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Understanding Customer Experience Management in Retailing

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Abstract

Survival in today's economic climate and competitive retail business requires more than just low prices and innovative products. Customer experience includes every point of contact at which the customer interacts with the business, product, or service. The concept of customer experience has emerged as a strategy for the retail business which is facing competition. Data have been collected from multiple sources such as books and journals. The paper aims at explaining how the actual implementation of customer experience to help the business organizations retaining satisfaction of their customers in a long term and how the company gains an extra competitive advantage.

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1. Introduction

Business competition today is getting tougher and a company can survive long only by increasing the competitive advantage. Some researchers emphasize that the company should focus on the customer (Kotler & Keller, 2006). The company uses Customer Relationship Management strategy to get to know more customers. Interaction between the company and the customer becomes an important moment to nurture and improve customer relations. The contact point becomes the basic idea of customer experience concept (Gentile *et al.*, 2007).

The paper aims to explain the concept of the customer experience at first glance, customer experience antecedents in retail and customer experience measurement methods.

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2. Literature Review

2.1 History of customer experience

Notion of experience included in the marketing and consumption is firstly revealed by Holbrook & Hirshman (1982). In the consumer behavior literature, the consumer is regarded as rational decision-maker in the information process perspective. The conventional research ignores consumption experience as an important aspect. Holbrook & Hirshman (1982) say that elements of pleasure, beauty, symbolic meaning, creativity and emotion can enrich and broaden the understanding of consumer behavior. Twenty years later, the concept of customer experience becomes a major element in understanding consumer behavior. One of the important aspects emphasized here is the role of the emotion in consumer behavior, purchasing and use of goods and selection of brands (Addis & Holbrook, 2001 adapted in Caru and Cova, 2003).

Concept of customer experience is more relevant in the book "Experience Economy" by Pine & Gilmore (1999). The author presents the experience as an offer in new economy, which emerges after the commodities, goods and services. Experience is called as the development of economic value. In this case, there is 'remembered' perspective in every stage of the event. The company does not sell the experience (Pine & Gilmore, 1999), but the company provides tangible facilities and a favorable context of experience so that consumers can do well in making the experience unique.

In the following year, Caru & Cova (2003); Schmitt (1999); Schmitt (2003) and Shaw and Ivens (2002) make different contribution focused on the concept of the customer experience emphasizing the aspects of value creation of the company and the customer. Furthermore, there is concept of consumption which is a form of holistic experience for consumers. Consumer is not only seen as a person who interacts with the company or a company offer but also viewed as people who use and consume products (LaSalle & Britton, 2003 in Gentile *et al.*, 2007).

2.1 Definition of experience

In management sciences by Holbrook & Hirschman (1982), the experience is defined as whole events experienced by a person, often affect emotions, occurs when the interaction takes place through the stimulation of goods and services consumed. Events experienced by individuals in gaining the experience can be defined as an exceptional event (Arnould & Price, 1993 in Caru & Cova, 2003).

In the perspective of experience, consumption is not limited to the activity before or after the purchase but also covers all activities that may affect consumer decisions and activities in the future (Vezina, 1999: 62 in Caru & Cova, 2003). Consumption experience is divided into several stages. Arnould *et al.* (2002) in Caru & Cova (2003) divides consumption experience into four stages: pre-consumption experience, purchase experience, core consumption experience and remembered consumption experience in which consumer wants to repeat the past experience.

The concept of shopping experience describes the consumer's purchase behavior involving elements of recreation, enjoyment, and hedonic behaviors overwhelming utilitarian value (Babin *et al.*, 1994). Consumers are emotionally involved in the shopping process.

In the marketing perspective, the notion of experience is proposed by Pine & Gilmore (1999:12) who states that experience is something unique (different individuals will not have the same experience), which can be remembered (memorable) and is sustainable over time. The experience may involve emotional, physical, intellectual or even spiritual aspects of the individual.

Shaw & Ivens (2002) in their book say that "A Customer Experience is an interaction between an organization and a customer. It is a blend of an organization's physical performance, the senses stimulated and emotions evoked, each intuitively measured against customer experience across all moments of contacts". Customer experience is the stimulation done by the company against the senses of consumers. Company can control the stimuli that have been given to the senses of consumers. Therefore, the company can control the reaction of consumers resulting from the stimulation process, thereby the company can steer the acquisition of the customer experience as expected by

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