

MODELING CUSTOMER SHOPPING EXPERIENCES

AS A KEY TO IMPROVED SHARE OF WALLET

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ABSTRACT

Understanding customer shopping experience is one of the key triggers to enhance customer satisfaction and upsurge customer profitability. Satisfied customers result in increased profitability through increased loyalty, word-of-mouth, repeated purchases and greater wallet shares. While extant research focuses on the utilitarian nature of shopping experiences, this study investigates the experiential nature of customer shopping experiences. Combining research streams on experiential marketing, satisfaction-profitability chain and brand management, the authors develop a conceptual customer shopping experience-profitability framework. They hypothesize the relationship between the key antecedents of customer shopping experience (social environment and in-store experiences) and share of wallet that is mediated through customer satisfaction.

Keywords: *Customer shopping experience, share of wallet, customer satisfaction, antecedents*

I. INTRODUCTION

Shopping is one of the various escapes customers look out to get comforted from a hectic, taxing and multifaceted life [1]. It is well documented that consumers shop not only for fulfilling the need for a specific product or service, but they shop for amusement, refreshment, social interaction or intellectual stimulation [2]. It is necessary to stimulate all the five sensory receptors of customers in a guided manner in order to engage the customers in a retail setting [1]. If the right stimuli are applied appropriately, then it has the potential to calm, de-stress, relax, energize, recover mood, impact decision making and increase propensity to spend [4].

The experience factor plays a critical role in shaping the success of a company's offerings by defining customers' preferences, which further influences their purchase decisions [5] and hence, determines its growth and profitability [6]. Experience is likely to influence customers' future purchase behavior [7] due to rich sensory stimuli that provoke favorable behavioral response to the retailers [8]. Providing a good experience is very important since it influences customer satisfaction [9] and satisfied customers result in increased

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profitability through increased loyalty, word-of-mouth, repeated purchases, increased impulse buying tendency and greater wallet shares [10], [11], [12], [6].

Customer shopping experience has become a significant research issue in the past few years. The notion of customer shopping experience was first addressed by [13]. They made a significant contribution to the customer shopping experience literature by defining that an experience occurs “*when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event*”, [14]. Thus, they argued that a distinctive customer shopping experience can enhance the economic value for firms. It can be inferred that understanding customer shopping experience is one of the key triggers to enhance customer profitability [15] and in order to gain a competitive advantage in the current global environment, it is necessary to focus on the customer [16].

Developed on the lines of past research, the customer shopping experience is viewed as originating from a set of interactions between the customer and a product or a company, which incites a reaction [15]. A rich stream of research has emerged on multi-sensory customer shopping experiences [17], [18], [13], [19], [6], [15], [1], [20]. The development of experiential marketing has endorsed an experiential approach to retailing by influencing the way the customers behave [15], [21], [22], [23], [24], [25], [19]. [25] explored the application of experiential marketing in stimulating customers’ SENSE, FEEL, THINK, ACT and RELATE to a company and its brands. This reinforces that in order to compete, the firms must provide customers with satisfactory experience, and this requires them to orchestrate all the “clues” that people detect in the buying process [15], [26].

A considerable amount of previous research has examined the causal relationship between variables such as customer satisfaction, service quality, customer behavior and financial performance [27]. In order to generate a satisfied customer and deliver customer loyalty, a firm must effort to provide a satisfactory experience to its customer [28] at each and every contact point that a customer comes across during a shopping trip.

Creating superior customer shopping experiences is one of the principal objectives in today’s retail setting [15]. In order to understand the holistic nature of customer shopping experience, there is a need to examine the key antecedents that influence the customer shopping experience and investigating the role played by multi-sensory experiences [29]. This calls for an integrative study to examine how retailers could enhance customer satisfaction through multisensory shopping experiences resulting in improved share of wallet.

1.1 Theoretical Background

For the purpose of the study, the authors conceptualize the customer shopping experience as “the sum total of cognitive, emotional, sensorial and behavioral responses that a customer faces at each point of interaction in a buying process and incorporates all facets of experiential consumption in a multisensory retail environment” [19], [5], [15], [1]. They hypothesized that the antecedents of customer shopping experience include social environment and in-store experiences and these have a direct impact on the sensory customer shopping experiences.

1.2 Social Environment

Social environment is defined as “comprising human features related to interactions with the staff and fellow customers” [30]. Social environment has a considerable impact on the customers’ experience. The multiplicity

of customers can influence the experience of other customers directly or indirectly, depending upon shopping motive and personal tolerance level [31], [32], [15]. The customer interactions have a profound effect on the service experience [33], [15]. Customers' interaction with store staff has a significant impact on their overall retail experience. Providing product related information by the knowledgeable staff, problem solution, handling of grievances, and after sales service by well-trained and motivated store personnel plays a critical role in delivering superior quality of experience to retail customers [34].

The present study hypothesizes that,

H1a: Customer interactions have a direct and significant impact on customer shopping experience.

H1b: Consumer density has a significant and direct impact on customer shopping experience.

H1c: Staff interactions have a significant and direct impact on customer shopping experience.

1.3 In-store experiences

The in-store experiences can impact the consumer decision making process in many ways. The retail environment interacts with the consumer perceptions to affect behavior, by predicting store patronage intentions [35], [3], resulting in behavioral outcomes such as buying impulsively [36]. The following hypothesis is proposed,

H2: In-store experiences have a direct and positive impact on customer shopping experience.

1.4 Mediating Role of Satisfaction

A positive shopping experience leads to a higher level of satisfaction, which in turn generates loyalty, greater word-of-mouth, repeated purchases, increased wallet shares [10], [11], [12], [6], impulsive buying behavior [36]. This suggests that the impact of customer shopping experience on share of wallet is mediated through satisfaction. Thus, it is hypothesized that,

H3a: Customer shopping experience has a positive impact on share of wallet.

H3b: The relationship between customer shopping experience and share of wallet is mediated through customer satisfaction.

II. CONCEPTUAL FRAMEWORK

A conceptual model (see Fig. 1) is drawn from prior research [19], [16], [5], [6], [15], [3], [1], [36], [29] that is based upon customer shopping experience-profitability framework. The theoretical framework examines the relationship between the key antecedents of customer shopping experience and their impact on share of wallet. The authors propose that this relationship is mediated through customer satisfaction.

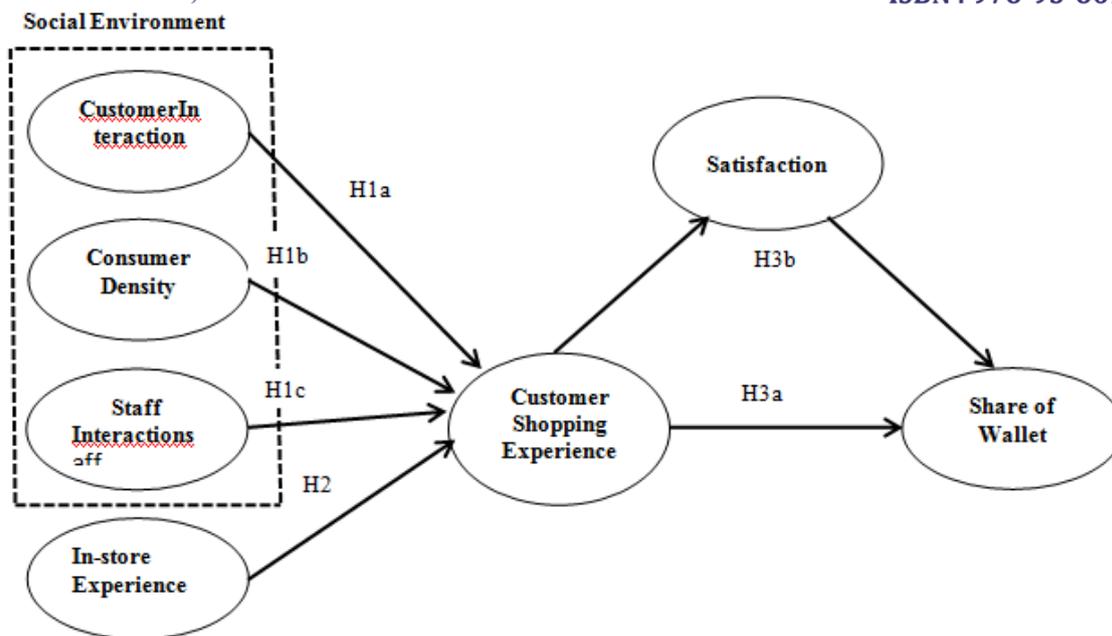


Fig. 1 Proposed Conceptual Framework

III. RESEARCH METHODOLOGY

Data from 500 respondents will be collected using a pre-defined well-structure questionnaire on 7 point likert scale ranging from “very strongly agree” to “very strongly disagree”. The sample will be drawn through convenience sampling and judgment sampling. The survey questionnaire will consist of items that will measure antecedents of customer shopping experience and these items will be based on the existing scales from previous studies. Scale items will be refined using item analysis. The reliability of the scale will be accessed using cronbach alpha. The analysis will be done using exploratory factor analysis (EFA) followed by confirmatory factor analysis (CFA) and structural equation modeling (SEM).

IV. SUMMARY AND CONCLUSION

The available literature provides a strong case for linking the determinants of customer shopping experience with the behavioral outcomes, that is, share of wallet. Social environment has a significant impact on the time spent by the customers in the shopping mall and amount of spending. Moreover, it is also proposed that the interaction quality of the staff and the customers has a significant direct impact on how customers perceive the store image and evaluate their overall shopping experience. The in-store experiences characterize a substantial component of the customer shopping experience, which positively influences the shopping behavior of the customers. In order to improve the profitability of the retailers, they must focus on providing satisfactory experiences to their customers.

4.1 Managerial Implications

The study has far ranging effect on the academic literature as well as retail managers. It will assist the retail marketers to understand the factors other than product that have a significant impact on the customer shopping behavior. The proposed framework will guide the retailers in the development of successful shopping

experiences. In this paper, the authors provided a conceptual model delineating its determinants. Retailers should emphasize on providing appropriate training to their staff so as to enhance the effectiveness of their interaction quality. The retail environment factors such as social environment and the store atmospherics can augment customer's share of wallet. Use of multisensory appealing cues in the retail setting can substantially increase the hedonic appeal and it can further drive the behavioral outcomes of the customers.

4.2 Limitations and Issues for Future Research

The study uses data from a single country. The authors believe that the cultural element has a substantial impact on the customer's shopping behavior. As such, results cannot be immediately applied to different retail settings. So, in order to generalize the results, this proposed framework should be tested in other country's retail context. Future research may examine the impact of moderating variables such as type of customer, customer profile and other situational variables on this relationship.

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