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THE CHARACTERISTICS OF AN ONLINE SHOPPING EXPERIENCE WITHIN A RETAIL CONTEXT

Abstract:

Customer experience is influenced by many determining factors. The key characteristics of a customer experience imply personal interaction between the customer and organisation.   In order to differentiate themselves and so remain relevant and competitive, retailers need to constantly improve customer experiences in both the traditional marketplace and online market space. The aim of the study is to theoretically identify and evaluate the characteristics of an online shopping experience in the retail environment. Based on previous research, five characteristics relevant to an online shopping experience were identified, namely product, shopping procedure, shopping environment, staff service and personalization. A quantitative research method was used by means of a web-based survey using both convenience and snowball sampling to obtain the responses from a sample of 400 respondents.   The responses were statistically analysed using SPSS Version 27. Face validity of the measuring instrument was ensured by four experts in the marketing field and reliability of the measuring instrument was confirmed by calculating the Cronbach-alpha coefficient, which was above the recommended 0.7.   Based on the results the CFA, the applicability of the five characteristics identified can be confirmed. The empirical results provided evidence that supports the existence of positive correlations between five independent experience factors (customer experience characteristics), with customer experience (dependent variable). Recommendations made from this study will be helpful to online retailers in delivering customer experience in order to gain a competitive advantage.

Keywords:

Customer Experience, Online Shopping, Retail Context

JEL Classification: M31

INTRODUCTION

With the rapid development of online shopping and traditional physical store shopping interweaving to form different shopping situations, customer experience has gradually become the main source of retailers' sustainable competitive advantage through differentiation (Vakulenko, Shams, Hellström & Hjort, 2019; Bhattacharya & Srivastave, 2020; Holmlund, Van Vaerenbergh, Ciuchita, Ravald, Sarantopoulos, Ordenes & Zaki, 2020). To maintain long-term sustainable customer satisfaction and achieve sustainability, optimizing the customer experience is now a primary objective for many retailers in different shopping situations (Bhattacharya & Srivastava, 2020; Pei, Guo, Wu, Zhou & Yeh, 2020; van Nguyen, McClelland & Thuan, 2022). The Internet's explosive growth has accelerated a shift from the traditional physical store to e-commerce and online retailing development (Tunsakul 2020). Considering that providing an exceptional customer experience could assist retailers to differentiate themselves from their competitors (Radder, van Eyk & Koekemoer 2019), this study follows on the recommendation of Jain, Aagja and Bagdere (2017:658) that "there is a need for more empirical studies for developing a sound conceptualization of customer experience, examining its relationships with other constructs, and its generalization in different contexts". This paper sets out to identify and evaluate the customer experience characteristics that influence an online retail experience.

LITERATURE REVIEW

CUSTOMER EXPERIENCE

Despite various efforts that have been made to define and conceptualize customer experience, there is no consensus about the construct and definition (Frow & Payne, 2007; Jain et al., 2017). The concept of customer experience was initially introduced by Holbrook and Hirschman (1982), who described customer experience as involving numerous playful leisure activities, sensory elements, aesthetic enjoyment and emotional responses. Holbrook (1994) later proposed a scale created to measure the intrinsically motivated hedonic enjoyment in the form of playful consumption to which Babin, Darden and Griffen (1994) added concepts of hedonic and utilitarian values for better understanding of the concept. A study by Pine and Gilmore (1998) states that an experience occurs when a company deliberately uses services as the stage, and goods as props, to involve individual customers in a way that creates a memorable event. The authors further describe experiences as intrinsically personal responses occurring only in the mind of an individual who has been engaged on an emotional, physical, intellectual or spiritual level. As the concept gained more research interest, authors adopted a multistage perspective that highlighted the link between previous, current and future

customer experiences (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2009). A further study by Yakhlef (2015) built onto the description and adds that customer experience develops as a complex encounter between spatial materials (such as the physical layout, objects and atmosphere aspects of a store) and social dynamics (such as cultural, emotional, historical and cognitive aspects of the customer). Customer experiences thus consider how customers' reactions, senses, behaviours and feelings are affected by the processes and systems of the businesses that they are exposed to during their experiences (Kranzbuhler & Kleijnen, 2018), thus implying a multi-dimensional perspective. Radder et al. (2019) put forward that a customer experience comprises a form of activity or interaction with the organization and the consequent outcome, which together, will affect the customer's future expectations, perceptions and evaluations of the retail organization.

CUSTOMER EXPERIENCE IN THE ONLINE RETAIL CONTEXT

The rapid growth of technology has taken customer interactions beyond the traditional mediums, and the increasingly changing context has created diverse aspects which need to be explored (Kumar & Anjaly 2017; Tunsakul, 2020; Van Nguyen, McClelland & Thuan, 2022). Online alternatives give leverage to dissatisfied customers to move to another retailer by the click of a button, creating a challenge for online retailers as they must compete not only with brick-and-mortar sellers but also with other online sellers (Kumar & Anjaly, 2017). Moving from a service and relationship focus, online retailers are increasingly shifting their focus to the customer experience as a strategic differentiator for sustainable competitive advantage (Bhattacharya & Srivastava, 2020). In a retail context, the customer's experience is influenced not only by those elements which the retailer can control (e.g., service interface, assortment, price), but also by elements that are outside of the retailer's control (e.g., purpose of shopping) (Verhoef et al., 2009), and affective online customer experiences are increasingly being acknowledged as important drivers of performance (Davidson & Vaast, 2010).

Despite the acknowledgement of the growth of online retailing, and the focus of online retailers shifting from simple customer acquisition and retention to elements of customer experience creation (Singh & Srivastava, 2019), Luo, Ba and Zang (2012) put forward that many customers remain unsatisfied with their online purchase experience and recommended that more research be done to determine what affects customers' evaluations of an online experience. In this paper, customer experience is investigated within a retail context, and based on literature (Mallapragada, Chandukala & Liu, 2016; Young, Meterko, Mohr, Shwartz & Lin, 2009; Park, Chae, Kwon & Kim 2020; Bhattacharya & Srivastava 2020; Pei et al., 2020; Radder et al., 2019), is divided into five characteristics, namely product, shopping procedure,

shopping environment, staff service and personalization. Each characteristic will be briefly introduced.

a) Product

One distinctive feature of e-commerce is the temporal and physical separation of buyers and sellers (Shin, 2010). Without being able to physically examine the product of a retailer in the online space, consumers often face a high degree of uncertainty (Ba, Whinston & Zhang, 2003), and product characteristics are therefore important factors in consumers' ability to ascertain the quality of products online (Luo et al., 2012). Mallapragada et al. (2016) and Amoah and Marriott (2021) further state that in an online retail setting, variety of product categories, as well as the variety of products in each category, is an important characteristic of the online shopping experience.

b) Shopping procedure

The online shopping procedure is represented by three steps: collecting and balancing information; accomplishing the transaction; and logistics, transportation and goods receiving (Pei et al., 2020). The design of the shopping procedure and the quality of management involved in this process influence the service quality delivered, as well as the performance of a store. The most unsettling aspect of the online shopping procedure for consumers is transaction security (Pei et al., 2020). Koyuncu and Bhattacharya (2004) indicate that the risk of online payment is one of the reasons that consumers are reluctant to shop online. The purpose of optimizing customer experience with the shopping procedure is to better satisfy the needs of customers (Pei et al., 2020). Optimization of the online shopping procedure includeds fast online procedure, easiness of shopping on the site, fast delivery of the product, security and reliable after-sales service.

c) Shopping environment

In addition to what is being shopped (the product), where it is being shopped also influences the experience (Mallapragada et al., 2016). Creating effective online customer experiences through well-designed websites is critical to the success of online retailers, as customers assess products through verbal and visual stimuli (design elements) deployed on web pages (Bleier, Harmeling & Palmatier, 2019). As websites are primary online platforms for the shopping experience, their characteristics strongly influence the customer experience and thus the outcomes (Rose, Clark, Samouel & Hair, 2012). A well-designed website can

facilitate the information search and reduce the probability of a mismatch, thereby lessening the negative experience from not knowing the product or the retailer beforehand (Luo et al., 2012). The website design directly impacts, not only the perceived ease of use, but also indirectly influences the perceived usefulness of the site (Bashir & Madhavaiah, 2015).

d) Staff service

Despite the remote nature of online shopping, authors agree that the need for human interaction is still relevant (Hassanein & Head, 2006; Yoo & Alavi, 2001), regardless if the counterpart is real (e.g., email or telephone) or a virtual/electronic assistant (as Google or Siri assistants). Although a virtual/electronic assistant does not really exist, the consumer asking it for advice and interaction is possible (Cachero-Marinez & Vazquez-Casielles, 2021). In terms of interaction with employees, instilling a sense of human warmth and sociability can be accomplished by providing means for actual interaction with other humans (via virtual communities, message boards, chats, etc.) (Hassanein & Head, 2006). Being advised, understood and heard by employees (physical or virtual) is highly valued by consumers and can enhance the experience during online shopping (Tsaur, Chiu & Wang, 2007).

e) Personalization

As not all customers necessarily desire similar experiences, retailers should consider personalizing the experience on offer (Kacprzak, Dziewanowska & Skorek, 2015). Radder et al. (2019) suggest the work of Pine and Gilmore's (1999) put forward realms as a basis to personalize retail experiences. Pine and Gilmore (1999) proposed that four experience realms are formed based on the consumer's level of activity and level of connection with the experience. The activity continuum ranges from passive observation to active participation, while the connection continuum ranges from absorption to immersion. Based on where the experience falls along the spectra of activity and connection, it is classified into four distinct realms (Pine & Gilmore, 1999). These realms are referred to as the four Es, namely entertaining, aesthetic, educational and escapist experiences.   A customer's activities and immersion in the experience could therefore possibly impact the course of the experience (Radder et al., 2019).

RESEARCH METHODOLOGY

Based on previous studies, a summative content analysis identified five characteristics that can influence a customer experience. The applicability of these characteristics was confirmed by doing a CFA.

A descriptive research design was followed, and a quantitative research method was used by means of a web-based survey using a five-point Likert scale measuring the level of agreement with the item stated (where 1 = Strongly Disagree, 2 = Disagree, 3 = Neutral, 4 = Agree and 5 = Strongly Agree). The target population for this study was online customers, older than 18 years. A qualifying question requested respondents to confirm that they have purchased online before. Both convenience and snowball sampling were used to collect data. Both these methods are non-probability sampling methods. The target audience was shoppers who have purchased from an online retailer within the six months preceding data collection. Based on the work of Gay, Mills and Airasian (2012) who put forward that for those populations larger than 5000, a sample of 400 is considered adequate, the sample size for the study was 400 respondents. Collected data was statistically analyzed using IBM SPSS Statistics Version 27.

RESULTS AND DISCUSSION

A total of 400 questionnaires were statistically analysed. More than half of the respondents identified as female (57%), while 42% of the respondents identified as male and 1% identified as nonbinary.

Face validity of the measuring instrument was ensured by four experts in the marketing field and to further confirm the validity of the constructs, a confirmatory factor analysis (CFA) was used (Randall & Jung, 2018). As indicated by the various CFA and goodness of fit indices (Table 1), all indices meet the minimum thresholds for validity of a factor structure as recommended by Randall and Jung (2018). The CFA indicates validity for all the measures used in this study.

TABLE 1

CFA - GOODNESS-OF-FIT INDICES FOR FACTORS

EXPERIENCE CHARACTERISTIC	CMIN/DF < 3	CFI > 0.95	SRMR < 0.05	RMSEA < 0.08
Product	2.177	0.981	0.032	0.061
Shopping procedure	1.085	0.964	0.034	0.072
Shopping environment	1.573	0.976	0.043	0.054
Staff service	1.421	0.965	0.036	0.000
Personalization	2.437	0.970	0.032	0.067
Customer experience	2.379	0.960	0.029	0.071

The reliability of the measuring instrument was confirmed by calculating the Cronbach-alpha coefficient (see Table 2). Based on the work of George and Mallery (2003) who recommended that a Cronbach alpha score between 0.60 to 0.70 is viewed as acceptable, and a score above 0.7 is viewed as very good, the measurement of each characteristic is reliable.

TABLE 2

CRONBACH ALPHA RESULTS

Experience Characteristic	Number of items	Cronbach's alpha
Product	5	0.81
Shopping procedure	4	0.89
Shopping environment	4	0.78
Staff Service	5	0.87
Personalization	6	0.94
Customer Experience	4	0.875

Pearson's Moment Correlation coefficients have been calculated to assess if there is a correlation between the identified characteristics of an online experience and the dependant variable (customer experience). A value of +1 is seen as a perfect positive correlation whereas a value of -1 indicates a perfect negative correlation, while a 0-value means that the variables are perfectly independent (Struwig & Stead, 2013). The correlation analysis indicates a

significant relationship between all the five characteristics and customer experience in the online shopping context (Table 3). As can be seen all values where greater than 0.5, which could be interpreted as a strong relationship between customer experience and the five independent variables (Cohen, 1988).

TABLE 3

CORRELATIONS BETWEEN INDEPENDENT AND DEPENDENT VARIABLES

	Product	Service Procedure	Shopping Environment	Staff service	Personalization	Customer Experience
Product	-	.533**	.705**	.701**	.592**	.677**
Service Procedure		-	.634**	.491**	.573	.608**
Shopping Environment	-	-	-	.532**	.681**	.721**
Staff service	-	-	-	-	.501**	.514**
Personalization	-	-	-	-	-	.752**
Customer Experience	-	-	-	-	-	-

** Correlation is significant at the 0.01 level (2-tailed)

CONCLUSIONS AND RECOMMENDATIONS

The aim of this presentation was to identify the characteristics of an online shopping experience. Although prior studies discussed the factors of a customer experience and evaluated the later in different contexts, no studies specifically focused on the characteristics of a customer experience in the online retail environment. The summative content analysis assisted to identify five characteristics, namely product, shopping procedure, shopping environment, staff service and personalization. The results of the data analysis confirm the applicability of these characteristics in the online retail context. With the fast advancement of technology in the online retail environment, competition is more challenging. It is therefore important for managers to be aware of the characteristics that could enhance a customer

experience.   According to the findings of the study, all identified characteristics of a customer experience have a strong relationship with the dependent variable, customer experience.

This study provides valuable lessons for online retailers who wish to develop experience that leads to differentiation. Firstly, it is recommended that online retailers highlight, through visuals or informative descriptions, the product characteristics that would provide sufficient information for customers to make a buying decision. Specific attention should also be given when deciding on the product categories and varieties in each category in the online environment. If applicable, retailers can make use of product videos that use both audio and visuals to present the product.   Secondly, when considering the shopping procedure, attention should be given to the lead time between interactions with the customer during the shopping process. It is important that detailed information is provided about security, and customers should be assured that their transactions are secure and that their personal data is protected. Thirdly, the retailer's website is a key tool that should be strategically designed to create a customer experience that turns visitors into buyers. The website should be easy to navigate and user friendly. The algorithms of websites should be used to reflect current website design standards. Fourthly, it is important that despite the spatial distance between the buyer and seller, interaction takes place. The use of tools such as chat bots or virtual/electronic assistants creates interaction with the retailer. The response time to customers' queries is vital in the communication process from the e-retailer. Fifthly, as in a traditional shopping environment, customers require varying experiences. Retailers should focus on creating experiences aligned with the 4E's as proposed by Pine and Gilmore (1999), namely entertaining, aesthetically appealing, educational and escapist experience. This could be achieved by determining, through further research, the range of the activity and the connection that customers desire. The results of this study will aid online retailers in delivering a better memorable customer experience.

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