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A STUDY OF CUSTOMER-CENTRIC FACTORS INFLUENCING EXPERIENCE MANAGEMENT IN RETAIL ORGANIZATIONS

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Abstract

The conceptual research paper investigates how varied variables through retail activities can influence customer perception and experiences that lead to actual purchases by customers. There are a variety of approaches to provide a superior customer experience that should result in higher customer happiness, through Technological competence, Retail atmosphere, consumption, Decisions in Merchandise Offerings, and service interface. A client journey involves many physical and virtual touch points triggered by affective, cognitive, behavioral, and symbolic responses triggered by in-store experiences. This research uncovers the consumer path prompted by valuable experiences that lead to the intent to return to an outdoor wear company. Consumer requirements are still at the heart of purchasing decisions in today's volatile and fast-paced retail environment. Marketing Research and the Marketing discipline have evolved significantly over the previous three decades. In this VUCA era, we've seen a series of paradigmatic upheavals due to customer-centricity. The focus of retail is changing away from brick-and-mortar businesses and toward the Omni-channel buying phenomena. and This conceptual paper explores in the light of the chosen retail activities.

Keywords: Consumer Behaviour; Retail Environment, Touchpoints, Customer experience, purchase intentions, word-of-mouth

Introduction

The rapid advancement of technology has made it difficult for brick-and-mortar stores to stay current and appealing to customers. Both are attempting to create memorable customer experiences. As it takes a vertical jump into an undiscovered buying environment, the e-commerce process is about to undergo a huge upheaval. As a result, there is a compelling need to understand essential retailing sectors where new innovative strategies are boosting the organization in order to totally realize where the retailing phenomenon will expand in the future. Business firms are facing an unexpected difficulty as a result of the market upheaval. A strong desire to achieve will be essential, but it will not be enough to gain a competitive advantage on its own. A more extensive abandoning of old ways of working in favor of fresh techniques is required. It may maintain increasing levels of speed, nimbleness, efficiency, and accuracy by rethinking existing operating paradigms that restrict firms from realizing their full potential and combining digital technology and operational competencies in integrated, customer-centric strategies. Traditional operational models have a basic fault in that they prioritise internal competencies over customer-centric expectations and seek the organization's critical orienting point. Another stumbling block is the strong, distinct silos that characterize so many of today's businesses. Finally, in many cases, top-management persistence is required.

Research Significance: This conceptual research paper explores varied retail activities. These are independent variables. Those impacts on consumer behavior largely through understanding consumer perception and consumer experience management. It is understanding consumers' preferences toward actual purchases. This shows the varied

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aspects of retail a significant impact on consumers and not only attracting but trying to retain them. This is possible by knowing what consumer needs are and by offering them additional customer value. It leads to strengthening customer relationships and exhibiting more sales through frequent purchases.

Research Purpose

Technology, Retail atmosphere, Customer engagement, merchandise offerings, and service interface are certain aspects that are much impactful and hence are taken under consideration in the study. How they impact on consumer experience through understanding customers well culminating towards smooth sales. Thus the purpose of the research is to explore the impact of each retail activity leading to better customer relationships toward purchasing.

Objectives

1.To understand the factors impacting on Customer Experience

2.To develop a conceptual model based on the independent and dependent variables

3. To understand the role of retailing activities impacting consumer behavior.

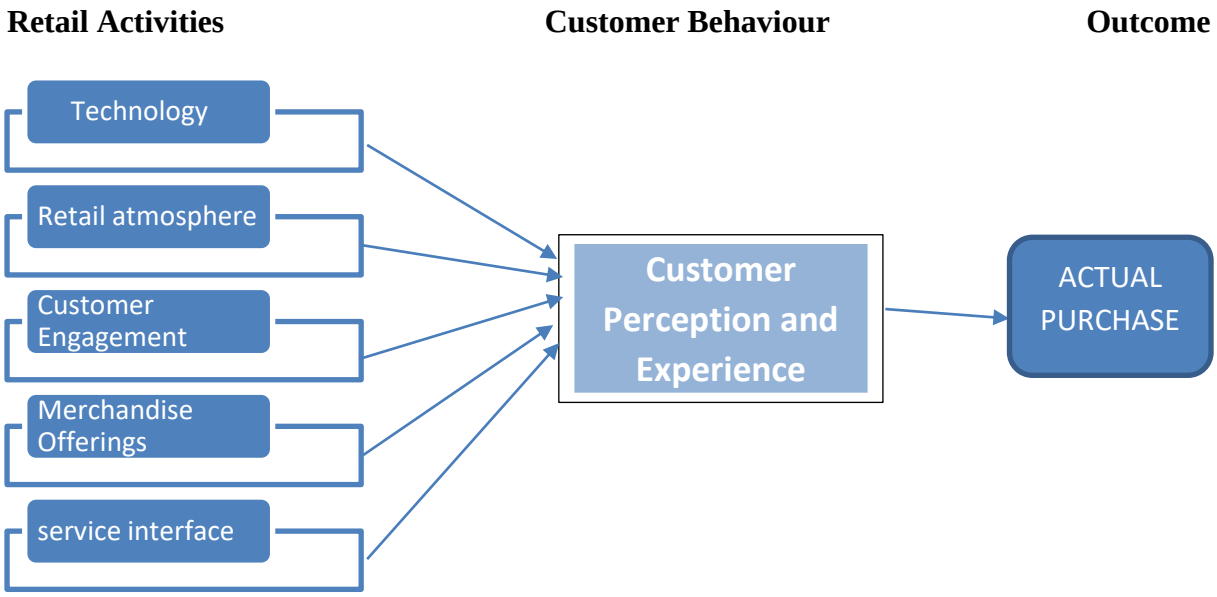

FIG 1. Source: Amit Medhekar et .al , 2022

Above mentioned retail activities impacts Consumer behavior through consumer perception and experience which ultimately lead to Actual purchase.

Customer Experience and Technology

Due to technological breakthroughs that can benefit both customers and businesses, retailing is undergoing a huge upheaval. Thanks to technology, consumers may make better-informed decisions, receive more relevant and valuable offers, and obtain faster service. Because of the technologically designed efficiency, it also helps retailers contact the correct customers at cheaper prices. More than lower costs and creative products are necessary to compete in today's economic climate and challenging retail environment. To thrive in the ruthless world of business, large trade firms must focus on the customer's purchasing experience. To improve a customer's experience, businesses must first understand what the term "customer experience" means. Customer experience refers to the points where a customer interacts with a company, a product, or a service. The term "customer experience management" refers to a

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business approach to customer experience management. It's a technique that permits the store and its customers to benefit from a value exchange that benefits both parties.

In today's environment, consumers are exposed to information about goods and services in multi-layered, Omni channel settings. Retailers who can establish relationships with their customers by giving critical information and selecting, providing, and communicating value stand out. As a result, there is a high level of customer participation. Technology can assist retailers in identifying profitable customers. Customers can also make well-informed decisions about which products or services they want to purchase. However, not all consumer decisions are made after thorough research and consideration. Some decisions are made on the spur of the moment while shopping online or in stores, and they are typically influenced by the retailer's well-prepared visual presentations and product assortments.

According to one survey, 70% of app users said the app's "look and feel" was a positive indicator, and 61% of customers said they were more likely to buy from businesses that provided personalised content. Three-quarters of internet users expected help within six minutes, and they put as much faith in online reviews as they did word of mouth (WOM). It's also obvious that those expectations will continue to climb at a breakneck pace, testing a company's profitability against its ability to provide services in creative ways and manage a complex array of technology, marketing strategies, and operational competencies. In this vibrant and fast-changing sector, significant windfalls will arise to shape and augment revenue, improve customer experience, and save expenses.

When customers enter the store, they can scan their Android phones or smartphones to select items and exit. Computer vision, sensor fusion, and deep learning technologies can recognise when products are taken from or returned to shelves and keep track of items in a virtual cart on their own. When customers leave the store, they are charged and given an automatic receipt. To use the service, customers only need a smartphone, an Amazon account, and the Amazon Go app. These cutting-edge technologies are altering people's purchasing habits and will set new benchmarks for what buying can and should be in the future.

Personalization technology have helped both consumers and retailers. On the other hand, a personalization–privacy contradiction is worth addressing. Customers' relationships with businesses can be increased or hurt by personalising evidence for them, because they may learn how much data and information businesses have on them and become concerned about their privacy. As a result, merchants must exercise caution when exploiting customer data in a way that perpetuates the personalization–privacy dilemma (Aguirre et al. 2015). We'll have to wait and see if these cutting-edge technologies have the same impact on all types of retailing and crowds of people. Retailers use apps to offer a variety of incentives. These apps, on the other hand, would be particularly beneficial to stores that use high–low pricing strategies or offer rebates. Otherwise, store apps are the most effective way to reach budget-conscious customers.

Customer Experience and Retail Atmosphere

The phrase "atmosphere" relates to a customer's immediate surroundings, which encompasses their senses of smell, touch, hearing, sight, and tasting. This is due to the fact that, in addition to goods and services, the environment plays a vital role in the buying process (Kotler, 1973). In addition, the physical environment includes layout, interior architecture and décor, lighting, music, fragrances, and cleanliness (Baker, 1986). Previous research has found that

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the physical environment has a substantial impact on patronage behaviour. Visual appearances such as lighting, background music, colour, and visual items, according to Bohl, have been the most powerful persuasion variables when compared to other elements (2011). As a result, academics have looked into how retail store cues such as flooring, cleanliness, lighting, smells, artwork, rack arrangement, and décor affect customers' shopping experiences, and hence their enjoyment and loyalty. Indirectly, it will assist the retailer in achieving good retail sales results. Turley and Milliman (2000) also feel that the environment has an impact on a company's success or failure. This is due to the fact that, after paying a high price for everything, people now prefer the appearance and convenience of retail establishments. Aside from that, the store setting has given the retailer the opportunity to design a positioning strategy, create a store image, and differentiate their firm from the competitors.

Assortments, according to researchers, giving a varied product selection in a retail store can entice more people to visit. The ability of a retailer to provide a varied, unique, and high-quality range of products to its customers is referred to as assortment (Verhoef et al., 2009). Retailers must overcome selection disparities as channel intermediaries, which means they must supply and provide a variety of all items clients require in order to attain complete satisfaction from all products. Furthermore, customers demand a diverse selection of products from which to choose in order to meet their ever-changing goals, needs, and social circumstances (Mantrala, Levy, Kahn, 2009). Greater assortments, according to current research, may benefit clients by providing them with preferred processing options (Broniarczyk, 2008). As a result, whether or not a great experience is had will be determined by the breadth of a company's offering, which is tied to the number of product lines a company generates or a shop carry.

Customer Experience and Consumption

Consumers' true usage of items and services is central to any shopping. To succeed, retailers and service providers must provide products that offer a variety of benefits to their customers. Through appropriate value positioning, businesses may differentiate themselves by providing a better client experience (Grewal, Levy, and Kumar 2009; Verhoef et al. 2009). This whole customer experience concept includes "the client's cognitive, affective, emotional, social, and physical responses to the merchant." This experience is moulded not only by elements under the retailer's control (e.g., after-sales service, store ambience, product assortment, pricing), but also by aspects outside the retailer's control (e.g., sales personnel's influence, friends, opinion leaders, and peers; shopping objective)" (Verhoef et al. 2009, p. 32).

Another way for businesses to improve customer experience and engagement is to use social media. According to Roggeveen and Grewal (2016), consumers use social media for five reasons: connected, network, information, dynamic, and timeliness effects. The connected effect is based on people's strong need to connect with others; yet, social media has altered the structure of these connections. The network effect refers to the ability to connect with others and broadcast information to them. Convenience or timeliness is another element that influences social media participation. Because of the ubiquitous presence of smartphones and tablets, as well as their distinctive apps, consumers can access information at any time. Retailers may then use applications to provide customers with relevant information and engage in dynamic dialogues, which is another factor that encourages social media engagement. These information and dynamic effect feature also increase consumers' willingness to interact with their expanded social network. Understanding how these numerous spokes accelerate the wheel of social media engagement is another method for merchants to boost their customer relationship.

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Retailers must also consider how to best engage customers online or in stores by utilising visual cues via digital displays or dynamic messages (Roggeveen, Nordfält, and Grewal 2016). When dynamic communications (e.g., videos) are employed instead of static ones, customers are more inclined to consume more hedonic options (e.g., photos). This is due to the fact that dynamic communications (such as films) help clients psychologically relocate into the experience, resulting in a stronger emotional bond (Roggeveen et al. 2015). There has already been a great deal of research into the consumer experience (e.g., Grewal, Levy, and Kumar 2009; Lemon and Vehoef, 2016, Puccinelli et al., 2009, Verhoef et al., 2009). Future research should concentrate on employee involvement. Retailers may see higher consumer engagement as a result of employee involvement. Verhoef et al. (2009) stress the importance of grasping the relevance of dynamic experiences, as well as how experiences and levels of involvement change over time.

Decisions on Customer Experience and Merchandise Offers

Consumers are inundated with a plethora of items, discounts, and special deals. The issue is figuring out how to come up with and deliver one-of-a-kind offers. Investigating this can help merchants choose display products based on the in-store or online channel's structure. Manufacturers also understand how important it is for consumers to pay attention to their products and services, so they look for ways to make their items stand out from the competition on the shelf or online.

Additional information on the role of spatial orientation in merchandise presentation is provided by Nordfält et al (2014). The writers investigate the importance of merchandise's vertical, horizontal, and diagonal orientation. Their findings highlight the importance of vertical merchandise placement (e.g., vertical displays of multiple beverages in a cold structure encourages in more purchases than the identical beverages in a horizontal display). When towels were arranged vertically rather than diagonally, customers picked up more than 90% more towels. A product's aesthetic appearance is also determined by its packaging. Different visual components, such as the image on the container and its design, are important, according to Kahn (2017).

The different layers of a box may have an impact on client purchasing involvement. Packaging questions are often asked from a design aspect. The product and packaging so have three hierarchical levels: an inner core, which is the product (e.g., tablets, perfume); an intermediate level, which is the container (e.g., tablet or perfume bottle); and an outer layer, which is clearly prior to their purchase (e.g., box that contains the tablets; fancy bottle with the perfume). Packaging, in other words, has a huge impact on consumers' sensory perception and, as a result, their experiences. It's crucial to use images to fully visualise a product. As a result, the type of package can have a significant impact on how people engage with products.

Packaging has an impact on consumer perceptions and purchasing decisions. A perfume, for example, may take up only 10% of the outside container, while the intermediate glass bottle may take up 40% of the outer box, setting consumer expectations about the number of items. The lower amount produces a sense of scarcity, which is associated with these high-priced luxuries. The aesthetic and spatial components of packaging, in combination with other sensory features, shape customers' expectations and eating experiences (Spence et al. 2014).

Retailers must investigate the impact of their merchandise and sales campaigns on the physical environment. This is looked up on the internet as well as in stores. The location of the sale price in displays and online communications, according to new study, can have a major impact. According to Biswas et al. (2013), positioning the selling price to the right of a

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higher advertised reference price is more effective than positioning it to the left. According to Suri et al. (2017), displaying the price to the right of the box had a stronger impact on increasing purchase intentions and purchases of lower-involvement products (e.g., beverages) than displaying it to the left.

Customer Service Interface and Customer Experience

Retailers should be aware of the medium via which they must engage with their customers as a global firm operating in the retailing industry. This is because, in today's world, the majority of individuals seek the simplest solution to their needs. As a result, retailers are now participating in online transactions, even if they are not only focused on providing services. A service interface, according to the study, is a route via which consumers, manufacturers, suppliers, business entities, or merchants meet or engage with one another via a computer system, such as the internet, or a retail machine, such as a bar code scanner.

Consumers' shopping experiences can also be influenced by self-service technology (e.g., self-checkout and price scanning equipment installed on a shopping cart) (Verhoef, Peter C., Katherine, Parasuraman, Roggeveen, Tsiros, and Schlesinger) (2009) According to Colby and Parasuraman (2003), new service technologies provide benefits and the opportunity for improved service. This demonstrates how technology can be used, such as online purchases and social media. Jordan Kasteler (2010) claims that social networks can cause a flow of broad emotional feelings such as happiness, love, motivation, rage, grief, and dissatisfaction. Both positive and negative sensations are evoked when using technology, according to Mick and Fournier (1998). To put it another way, this new form of technology has thrown up unexpected challenges for both the service provider and its customers (Zeithaml, Parasuraman, and Malhotra, 2002). As a result, researchers included service interface as one of the variables in this study to see if it may help create a positive customer experience. The customer, as well as his or her requests and preferences, serve as both a starting point and a continuing proof point for the task, implying that new designs are tested and iterated in real time in response to consumer feedback.

During such redesign workshops, it is beneficial to depict the customer journey in a clickable prototype in order to acquire a more solid look and feel of the actual customer experience, which can then be tested with customers on a regular basis. Overall, the plan must allow for seamless integration with existing channels, including non-digital interactions. Additionally, until the new route is fully operational, earlier processes that have become obsolete as a result of the new journey should be run concurrently.

One possibility is the so-called zero-based trip. A large bank's instant account-opening process was redesigned to eliminate 15 steps (including significant paperwork), introduce an instant identification system (via passport and face-recognition software), and create a completely new online and mobile (as well as in-branch self-service) journey, allowing account opening anytime and anywhere. Self-service sales climbed from zero to more than a third of total sales once the in-branch self-service customer journey was added, with 50% higher conversion rates and a cycle time of 10 minutes, down from two to six days previously.

By incorporating design thinking into the firm, management was able to create a new vision of how customers could experience their redesigned services in the future for a variety of customer journeys. Increasing the speed and agility with which new ideas emerge Rapid, frictionless "real time" insights into a range of decision-making sectors, particularly customer journey management and design, are necessitated by digitization and the rapid pace of changing market and consumer dynamics.

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Traditional market-research approaches, on the other hand, are typically incompatible with these requirements because they take too long to generate and do not allow for the iterative, step-by-step construction of new experiences while taking into account ongoing customer input. As a result, customer experience executives must devise new approaches to get insights more quickly, such as by employing more flexible and dynamic research methods. Two examples are mobile flash surveys and online focus groups, as well as the immediate integration of these insights into the customer experience design and redesign process. Completing an in-depth user-experience assessment of current customer touch points, including as web sites, devices, call centres, and branches, can help deliver insights in a "agile" manner throughout a digital customer-experience transition. Following that, they might be compared to competitors. Combining this exercise with the zero-based approach to redesigning the customer journey can yield substantial insights into the strengths and shortcomings of digital customer-experience design.

During the journey design phase, agile insights can be utilised to swiftly test new concepts and journey steps with customers on a greater scale than traditional focus groups. An online focus group with a carefully selected target demographic, or live video dialogues with customers testing out a new digital process on a screen at home, for example, can provide quick observations that can help fine tune crucial journey aspects. One significant European energy firm used customer experience measurement software to aggregate data from text messages, web surveys, and email surveys. A multinational insurance company created digital "diaries" to better understand client pain points.

In recent years, there has been a significant growth in awareness of how to construct effective digital channels, which has resulted in increased adoption of digital customer journeys by customers. However, we've seen that many projects fail because consumers aren't actively encouraged to participate. For a variety of reasons, customers are hesitant to use digital media. They can be linked to sales concerns like a preference for in-person contact, product delivery speed, or e-care issues like a lack of tailored experience.

As a result, customers aren't as excited as they should be about digital self-service channels, limiting efficiency gains and cost savings. As a result, carefully organising and encouraging digital client uptake is a crucial aspect in achieving success. In our experience, there is no "silver bullet" for boosting client adoption of digital journeys. Rather, leveraging a range of levers and iterating methods based on client input is the solution. Consumer education, making the customer journey relevant to the customer, and guiding the customer to engage are all general methods with specific tactics.

• **Customer education**: Successful marketing methods such as search engine optimization (SEO), search engine advertising (SEA), and offline campaigns are required to engage customers. Despite the focus on digital channels, a well-balanced mix of traditional and digital media strategy is still necessary. A fantastic example of this combination is Foodora's successful market launch in Germany, where the company used a mix of SEO/SEA, internet awareness advertising, and offline out-of-home penetration.

A similar strategy was pursued by Amazon and Zalando, two major digital pure plays. Using videos at physical touchpoints to demonstrate how to utilise the new digital channels, for example, can be a great method to boost adoption. Deutsche Telekom, which promotes novel cloud services; Alaska Airlines, which offers home check-in and baggage-tag printing; and HSBC, which has tutorial films on updated online banking, are examples of companies that

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have embraced this strategy. By initiating initial usage through testing, user groups, and pushing reviews, some players have been able to drive feedback and word of mouth.

• **Making the digital journey relevant**: Especially for infrequently used digital channels, gathering relevant content and creating a delightful experience, such as by bundling functionalities in one app, is crucial. Because clients only use a small number of apps, these must contain as much content from the same provider as possible. In Turkey, insurer Allianz decided to merge health insurance, claims submission, and other services into a single app rather than offering multiple apps with a lesser probability of being used. Include high-frequency services to keep them in use (for example, gamification and feedback opportunities).

Ping An, a Chinese insurance company, is a great example of this, featuring a variety of interesting features on its website. As a result, the company noticed an increase in usage and was able to collect valuable customer behavioural data. — On a regular basis, improve and rethink digital journeys. Utilize user-experience data to increase the acceptance and success of digital channels over time. Based on effective user experience assessments and customer tests, several organizations have used simple methods like developing a new landing page or changing the colors of functional portions on websites to increase subscriptions and click-through rates.

• **Personalized Offerings:** Another crucial component in driving digital adoption is offering incentives. Bonus points or other monetary incentives are a common method. This strategy is demonstrated by the British Sunday Times' competitive pure-digital membership offer over traditional subscriptions. — Companies may encourage laggard adopters even farther by lowering the effectiveness of competing or older channels or restricting access to them.

Developing agile journey transformation delivery Delivering customer-journey projects is typically a difficult task for businesses, especially when it necessitates resolving technological and IT-related difficulties. Traditional waterfall delivery strategies accumulate research and testing over time and often launch a new initiative with fanfare and a large announcement. Digital leaders, on the other hand, are increasingly relying on agile methodologies to deliver customer-journey transformations, where high-performing, cross-functional teams work toward a common, customer-centric vision, relying on real-time decision making, rapid iteration, and end products that can be presented and refined on a continuous basis.

There are a few main benefits

- Business, IT, and other support departments, such as back-end operations, co-locate and work on a shared vision for a new customer experience. A product or service can be supplied to the customer in a few months rather than a year or more as with traditional techniques by generating a minimum viable product and disaggregating project complexity. It is also possible to continue to improve.
- Weekly or biweekly sprints for development set the team up for fast victories on a weekly or bimonthly basis.
- Encouraging strong communication and everyday interactions allows teams to identify and remove roadblocks early on, iterate concepts and solutions pragmatically, and reduce delivery time and risk of failure all at once.

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- As digital-first entrepreneurs disrupt the corporate environment, customer expectations for more digital offerings and operational skills are posing a challenge to established enterprises across all industries.
- A new operating model that puts the customer's needs and wants at the centre of a digital transformation strategy, as well as redesigned customer journeys and agile delivery of insights and services, are all required as part of the response.

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