INTERNATIONAL JOURNAL OF BUSINESS, MANAGEMENT AND ALLIED SCIENCES (IJBMAS)

A Peer Reviewed and refereed Journal

CUSTOMER EXPERIENCE MEASUREMENT IN RETAIL INDUSTRY: A THEMATIC LITERATURE REVIEW

SAURABH MAURYA[1], GIRISH MUDE[*2]

[1]Research Scholar, School of Management (PG)
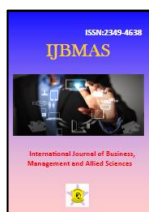MIT World Peace University, Pune,
Sr. No 123, MITWPU Campus, Paud Road, Kothrud, Pune, India, 411038.
Email: mauryass143@gmail.com
[2]Assistant Professor, School of Management (PG), MIT World Peace University, Pune, Sr. No 123, MITWPU Campus, Paud Road, Kothrud, Pune, India, 411038.
Corresponding author: girishmude@gmail.com

ABSTRACT

The goal of this literature review is to determine how customer experience has been measured in the service sector in relevant marketing literature. Research articles were attained following a literature search in prominent databases like Web of Science, EBSCO and Google scholar. After analyzing the articles and reviewing the customer experience literature, constructs such as customer journey, customer retention, customer loyalty, and customer satisfaction are identified. These are specific to the measurement of the customer experience in services. This paper makes an emphasis on the thematic analysis to identify factors and to uncover nuanced findings of customer experience in retail industry.

Keywords: Literature review; customer experience; retail industry

Introduction:

In today's retail service environment, where customers have more control than ever, Customer Experience (CX) is a key element by which firms differentiate themselves from competitors and improve customer engagement. This type of service research must help managers to perform better by developing instruments to understand, achieve, and evaluate customer experience (Bustamante & Rubio, 2017). (Meyer & Schwager, 2007) defined customer experience as "encompasses every aspect of a company's offering—the quality of customer care, of course, but also advertising, packaging, product

and service features, ease of use, and reliability." (Schmitt, 1999) was among the first researchers to illustrate customer experience and recognizes five types of experiences: sensory (sense), affective (feel), cognitive (think), physical (act), and social-identity (relate) experiences. In study of (Mehrabian & Russell, 1974), the subjective experience of consumers, especially their pleasure and arousal, is influenced by a range of retail environmental characteristics.

Customer experience is the whole events experienced by customers in the process before and after the purchase where companies and customers play a role in creating a customer experience in the retail industry. Customers now get in touch with business directly or indirectly in various manners and they are more social in nature (Lemon & Verhoef, 2016). Study conducted by (Grewal et al., 2009) revealed that keeping them in the next few years will be even more important than making a sale. (Bagdare & Jain, 2013) mentioned that retail customer experience is a reliable and valid multidimensional construct, explained in four dimensions: leisure, joy, distinctive and mood. (Joshi, 2014) research findings convey a strong message to service providers that since service delivery or service performance is the major factor affecting customer experience any services, it is very important that every service providers should stress on perfect service delivery. (Siebert et al., 2020) stated three contributions to Customer Experience Management (CXM) in his research First, has challenged the dominance of the smooth journey model. Secondly it has offered an alternate journey model in addition to theory. Third, it has addressed practical concerns at the nexus of the two journey models. There is no single way to create a wonderful customer experience journey, every organisation need to find out their way to manage it whereas at the same time there are various frameworks to support it (Richardson, 2010).

By means of emotional & perceptual distortion over the time, customer experience overcomes many problems associated with static, partial measures of service quality (Palmer, 2010). Offering just products or the services to the customer alone isn't enough these days. Organizations must provide their customers with satisfactory experience that would lead to customer delight. Competing on that dimension means orchestrating all the "clues" that people pick up in the buying process (Berry et al., 2002). The research carried by (Argo & Dahl, 2020) stresses on the importance of understanding the factors affecting experience of the modern consumer. Similarly, (Hoffman & Lowitt, 2008) have also reiterated the fact that researchers should do a study on customer experiences. (Ramanathan et al., 2017) have defined consumption as a result of the experience which the customer gets after having a series of interactions of the product or service provided by the organization.

Customer experience management is also focusing on issues such as how and to what extent an experience-based business can create growth (Lemon & Verhoef, 2016). Survival in today's economic climate and competitive retail environment requires more than just low prices and innovative products. To compete effectively, businesses must focus on the customer's shopping experience. To manage a customer's experience, retailers should firstly understand what actually customer experience means. Customer experience includes every point of contact at which the customer interacts with the business, product, or service. Customer experience management represents a business strategy that help to manage the customer experience better (Grewal et al., 2009)

Each customer can be viewed differently in the customer experience. For example, they can be considered as a "consumer", "user", "participant", "co-creator", "guest" or "actor". A central notion in contemporary thinking is that customer experiences are not solely delivered by organizations for customers. Rather, the experience itself is inexorably linked with the value obtained as perceived by the individuals involved (McColl-Kennedy et al., 2015).

In the coming future, creating a compelling online environment for web consumers will have numerous positive consequences for commercial web providers. Online executives noted that creating a compelling online experience for cyber customers is critical to creating competitive advantage on the

Internet. Yet, very little is known about the factors that make using the Web a compelling experience for its users, and of the key consumer behavior outcomes of this compelling experience (Novak et al., 2000). Additionally, customers' brand perceptions may influence their customer experience even (Verhoef et al., 2009).

Methodology

We systematically searched the following specialized database sources: Web of Science and EBSCOhost. Furthermore Google Scholar searches were performed. Search words and phrases included customer experience, customer satisfaction, and customer experience in retail. After analyzing the articles and reviewing the customer experience literature, constructs such as customer journey, customer retention, customer loyalty, and customer satisfaction are identified. The integrative approach is used to shape the analysis of literature. Additional papers were apprehended via the "snowball" method of using the most recent works to find related articles referenced in them. Since keywords in research papers are not based on standard lists, some of the literature is highly likely to have been overlooked.

Review Discussions:

Customer Journey: Customer journey management is a new method to providing your customers with consistent experiences. Although such instances have their roots in customer experience management.. (Argo & Dahl, 2020) found that leading experiential service providers often use customer journey approaches in service management and design. The customer journey perspective is closely associated with the use of visualizations, often referred to as customer journey maps (Chauhan & Sarabhai, 2018).

The customer journey map is said to be as a flow type visualization technique where the visualizations are made at an abstract form and represent the service process across time (Frasquet et al., 2017; Yi, Youja e& Hoseong, 2003). (Santana et al., 2020) stated that at each stage of customer's journeys, customer encounter different types of touch point & information that we process using different judgment strategies. Relevant numbers might include budgets, price, product attributes, product counts, product ratings, numbers in brand names, health and nutrition information, financial information, time-related information, and others. In addition, (Berezan et al., 2016) mentioned in their study that the choice of a communication channel has a significant impact on the perceived communication style and information quality.

Customer Retention: Customer retention can be achieved by identifying maximum revenue generating customers and managing the customer experience for such profitable customers (Joshi, 2014). Success in maintaining satisfaction levels has come from customer-focused corrective actions including more frequent customer meetings, improved electronic/print mail communications and the provision of more friendly financial information (Chauhan & Sarabhai, 2018).

Based on the study conducted by (Sarkar and Pradhan., 2016), customer satisfaction in retail has recently improved a lot. It appears that the efforts of employees during the height of the downturn made some contributions to overall customer satisfaction. It is also important to recognize that different customer segments have different value. (Payne & Holt, 2001) says that all customers are not equal, some segments may be profitable, some will break even and some will be unprofitable. This is a reason why increasing customer retention does not always increase profitability. (Argo & Dahl, 2020) found that the active and passive social influence of the sales force and other shoppers in the retail context can impact a focal customer's thoughts, feelings, and behaviours. (Connell et al., 2019) revealed product-related environmental cues drive customer experience on a website, suggesting that customer experience occurs at the level of the product, as opposed to the website.

Customer Loyalty: Perceived benefits and loyalty may vary according to purchase intention. Rewards motivate customers to act to obtain a benefit within the target of their purchase orientation and influences loyalty positively (Meyer-Waarden et al., 2013). Loyalty programs can force customers to give up their personal information in favour of benefits they would get in the loyalty program. Today Marketers use the higher level of benefits available through loyalty programs in return to compensation to customers for sharing personal information. Customer loyalty programs are always equitably administered and thoroughly communicated will be perceived as favourable by consumers. (Lacey & Sneath, 2006) further mentioned that, while critics of loyalty programs are not in favour that marketers should strive to enhance the value proposition for every customer, the nature of customer loyalty programs is such that tiered levels of benefits and customer services are created. (Stathopoulou & Balabanis, 2016) demonstrated the effects of benefits on satisfaction and, indirectly, store loyalty is not invariant; they are moderated by the luxuriousness of the fashion retailer. (Fečiková, 2004) and (Rust & Zahorik, 1993) mentioned that the customer loyalty remains a topic of great interest for firms as well as a core element of relationship marketing.

In addition, (Krishnan, 2020) cited that customer loyalty programs collect massive amounts of data that the company should process and analyses. Fashion gives people an opportunity to satisfy many emotional and practical needs. Fashion can be used to communicate with other, to develop own identity and to gain acceptance from other (Mattsson, 2009). Common sense indicates that customers would prefer to pay the lowest amount for a desired good or service. It's no surprise then that Accenture research shows that customers' perception of receiving best prices is near the top of the list of reasons cited by loyal customers to describe their reason for being loyal. In fact, only location convenience was more often cited as the key reason for a customer's behavioral loyalty to a particular retailer (Hoffman & Lowitt, 2008)

Customer Satisfaction: Because developing a meaningful customer experience leads to customer satisfaction, which is critical to obtaining competitive advantage, management research has focused on it. (McColl-Kennedy et al., 2015). Service is the process or activity, the customer's experience is their personal interpretation of the service process and their interaction and involvement with it during their journey or flow through a series of touch points, and how those things make the customers feel (Pareigis et al., 2011). According to (Vasconcelos et al., 2015), study the dependent variables, such as satisfaction, behavioural intention, loyalty, word of mouth, and intention of recommendation.

Companies that offer high levels of quality in the service experience achieve important marketing results, such as customer satisfaction and loyalty. (Grönroos, 2008). In the same manner the empirical analysis identifies the important and positive role played by service operations in customer satisfaction levels. When promotions interact well with service operations, the level of customer satisfaction is significantly affected. After reading the reviews, some potential buyers make a visit to store before making final decisions and surprisingly, promotional effects do not change their mind (Ramanathan et al., 2017). (Krishnan, 2020) described that one of the basic elements of modern marketing understanding is customer satisfaction and businesses can survive as long as they can meet the customer's needs and enable customer satisfaction.

Conclusion

Delivering a great customer experience is hugely important for any business. This study highlights ideas that appear in the customer experience in services literature review. This paper makes an emphasis on the thematic analysis to identify factors and to uncover nuanced findings of customer experience in retail industry. Our research brings together works that demonstrate various methods for measuring customer experience across retail industry.

References

Andajani, E. (2015). Understanding Customer Experience Management in Retailing. *Procedia - Social and Behavioral Sciences*, *211*(September), 629–633. https://doi.org/10.1016/j.sbspro.2015.11.082

Argo, J. J., & Dahl, D. W. (2020). Social Influence in the Retail Context: A Contemporary Review of the Literature. *Journal of Retailing*, *96*(1), 25–39. https://doi.org/10.1016/j.jretai.2019.12.005

Bagdare, S., & Jain, R. (2013). Measuring retail customer experience. *International Journal of Retail and Distribution Management*, *41*(10), 790–804. https://doi.org/10.1108/IJRDM-08-2012-0084

Berezan, O., Yoo, M., Christodoulidou, N., Berezan, O., Yoo, M., Christodoulidou, N., Technology, T., Song, S., Yoo, M., Technology, T., Rezaei, S., Ali, F., Amin, M., Jayashree, S., Technology, T., Angskun, J., Korbua, S., Angskun, T., & Technology, T. (2016). *Article information :*

Berry, L. L., Carbone, L. P., & Haeckel, S. H. (2002). Managing the total customer experience. *MIT Sloan Management Review*, *43*(3), 85–89.

Bustamante, J. C., & Rubio, N. (2017). Measuring customer experience in physical retail environments. *Journal of Service Management*, *28*(5), 884–913. https://doi.org/10.1108/JOSM-06-2016-0142

Chauhan, P., & Sarabhai, S. (2018). Customer Experience Management: Evolution and the Paradigm Shift in Marketing. *Business Perspectives ISSN- 0972-7612*, *Vol 17*(January- June), 18–34.

Connell, C., Marciniak, R., Carey, L. I., & McColl, J. (2019). Customer engagement with websites: a transactional retail perspective. *European Journal of Marketing*, *53*(9), 1882–1904. https://doi.org/10.1108/EJM-10-2017-0649

Fečiková, I. (2004). An index method for measurement of customer satisfaction. *TQM Magazine*, *16*(1), 57–66. https://doi.org/10.1108/09544780410511498

Frasquet, M., Mollá Descals, A., & Ruiz-Molina, M. E. (2017). Understanding loyalty in multichannel retailing: the role of brand trust and brand attachment. *International Journal of Retail and Distribution Management*, *45*(6), 608–625. https://doi.org/10.1108/IJRDM-07-2016-0118

Gentile, C., Spiller, N., & Noci, G. (2007). How to Sustain the Customer Experience:. An Overview of Experience Components that Co-create Value With the Customer. *European Management Journal*, *25*(5), 395–410. https://doi.org/10.1016/j.emj.2007.08.005

Grewal, D., Levy, M., & Kumar, V. (2009). Customer Experience Management in Retailing: An Organizing Framework. *Journal of Retailing*, *85*(1), 1–14. https://doi.org/10.1016/j.jretai.2009.01.001

Grönroos, C. (2008). Service logic revisited: Who creates value? And who co-creates? European Business Review, 20(4), 298–314.

Hoffman, J. L., & Lowitt, E. M. (2008). A better way to design loyalty programs. *Strategy and Leadership*, *36*(4), 44–47. https://doi.org/10.1108/10878570810888777

Johnston, Robert (Warwick Business School, University of Warwick, Coventry, U., & Kong, Xiangyu (Warwick Business School, University of Warwick, Coventry, U. (2011). The Customer Experience: A Road Map for Improvement. *Managing Service Quality: An International Journal*, *21*(1), 5–24.

Joshi, S. (2014). Customer Experience Management: An Exploratory Study on the Parameters Affecting Customer Experience for Cellular Mobile Services of a Telecom Company. *Procedia - Social and Behavioral Sciences*, *133*(March 2011), 392–399. https://doi.org/10.1016/j.sbspro.2014.04.206

Krishnan, J. J. (2020). Materials Today: Proceedings A study on loyalty dimension and measurement.

Materials Today: Proceedings, *xxxx*. https://doi.org/10.1016/j.matpr.2020.06.046

Lacey, R., & Sneath, J. Z. (2006). Customer loyalty programs: Are they fair to consumers?

Journal of Consumer Marketing, *23*(7), 458–464. https://doi.org/10.1108/07363760610713000

Lemon, K. N., & Verhoef, P. C. (2016). Understanding customer experience throughout the customer journey. *Journal of Marketing*, *80*(6), 69–96. https://doi.org/10.1509/jm.15.0420

Mattsson, K. (2009). *CUSTOMER SATISFACTION IN THE Degree Programme of International Business*. 43.

McColl-Kennedy, J. R., Gustafsson, A., Jaakkola, E., Klaus, P., Radnor, Z. J., Perks, H., & Friman, M. (2015). Fresh perspectives on customer experience. *Journal of Services Marketing*, *29*(6–7), 430–435. https://doi.org/10.1108/JSM-01-2015-0054

Mehrabian, A., & Russell, J. A. (1974). An Approach to Environmental Psychology, Cambridge, MA: MITPress. *MehrabianAn Approach to Environmental Psychology1974*.

Meyer, C., & Schwager, A. (2007). Understanding Customer Experience. *Harvard Business Review*, 85(2), 116–126

Meyer-Waarden, L., Benavent, C., & Castéran, H. (2013). The effects of purchase orientations on perceived loyalty programmes' benefits and loyalty. *International Journal of Retail and Distribution Management*, *41*(3), 201–225. https://doi.org/10.1108/09590551311306255

Novak, T. P., Hoffman, D. L., & Yung, Y. F. (2000). Measuring the customer experience in online environments: A structural modeling approach. *Marketing Science*, *19*(1), 22–42. https://doi.org/10.1287/mksc.19.1.22.15184

Nunes, P. F., Bellin, J., Lee, I., & Schunck, O. (2013). Converting the nonstop customer into a loyal customer. *Strategy and Leadership*, *41*(5), 48–53. https://doi.org/10.1108/SL-05- 2013-0035

Palmer, A. (2010). Customer experience management: A critical review of an emerging idea. *Journal of Services Marketing*, *24*(3), 196–208. https://doi.org/10.1108/08876041011040604

Pareigis, J., Edvardsson, bo, & Enquist, bo. (2011). Exploring the role of the service environment in forming customer's service experience. *International Journal of Quality and Service Sciences*, *3*(1), 110–124. https://doi.org/10.1108/17566691111115117

Payne, A., & Holt, S. (2001). Diagnosing Customer Value: Integrating the Value Process and Relationship Marketing. *British Journal of Management*, *12*(2), 159–182. https://doi.org/10.1111/1467-8551.00192

Ramanathan, U., Subramanian, N., & Parrott, G. (2017). Role of social media in retail network operations and marketing to enhance customer satisfaction. *International Journal of Operations and Production Management*, *37*(1), 105–123. https://doi.org/10.1108/IJOPM-03-2015-0153

Richardson, A. (2010). Using Customer Journey Maps to Improve Customer Experience. In *Harvard Business Review* (Vol. 88, Issue 10, pp. 116–126). https://hbr.org/2010/11/using-customer-journey-maps-to

Rust, R. T., & Zahorik, A. J. (1993). Customer satisfaction, customer retention, and market share. In *Journal of Retailing* (Vol. 69, Issue 2, pp. 193–215). https://doi.org/10.1016/0022-4359(93)90003-2

Sarkar S, S., A., & Pradhan, S. (2016). Examining the roles played by store satisfaction-love framework in shaping the influence of store loyalty programmes. *Management Research Review*, *39*(8).

Santana, S., Thomas, M., & Morwitz, V. G. (2020). The Role of Numbers in the Customer Journey. *Journal of Retailing*, *96*(1), 138–154. https://doi.org/10.1016/j.jretai.2019.09.005

Schmitt, B. (1999). Experiential Marketing. *Journal of Marketing Management*. https://doi.org/10.1362/026725799784870496

Siebert, A., Gopaldas, A., Lindridge, A., & Simões, C. (2020). Customer Experience Journeys: Loyalty Loops Versus Involvement Spirals. *Journal of Marketing*, 002224292092026. https://doi.org/10.1177/0022242920920262

Stathopoulou, A., & Balabanis, G. (2016). The effects of loyalty programs on customer satisfaction, trust, and loyalty toward high- and low-end fashion retailers. *Journal of Business Research*, *69*(12), 5801–5808. https://doi.org/10.1016/j.jbusres.2016.04.177

Verhoef, P. C., Lemon, K. N., Parasuraman, A., Roggeveen, A., Tsiros, M., & Schlesinger, L. A. (2009). Customer Experience Creation: Determinants, Dynamics and Management Strategies. *Journal of Retailing*, *85*(1), 31–41. https://doi.org/10.1016/j.jretai.2008.11.001

Yi, Youja e& Hoseong, J. (2003). Effects of loyalty on value perception and brand loyalty. *Academy of Marketing Science*, *31*(3), 229–240. https://doi.org/10.1177/0092070303253082