Journal of Retailing and Consumer Services 21 (2014) 1028–1037

Contents lists available at ScienceDirect

Journal of Retailing and Consumer Services

journal homepage: www.elsevier.com/locate/jretconser

Social interaction, convenience and customer satisfaction: The mediating effect of customer experience

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ARTICLE INFO

Article history:
Received 15 November 2013
Received in revised form
11 April 2014
Accepted 12 April 2014
Available online 28 May 2014

Keywords:
Customer experience
Customer satisfaction
Mediating
Structural Equation Modeling
Convenience
Social interaction

ABSTRACT

The present study is an effort to investigate the impact of both convenience and social interaction on customer satisfaction and the mediating role of customer experience. A structured questionnaire was used to collect data ($n=840$) using systematic sampling from department store shoppers of age 18 years and above in India. Multivariate data analysis techniques like Exploratory Factor Analysis and Structural Equation Modeling were used to analyze the data. Results revealed that convenience and social interaction affect both customer experience and customer satisfaction. Arguably, this paper is the first to examine the four constructs namely, social interaction, convenience, customer satisfaction and customer experience using them together in the same model. Academic and managerial implications are further discussed.

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1. Introduction

The organized retail industry in India is one of the most important areas of research today as there has been an exponential growth in this sector in the last decade. During the past two decades, Indian retailers have had to deal with more sophisticated and demanding customers, new and often un-anticipated competition from both domestic and foreign sources and a wave of new technological developments. These and other developments exert continuous pressure on retailers to find new and innovative ways to differentiate themselves from competitors. The present study approached the possibility of a new differentiation angle for retailers on the basis of '*What consumers want to experience from the moment they enter the store until they leave the store?*'

Creating superior customer experience seems to be one of the central objectives in today's retailing environments. Retailers around the globe have embraced the concept of customer experience management. Customer experience practically provides the retailers with an opportunity to create sustainable competitive advantage. This is especially true for department stores in India where there is very little difference in retail assortments and private labels remain marginal. The only way the stores can differentiate themselves is by ensuring superior customer experience.

The main objective of the current paper is to test the effect of customer experience (CE) on satisfaction and develop a robust model which improves the understanding of the relationship between customer satisfaction, customer experience, social interaction and convenience.

2. Theoretical background and hypotheses

2.1. Customer satisfaction

Customer satisfaction has been considered a central concept in the marketing literature (Erevelles and Leavitt, 1992; Oliver, 1997). Different types of customer satisfaction have been identified. On the one hand, process definitions of customer satisfaction emphasize the 'expectancy disconfirmation paradigm' (Oliver and DeSarbo, 1988; Tse and Wilton, 1988; Yi, 1990). While, on the other, a number of authors use advance outcome definition according to which satisfaction may be perceived as a state of fulfilment which is connected to reinforcement and arousal.

Process definitions enable fast evaluations of satisfaction with respect to brief service interactions as well as evaluations of service experiences that involve consumption periods of considerable duration. As a result, satisfaction can be formed on the basis of a single service encounter or on the basis of a number of service

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http://dx.doi.org/10.1016/j.jretconser.2014.04.007
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experiences. Oliver, 2006a, 2006b sees satisfaction as a fulfilment of consumers' consumption goals as experienced and described by consumers. Oliver (1997) described satisfaction as consumers' 'judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment'.

Two most widely accepted approaches of studying customer satisfaction are transaction-specific and cumulative or overall satisfaction. The transaction-specific approach defines customer satisfaction as an emotional response by the consumer to the most recent transactional experience with an organization (Oliver, 1993) and the overall satisfaction reflects customers' cumulative or overall impression of a firm's service performance or summing the satisfaction associated with specific products and various facets of the firm. In retail formats like department stores it is important to study both transaction specific as well as cumulative satisfaction. Esbjerg et al. (2012) also endorsed the integrative store satisfaction construct by incorporating multiple concepts from different research to form a unified construct of satisfaction in their study. Thus using satisfaction as an integrated construct has been done earlier. Drawing from Oliver's (1997) view the present study perceives satisfaction as a post-consumption evaluation that incorporates both the transaction and cumulative satisfaction measure to understand customer satisfaction.

2.2. *Customer experience*

Consumers use visits to department stores not only for purchase but also for enjoyment and entertainment purposes and evaluate outlets in terms of how much pleasure or fun they have received. Similarly, in India, department stores attract affluent clients who seek emotional gratification as a major consumption motive and hence they form 'affective expectations' and therefore the actual happiness they receive in service consumptions directly influence their satisfaction. Thus customer experience in retail context is extremely relevant. Darden and Babin (1994) reconfirm in their study that consumer evaluation of a retail store is not only influenced by its functional quality but is also influenced by its 'emotional-induced quality' (Russell and Pratt, 1980) that consumers attribute to the retail setting. In both pre and post purchasing process, consumption experiences are unlimited. However, it is a powerful activity that motivates customer decision making and customer intention (Carù and Cova, 2003).

In consumer behavior, an experience is a personal occurrence, with important emotional significance, founded on the interaction with stimuli which are the products or services consumed (Grundey, 2008). However, the challenge of creating customer experience is intricate as customer experience creation in retailing is formed of many independent touch points or contact points during the exchange journey. A review of literature reveals that Holbrook and Hirschman (1982) were the first who researched that consumption has experiential aspects meaning that customer behavior was approached through customer experience. Pine and Gilmore (1999) identified that retail experiences consist of holistic realms (esthetic, entertainment, education, and escapist), which allow flow between the various static and dynamic elements within the experiential environment. The 'experience' concept came to the fore in the management discipline with the publication of Pine and Gilmore's work.

Schmitt (1999) was the researcher who proposed a detailed framework of experiential marketing having two elements: Strategic Experience Modules (SEMs), which are different types of experiences, and ExPros (short for experience producers) which are the various agencies that deliver these experiences. According to Schmitt, experience marketing is the discipline of creating products and services that produce five different types of experiences (think, feel, act, sense, and relate) the 'Strategic Experience Modules' (SEMs). It is with his work that CE emerged as a distinctive construct in the marketing literature.

Fornerino et al. (2006) also, in their work, identified five dimensions of customer experience namely sensorial-perceptual, affective and physical–behavioral and social and cognitive (facets). Gentile et al. (2007) on the other hand worked on six components of customer experience, namely sensorial, emotional, cognitive, pragmatic, lifestyle and relational, but did not empirically test the framework. They defined customer experience as originating from a set of interactions between a customer and a product, a company or a part of the organization, which provokes a reaction. This experience is strictly personal and implies customer's involvement at different levels. However, they reiterate that CE as a concept is different from of involvement. Brakus et al. (2009) also restated that the experience construct varies from evaluative and affective constructs like attitudes, attachment and involvement.

Verhoef et al. (2009) describe experience as involving 'cognitive, affective, social and physical responses to the retailer'. Brakus et al. (2009) empirically measured the dimensions of brand experience named them sensory, intellectual, affective and behavioral. Thus it is evident from the review that empirical studies on customer experience as a construct use dimensions like think, feel, sense, act and relate to capture customer experience. Schmitt (2009) argued that the ultimate goal of marketers is to integrate the five experiences to create a holistic experience. So the present study conceptualized customer experience as a single construct with think, feel, act, sense and relate as its sub-dimensions.

2.3. *Satisfaction and customer experience*

Whereas early models of consumer satisfaction mainly focused on cognitive processes, more recent research has stressed that affect plays an important role in satisfaction (Erevelles, 1998; Mano and Oliver, 1993; Nyer, 2000). Sensory experience has been demonstrated to inject positive influence on product evaluation when emotional stimulation is an important goal of consumption (Cohen and Areni, 1991). Satisfaction, according to Oliver (1997), is a consumer judgment that a product or service provides a pleasurable level of consumption-related fulfillment. As such, customer satisfaction is closely associated with customers' affective responses to service. Murphy et al. (2011) indicated that customer experience of leisure shopping influenced customer satisfaction.

Consumers' affect experienced in retail can be a non-quality dimension of service and may have direct or indirect impacts on customer's satisfaction level. The review clearly indicates that affect, sensory, cognitive experience affect satisfaction. Since customer experience is an integrated measure of these sub-dimensions we can hypothesize that

H1. *Customer experience has a positive impact on customer satisfaction*

2.4. *Social interaction*

Department stores are designed to provide a modern and hip shopping experience to the consumers. Since clients in these stores are affluent they expect service support and are averse to SST. In such retail formats, interactions between customers and retail staff are bound to happen and thus it is necessary to understand how these interactions occur and also to understand the interaction taking place amongst the customers themselves. In a retail environment, multiple customers are present and the experience of each one can impact the experience of others, this

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