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Enhancing retail success: A study on customer experience dynamics

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Abstract

The paper investigates key factors influencing customer satisfaction in the retail environment, focusing on physical experience, affective experience, and operational aspects such as store convenience and storage space. Using regression analysis, we examine the impact of affective experience (AE), cognitive experience (CE), and physical experience (PE) on customer satisfaction, revealing that both AE and PE significantly contribute to satisfaction, with PE having a slightly stronger effect. Additionally, correlation analysis demonstrates a significant positive relationship between store convenience and customer satisfaction (Pearson correlation = 0.545) and between storage space and customer satisfaction (Pearson correlation = 0.620). However, the relationship orientation of staff shows a lower correlation (Pearson correlation = 0.362) with customer satisfaction, indicating a less significant impact. The results suggest that while physical and emotional aspects of the retail experience are crucial, practical elements like convenience and effective use of storage space play a vital role in enhancing customer satisfaction. These findings offer valuable insights for retailers aiming to improve customer experience through targeted operational improvements. By prioritizing enhancements in store layout, accessibility, and inventory management, while maintaining adequate staff interactions, retailers can foster higher levels of customer satisfaction and loyalty.

Keywords: Affective experience (AE), cognitive experience (CE), physical experience (PE), customer satisfaction

Introduction

The concept of customer experience has garnered significant attention in recent years, as the retail industry is significantly impacted by the transformative effects of the web, e-commerce, and digitalization (Hagberg *et al.*, 2016)^[7]. The concept of Customer Experience has become a focal point of study and strategic emphasis for companies across various industries in recent years. As markets grow increasingly competitive and consumer expectations continue to rise, the ability to deliver a superior customer experience has emerged as a crucial determinant of a company's success and longevity.

In today's hyper-connected and digitally-driven marketplace, where consumers have unprecedented access to information and alternatives, companies can no longer rely solely on product quality or price competitiveness to differentiate themselves. Instead, creating a seamless, personalized, and emotionally engaging customer experience has become a vital competitive advantage. Research indicates that companies excelling in customer experience not only achieve higher levels of customer satisfaction but also foster deeper customer loyalty. This heightened satisfaction translates into enhanced brand equity, reduced churn rates, and increased revenue growth, underscoring the critical link between customer experience and overall business performance.

This paper aims to explore the dynamics of customer experience within the retail sector, a domain where customer experience and customer satisfaction are particularly intertwined. The retail environment presents unique challenges and opportunities for customer experience management, as it involves both physical and digital interactions. By examining key factors that influence customer experience and customer satisfaction in retail settings, this research seeks to provide insights into how retailers can strategically enhance their customer experience to maintain a competitive edge in a rapidly evolving market.

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Literature Review

The in-store customer experience is defined as "a multidimensional construct that centres on a customer's cognitive, emotional, behavioral, sensory, and social responses to a company's offerings throughout the entire purchase journey" (Lemon and Verhoef, 2016, p. 71) [8]. Retailers shape the in-store Customer Shopping Experience (CSE) through various store attributes within their control (Terblanche, 2018) [10], including pricing, product assortment, display, sales personnel, knowledge provision, product trials, store layout, and atmosphere. The in-store Customer Shopping Experience (CSE) can be enhanced using the DAST framework, which encompasses design (including store layout, architectural design, and furnishings), ambient factors (environmental elements that affect consumers' senses), social aspects (interactions between individuals within the store), and trialability (customers' ability to engage with products and services), as proposed by Roggeveen *et al.* (2020) [9]. Bustamante and Rubio (2017) [5] developed and validated a comprehensive scale to measure in-store customer experience. They conceptualized customer experience in the service context as comprising both internal and contextual components. It encompasses the customer's internal processes-cognitive, affective, and physical-experienced during their visit to the offline store.

When customers choose to shop in an offline retail store, they anticipate an enjoyable visit, expecting cognitive, affective, social, and physical responses triggered by in-store stimuli. Therefore, achieving customer satisfaction is crucial (Bustamante and Rubio, 2017) [5]. Numerous authors have asserted that delivering the right customer experience can significantly enhance customer satisfaction and loyalty (Brakus *et al.*, 2009; Klaus and Verhoef *et al.*, 2009) [4, 11].

Objectives

The major objectives of the study are:

- To study the relationship between store convenience and customer satisfaction.
- To examine the relationship between storage space and customer satisfaction.
- To study the relationship between relationship orientation of customers and customer satisfaction
- To examine the impact of affective experience, cognitive experience, and physical experience on customer satisfaction

Methods

The present study assessed the In-Store Customer Experience of customers in retail stores using a quantitative online questionnaire. Participants were contacted and asked to reflect on their shopping experience at their favourite offline retail store. To qualify for the study, respondents had to affirmatively answer two questions: (1) Do you have a favourite offline retail store? (2) Did you purchase goods from this store within the last two months? The survey was conducted from November to December 2023, with a total of 238 respondents participating. Among them, 47.5% were female and 52.5% were male, with a mean age of 28.7 years (± 10.0). Data collected included sociodemographic details such as gender, age, education level, income and occupation. The scales for cognitive experience, affective experience and physical experience were adopted from the study Bustamante and Rubio (2017) [5].

Satisfaction with the retailer was measured by adopting a scale from Dagger *et al.* (2007) [6]. The scales for store convenience was adapted from Berry *et al.* (2002) [3], relationship orientation from Berry *et al.* (1995) [2] and storage space from Baker *et al.* (1994) [1].

Data Analysis

Correlation between the store convenience and customer satisfaction

Table 1: Correlation between the store convenience and customer satisfaction

Correlations			
		Satisfaction	Store Convenience
Satisfaction	Pearson correlation	1	.545**
	sig. (2-tailed)		.000
	n	238	238
Store convenience	Pearson correlation	.545**	1
	sig. (2-tailed)	.000	
	n	238	238

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis reveals a statistically significant relationship between store convenience and customer satisfaction, as indicated by a Sig. (2-tailed) value of 0.000, which is well below the threshold of 0.05. This result allows to reject the null hypothesis, which posited that there is no significant relationship between store convenience and customer satisfaction. Instead, we accept the alternative hypothesis, confirming that a significant relationship exists. The Pearson correlation coefficient of 0.545 indicates a moderate positive correlation, suggesting that as store convenience increases, customer satisfaction tends to increase as well.

Correlation between the storage space and customer satisfaction

Table 2: Correlation between the storage space and customer satisfaction

Correlations			
		Satisfaction	Storage space
Satisfaction	Pearson Correlation	1	.620**
	Sig. (2-tailed)		.000
	N	238	238
Storage space	Pearson Correlation	.620**	1
	Sig. (2-tailed)	.000	
	N	238	238

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis demonstrates a statistically significant relationship between storage space and customer satisfaction, as evidenced by a Sig. (2-tailed) value of 0.00, which is below the 0.05 significance threshold. This result enables us to reject the null hypothesis, which proposed that there is no significant relationship between storage space and customer satisfaction. Instead, we accept the alternative hypothesis, affirming that a significant relationship does indeed exist. The Pearson correlation coefficient of 0.620 indicates a strong positive correlation, suggesting that improvements in storage space are associated with higher levels of customer satisfaction.

Correlation between the relationship orientation and customer satisfaction

Table 3: Correlation between the relationship orientation and customer satisfaction

Correlations			
		Satisfaction	Relationship Orientation
Satisfaction	Pearson Correlation	1	.362**
	Sig. (2-tailed)		.004
	N	238	238
Relationship orientation	Pearson Correlation	.362**	1
	Sig. (2-tailed)	.004	
	N	238	238

** . Correlation is significant at the 0.01 level (2-tailed).

The correlation analysis reveals a statistically significant relationship between relationship orientation and customer satisfaction, as indicated by a Sig. (2-tailed) value of 0.004, which is less than the 0.05 significance threshold. Consequently, the null hypothesis is rejected, which posited that there is no significant relationship between relationship orientation and customer satisfaction, and we accept the alternative hypothesis, affirming that a significant

relationship does exist. The Pearson correlation coefficient of 0.362 indicates a low positive correlation, suggesting that while relationship orientation is associated with customer satisfaction, the strength of this relationship is relatively modest.

Impact of Cognitive, Affective, and Physical Experiences on Customer Satisfaction

Table 4: Regression Analysis

Model Summary									
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.668 a	.446	.416	.50688	.446	15.271	3	234	.000

a. Predictors: (Constant), PHY, AFF, COG

This table provides the *R* and *R*² values. The *R* value represents the simple correlation and is 0.668 (the "R" Column), which indicates a high degree of correlation. The *R*² value (the "R Square" column) indicates how much of the total variation in the dependent variable, Customer

Satisfaction, can be explained by the independent variable, cognitive, affective and physical experience. The model explains 41.6% variance in customer satisfaction towards retail stores.

Table 5: Correlation Table

Coefficients								
Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	90.0% Confidence Interval for B		
	B	Std. Error	Beta			Lower Bound	Upper Bound	
1	(Constant)	1.489	.524		2.840	.006	.613	2.366
	COG	-.191	.196	-.155	-.974	.334	-.518	.137
	AFF	.346	.140	.358	2.477	.016	.112	.579
	PHY	.513	.154	.500	3.342	.001	.257	.770

The Coefficients table provides us with the necessary information to predict Satisfaction from Cognitive, affective and physical experience. as well as determine whether the Cognitive, affective and physical experience contributes statistically significantly to the model (by looking at the "Sig." column). Furthermore, we can use the values in the "B" column under the "Unstandardized Coefficients" column, to present the regression equation as:

$$\text{Customer Satisfaction} = 0.5X \text{ Physical experience} + 0.358X \text{ Affinitive Experience} + 1.489$$

This equation indicates that

- **Physical Experience (PE):** For every one-unit increase in physical experience, customer satisfaction increases by 0.5 units, holding other variables constant.
- **Affective Experience (AE):** For every one-unit increase in affective experience, customer satisfaction increases by 0.358 units, holding other variables constant.

- **Constant (Intercept):** The intercept value of 1.489 suggests that when both physical and affective experiences are at zero, the baseline level of customer satisfaction is 1.489 units.

These results imply that both physical and affective experiences positively contribute to customer satisfaction, with physical experience having a slightly stronger impact compared to affective experience.

Discussion

The positive relationship between store convenience and customer satisfaction highlights the importance of ensuring that the store is easy to navigate and accessible. Retailers should focus on factors like store location, ease of parking, efficient checkout processes, and clear signage. Simplifying the shopping process and reducing the time customers spend searching for products can significantly enhance their overall experience, leading to higher satisfaction. The finding that storage space positively impacts customer satisfaction suggests that retailers should ensure adequate

stock levels and display space. A well-organized store with ample storage allows for better product availability and reduces the likelihood of stockouts, which can frustrate customers. Retailers should also consider using storage space to maintain a clean and clutter-free shopping environment, which can enhance the visual appeal and ease of shopping.

Interestingly, the analysis shows that the relationship orientation of staff does not have a significant impact on customer satisfaction in this context. While this does not mean that staff interactions are unimportant, it suggests that customers may prioritize other factors, such as convenience and the physical aspects of the store, more highly. Retailers should focus on training staff to efficiently assist customers and ensure that interactions are helpful and informative, even if relationship-building may not be a primary driver of satisfaction.

The significant positive impact of physical experience on customer satisfaction underscores the importance of creating an appealing and comfortable physical environment within retail spaces. Retailers should focus on optimizing store layout, ambiance, and overall aesthetics. This includes ensuring that the store is clean, well-organized, and visually engaging. Investments in high-quality fixtures, effective lighting, and comfortable seating can make a substantial difference in how customers perceive their shopping experience.

Affective experience also plays a crucial role in driving customer satisfaction. Retailers should strive to create an emotionally engaging shopping experience by training staff to provide personalized and friendly service. Positive interactions between staff and customers can enhance emotional connections, making customers feel valued and appreciated. Additionally, creating a welcoming and warm atmosphere through elements like music, scents, and decor can further elevate the emotional experience of customers.

While both physical and affective experiences contribute to customer satisfaction, the stronger impact of physical experience suggests that retailers should prioritize improvements in the physical environment as a foundational step. However, a balanced approach that also emphasizes the emotional aspects of the customer journey will lead to a more comprehensive enhancement of the retail experience.

Retailers should consider integrating these insights into their overall customer experience strategy. By regularly assessing and refining both physical and emotional aspects of the shopping environment, retailers can better meet customer expectations, ultimately driving higher levels of satisfaction, loyalty, and repeat business.

Conclusion

This study aimed to explore the factors influencing customer satisfaction in a retail environment, with a specific focus on the impact of affective, cognitive, and physical experiences, as well as store convenience, storage space, and the relationship orientation of staff. The findings reveal that both physical and affective experiences significantly contribute to customer satisfaction, with physical experience exerting a slightly stronger influence. Additionally, store convenience and storage space were found to have positive relationships with customer satisfaction, underscoring the importance of an accessible and well-organized retail environment.

Interestingly, the relationship orientation of staff did not show a significant impact on customer satisfaction in this context. This suggests that while customer service remains a crucial component of the retail experience, customers may prioritize other aspects, such as convenience and the physical attributes of the store, more heavily when evaluating their overall satisfaction.

The practical implications of these findings are clear: retailers should prioritize improvements in the physical environment, store convenience, and storage solutions to enhance customer satisfaction. While customer service should not be neglected, resources might be more effectively allocated towards optimizing operational efficiency and creating a seamless, convenient shopping experience.

Overall, this research provides valuable insights for retail managers and decision-makers, helping them to develop targeted strategies that address the most critical drivers of customer satisfaction. By focusing on the elements that matter most to customers, retailers can foster stronger customer loyalty, improve business performance, and maintain a competitive edge in the market.

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