ABSTRACT

The focus of retailing is shifting from mere transactions to building lasting relationships by providing shopping experiences. These experiences also reshape the expectations and influence future purchase behaviour. Positive customer experience has been found to be related with longer duration of stay, increased spending on different products, feeling to visit again and recommendations to other customers. Experience is a major differentiator in creating competitive advantage (Berry et al 2002).

Understanding and recognising the importance of customer experience is essential to withstand in this highly competitive and ever changing retail environment. To manage a customer’s experience, retailers should understand the meaning of customer experience and its antecedents. Knowledge of the various determinants of customer experience will give the retailers an edge over the competitors. The present research is carried out to identify and analyze major determinants of customer experience in the various retail formats.

The existing literature on customer experience is mainly focussed on identifying the various determinants conceptually. Publications on customer experience are mainly found in practitioner-oriented journals or management books. These publications tend to focus more on managerial actions and outcomes than on the theories underlying the antecedents of customer experience.

Most of the studies on customer experience in retailing are theoretical with focus on the outcomes or have talked about the influence of any one single determinant on customer experience. In the present study, a comprehensive model is used to investigate the effect of the various
antecedents on customer experience namely social environment, service
interface, retail atmosphere, assortment, price, alternate channel experience,
retail brand and previous experience. For this research, conceptual model of
customer experience creation proposed by Verhoef et al (2009) has been used.
The study not only addresses the antecedents, it also takes into consideration
the moderating effect of the situation moderator: location and consumer
moderator: involvement and goal. This study on customer experience is
carried out on six different retail formats that are widely seen in the Indian
retailing scenario namely supermarkets, department stores, hypermarket,
malls, branded stores and speciality stores.

The present study used primary data which were obtained through
structured questionnaire which was designed using existing scales from the
literature. Respondent for the study is a person who shops at the various retail
formats within the limits of the Chennai city and also who is in the age group
of 18 and 70 years. The main survey was carried out with 1200 respondents
and 1052 questionnaires were found to be complete.

The regression model and its related $\beta$ estimates indicate that in the
case of supermarket, social environment, atmosphere, price, alternate channel
experience and previous experience play a major role in creating a superior
customer experience. Location moderates the relation between retail
atmosphere and customer experience and also between alternate channels
experience and customer experience. Significant interaction effect exists
between goal and price on customer experience. The interaction effect of
involvement and service interface as well as the interaction effect of
involvement and assortment are significant.
In the case of department store, social environment, retail atmosphere and price have significant effect on customer experience. The interaction effects of location and the various determinants namely retail atmosphere, price, alternate channel experience and retail brand on customer experience are supported. It is seen that significant interaction effect exists between goal and all other determinants other than social environment and experience in the alternate channel. Interaction effect exists between involvement and the various determinants namely social environment, assortment, retail brand and alternate channel experience.

In the case of hypermarket, social environment, assortment, alternate channel experience and past experience play a major role in creating a superior customer experience. The interaction effects of location and the various determinants namely social environment, retail atmosphere, assortment on customer experience are supported. Significant interaction effect exists between the goal and the retail atmosphere. Interaction effect exists between involvement and the retail atmosphere.

In the case of mall, the model has a good fit as the p value is significant at 5% level of significance. The adjusted $R^2$ value depicts that 59% of the variation in the dependent variable customer experience is accounted by the determinants namely social environment, retail atmosphere, price, retail brand and past experience. Only interaction effect of location and price on customer experience is not supported. Significant interaction effect exists between goal and price on customer experience. The interaction effect exists between involvement and the various determinants namely social environment, assortment, alternate channel experience and retail brand.
In the case of specialty stores, the regression model and the corresponding \( \beta \) estimates indicate that social environment, service interface, retail atmosphere, price, alternate channel experience and past experience have significant effect on customer experience. Interaction effect of location and all the determinants on customer experience is supported. Significant interaction effect exists between goal and alternate channel experience. The interaction effect exists between involvement and the various determinants namely social environment, service interface and assortment.

In the case of branded stores, the model has a good fit as the \( p \) value is significant at 5% level of significance. The adjusted \( R^2 \) depicts that 68% variation in the dependent variable, is accounted by social environment, service interface, retail atmosphere, price and past experience. Interaction effect of location and service interface on customer experience is supported. Significant interaction effect exists between goal and all the determinants except service interface. The interaction effect exists between involvement and all the determinants of customer experience.

The aim of the study has been to contribute to the knowledge of customer experience by studying the various determinants. This study has shown the influence of various determinants of customer experience and also identified the key variables for the various organised retail store formats. The role of the moderators on the relationship between the determinant and customer experience is discussed for each format. The insight provided by the study about the various contributors and the suggested measures to improve customer experience enable the retailers to frame marketing strategies which in turn may create a deeper bond towards the retail outlets and will directly impact the purchase behaviour of the customers.