OFF	0.999	[0.995, 1.000]
EXP	0.998	[0.997, 1.000]
RQ	1.000	[0.999, 1.000]
RET	0.998	[0.993, 1.000]
WOM	1.000	[0.999, 1.000]
TOL	0.972	[0.965, 1.000]

Composite	Diff composite mean value	95% Confidence Interval
ENV	0.627	[-0.296, 0.295]
EMP	0.855	[-0.297, 0.295]
MOM	0.764	[-0.319, 0.294]
OFF	0.716	[-0.302, 0.299]
EXP	0.869	[-0.294, 0.288]
RQ	0.784	[-0.299, 0.318]
RET	0.512	[-0.296, 0.295]
WOM	0.481	[-0.294, 0.295]
TOL	0.430	[-0.292, 0.287]

Composite	Log composite variances ratio	95% Confidence Interval
ENV	0.260	[-0.472, 0.446]
EMP	-0.088	[-0.422, 0.365]
MOM	-0.146	[-0.480, 0.432]
OFF	0.074	[-0.485, 0.441]
EXP	0.120	[-0.493, 0.438]
RQ	0.192	[-0.452, 0.415]
RET	0.135	[-0.417, 0.398]
WOM	0.360	[-0.428, 0.367]
TOL	0.443	[-0.446, 0.495]

Table 7

Results of the PLS multi-group analysis.

Determinants	Paths	Group 1	Group 2	Sig. Diff.
Experience quality	→ Relationship Quality	.916	.855	0.026*
Experience quality	→ Retention	.732	.576	0.048*
Experience quality	→ Word-of-mouth	.664	.552	0.146
Experience quality	→ Tolerance	.624	.384	0.005*

Note: The column “Sig. Diff” shows whether the correspondent path coefficients significantly differ between groups (\* $p < .05$ ).

tolerance differ significantly between the groups ( $p < .05$ ). For these outcomes, particularly for RQ and tolerance, the effect of experience is significantly weaker for Group 2 when compared with Group 1. Experience has a significantly higher impact on RQ ( $\beta = 0.916$ ), retention ( $\beta = 0.732$ ) and tolerance ( $\beta = 0.624$ ) for Group 1, when compared to Group 2 ( $\beta = 0.855, 0.576$  and  $0.384$ , respectively). The total impact of customer experience on positive word-of-mouth was higher for Group 1



when compared to Group 2, but the difference was non-significant, thus partially supporting H6.

## 7. Discussion

Cultivating high quality relationships with customers is of paramount importance in the banking sector. However, there has been little effort to examine RQ in FS, and though the evaluation of RQ should depend on the experience provided, empirical evidence on how customer experience may contribute to RQ is scant. Moreover, despite increasing attention, customer experience remains an elusive concept mainly applied to hedonic settings, while empirical studies in weak experiential contexts are still lacking. Therefore, this research aimed to (i) analyse the role played by customer experience on RQ in retail banking, and its impact on customer's retention, word-of-mouth and tolerance through a holistic model, (ii) comparing the impact of customer experience on RQ and relational outcomes for customers with and without a dedicated account manager.

Overall, the four dimensions of customer experience were validated, with “Moments-of-Truth” emerging as the most important component. As previously noted, this dimension, linked to responsiveness to customers' concerns, flexibility and speed can be particularly relevant in enhancing customer experience evaluation given FS high levels of uncertainty and complexity (Eisingerich and Bell, 2006). Yet, “Moments-of-Truth” recorded the second lowest mean in our study (Table 5). Conversely, “Environment” recorded the highest rating; however, since physical surroundings are usually more relevant for hedonic and retail services (Slatten et al., 2009; Verhoef et al., 2009), “Environment” reported the weakest correlation.

The main aim of this study was to investigate the relationship between customer experience, RQ and relevant relational outcomes. In line with extant service research, mainly developed in hedonic settings (and a few studies on FS, as shown in Table 1), we have concluded that, without controlling for mediating effects, customer experience has a significant impact on relational outcomes (H2-H4). However, no previous study empirically tested or validated the impact of positive experiences on customers' tolerance (i.e. on customers' willingness to forgive or tolerate occasional mistakes or even price increases), a link that was only conceptually (Cooil et al., 2007) or qualitatively (Curasi and Kennedy, 2002) suggested in the literature. Customers' tolerance has been associated with the development of emotional bonds in client-provider relationships (Fernandes and Proença, 2013), that may lead customers to give the benefit of the doubt when potential conflicts of interest arise (Eisingerich and Bell, 2007). Our study is also the first to test and validate customer experience as an antecedent of RQ (H1). At a time of heightened consumer skepticism and switching (O'Loughlin and Szmigin, 2005), when FS main challenge is to create sustainable relationships with clients (Klaus et al., 2013), our findings show that close relationships can be achieved through the delivery of positive customer experiences, even in a so-called “weak experiential” setting. Therefore, it seems that “the relationship that is begun through experience (a good experience) should be capable of supporting and aiding a true and fruitful relationship” (Francisco-Maffezzoli et al., 2014, p.455).

The influence of customer experience on RQ proved to be especially strong for clients with a dedicated account manager (H6). In a high-credence context such as FS, “RQ from the customer's perspective can be achieved through service providers' ability to reduce perceived uncertainty” (Eisingerich and Bell, 2007, p.256). Through ongoing interactions with their advisors, clients can build interpersonal trust and further credibility about the firm's expertise and positive intentions (Eisingerich and Bell, 2006). In addition, advisors' willingness to share information and to help them become more financially literate can lead to increased satisfaction (Wong et al., 2007). Unlike customers without a dedicated account manager, those who benefit from close client-advisor interactions derive more value from the experience with the financial provider (Ponsignon et al., 2015), therefore influencing their

perceptions about the success, depth and breadth of their relationship with the firm.

We have also found significant differences for the effect of experience on retention and tolerance (H6). Crosby et al. (1990) found that efforts to keep close and frequent contact with clients (through e.g. dedicated account managers) is one of the key determinants of relationship maintenance. Moreover, clients with a financial advisor are expected to develop an interpersonal relationship and a communication flow, leading to collaborative behaviour and lower levels of conflict (Wong et al., 2007; Eisingerich and Bell, 2007), and thus higher acquiescence and forgiveness (Curasi and Kennedy, 2002). The differences found between clients with and without a dedicated account manager were particularly significant regarding tolerance ( $p = .005$ ), given that frequent contacts between customers and advisors increase the parties' mutual knowledge, thereby fostering the development of reciprocity and intimacy, as well as a sense of shared responsibility (Eisingerich et al., 2014).

Conversely, for positive word-of-mouth differences found were non-significant. This result is at odds with Wong et al. (2007), who claim that, following a positive experience, customers with a dedicated manager should be more willing to provide referrals in a co-operative act of “pay back” or reciprocity (Soderlund and Mattsson, 2015), given the interpersonal relationship established (Gremier et al., 2001). Additionally, since relative expertise has also received attention in the literature as a word-of-mouth antecedent (Anderson, 1998; Feick and Price, 1987), it would be plausible to expect that clients with a dedicated manager would be capable of assessing the service more accurately (Bell et al., 2005) and thus be more prone to confidently recommend it. However, according to Eisingerich et al. (2014), customers may offer positive word-of-mouth for a variety of reasons beyond willingness to reciprocate or expertise, such as to seem well informed or justify their own provider's choice (Anderson, 1998), regardless of their level of understanding or even intention to keep repurchasing the product (Hausman, 2003). Therefore, even less informed clients without a close relationship with a financial advisor are likely to provide positive referrals, which might also help to explain the non-significant differences found.

Finally, we conclude that RQ is a powerful mediator between customer experience and loyalty-related outcomes (H5). This is a novel finding which contributes to both the experience and relational streams of the literature. Our findings are at odds with Brakus et al. (2009), who found a direct relationship between experience and brand loyalty, only partially mediated by satisfaction (a RQ component), but in line with Francisco-Maffezzoli et al. (2014) and Iglesias et al. (2011), who found no direct relationship between the two constructs, but rather one mediated by BRQ and affective commitment, respectively. According to Ramaseshan and Stein (2014), though customers may wish to repeat pleasurable experiences, experience itself may not be capable of generating customer loyalty unless it elicits strong emotional responses, associated with quality relationships. Therefore, our findings contribute to a better understanding of the role of customer experience in enhancing the quality of customer-provider relationship and, ultimately, relational outcomes.

## 8. Research and managerial contributions

We offer several theoretical contributions to both the experience and relational streams of the literature. First, we empirically validate a holistic, multi-dimensional measure of customer experience in a FS context and validate the nomological network of the construct, which was done by less than a handful of studies. Furthermore, our findings advance the current understanding of customer experience by providing empirical evidence of the link between experience, RQ and relational outcomes. In the current competitive scenario, the development of quality relationships is of paramount importance for FS. However, there is no consensus in the literature regarding the

antecedents and the consequences of RQ, and though the evaluation of RQ should depend on the experience provided, literature lacks sufficient understanding about how customer experiences can contribute to RQ, particularly in FS. Our findings empirically validate the impact of customer experience on RQ, and identify its full mediating role between experience and relational outcomes, including tolerance to occasional failures and price increases so common in FS, a “pro-relationship maintenance” behaviour (Jones and Taylor, 2007) overlooked in previous studies. As such, we bridge a gap in the literature and provide empirical evidence that, beyond being an elusive construct, customer experience has a role to play in the relational domain, even in weak experiential contexts such as FS. Finally, we compare the strength of the link between experience and both RQ and relational outcomes for clients with and without a financial advisor. Although the impact of “commercial friendships” on service provider-client relationships has already been studied in the literature (e.g. Price and Arnould, 1999), its moderating role regarding positive experiences’ influence remains unexplored. Our findings validate a stronger impact of experience on RQ and relational outcomes for customers with a dedicated account manager, with the exception of word-of-mouth intentions. This unexpected result requires further research, particularly given word-of-mouth importance for highly intangible services such as FS (Ng et al., 2011).

In managerial terms, FS can use our findings to develop services marketing strategies that deepen and enhance customer relationships based on positive experiences in order to differentiate themselves in an era of increasing commoditization and customer cynicism. According to O’Loughlin and Szmigin (2005), bank clients still perceive customer experiences with FS as inconsistent and largely negative. Therefore, FS should recognize that, although financial outcomes are an important goal, customer experience deserves increased attention in order to develop quality relationships. Our study allows managers to better understand FS experience dimensions and which are the ones most strongly associated with RQ and relational outcomes, thus improving the effectiveness of marketing investments. “Moments-of-Truth” was identified as the most important dimension, as well as the one with the highest impact on RQ and related outcomes; yet, it reported the second lowest mean in our study, which may justify an increased allocation of resources in order to manage it more effectively. Accordingly, FS should make employees understand that, in order to satisfy clients’ needs, high levels of assurance, empathy, accessibility and amicable problem resolution are required. A similar result was found for “Product Offerings”, which reported the poorest average score in our study. A closer examination of this finding indicates that the lowest scores correspond mainly to the ability of the bank’s offers to meet clients’ requirements, as well as to the customer’s perception of having access to enough up-to-date information about them. Accordingly, and given the high complexity of FS, banks should communicate in a timely and meaningful manner so that their clients better appreciate their offerings and avoid misconceptions. Additionally, and considering that “Frontline Personnel” is the second most salient dimension, when hiring and training staff, FS should look for signs of social competence and ability to develop relational behaviors, as well as encourage service personnel to engage with clients in a friendly manner. In the specific case of clients with a financial manager, the impact of positive experiences in developing RQ, retention and tolerance is heightened, and thus the role of advisors should be recognized as critical in determining clients’ perceptions of their relationship with the bank. As such, retail banks should provide account managers enough resources, scope and autonomy to forge strong relationships with clients. Finally our findings show that, though FS are increasingly investing on experiences in order to enhance customers’ loyalty, this may only be well succeeded if those experiences are engaging enough to generate quality relationships. Our study concludes that experiences perceived as positive by consumers will only increase loyalty if it leads to RQ, i.e. to feelings of increased satisfaction and trust towards the provider. Therefore, managers should pay particular attention to relational dimensions with a higher impact

on RQ (namely, “Moments-of-Truth” and “Frontline Personnel”) within the overall experience.

## 9. Limitations and suggestions for future research

Some limitations and opportunities for future research need to be acknowledged. Data were collected primarily using a convenience sample, which warrants caution in generalizing results, particularly considering that consumer profile variables such as age, gender or income may be relevant for customer relationship management in retail banking (Cambra-Fierro et al., 2016). Future studies should further cross validate our research, replicating it in other FS. Additionally, future studies could analyse how to manage multi-channel settings – online and face-to-face – and their relative significance in delivering superior customer experiences. Other dimensions, outcomes and customer characteristics could also be examined. Furthermore, following most studies in FS, we have conceptualized RQ as including trust and satisfaction, but it would be interesting to develop other models also including commitment, and to compare results. Moreover, more respondents with a dedicated financial advisor would be appropriate to improve multi-group analysis. Furthermore, a longitudinal design would offer greater insight about the dynamics of customer experience and relationships. This study considers experience and RQ from the customer perspective. Since, by definition, a relationship involves at least two parties, future research could study perception differences between management and clients. Finally, it would also be important to study the effect of negative experiences on RQ and selected outcomes.

## Appendix A. Supplementary data

Supplementary data to this article can be found online at <https://doi.org/10.1016/j.jretconser.2019.01.018>.

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