The Impact of Customer Experience Management on Customer Loyalty of Supercenter's Shopper in Thailand

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Abstract—**As per supercenters have expanded aggressively since year 1993, expanding the market quickly and making many competitors in Thailand. They have operated in the highly competitive discount to attract customer. This could have a negative impact of the high operating cost and decrease benefit in order to keep customer in stores. From the study of many literatures, the researcher found that customer experience management was a powerful company's strategy to create customer satisfaction and to maintain customer loyalty to the brand for a long term commitment. The aim of this study was to examine the impact of customer experience management components that affected customer loyalty in Thailand's Supercenters. According to the causal model of customer experience management on customer loyalty, the study found that customer experience management components had some influences over loyalty behavior i.e. increased purchase, cross-buying, up-buying, re-buying, word-of-mouth, and share of wallet through affective experience, cognitive experience, and customer satisfaction and customer loyalty are considered as the highest correlation coefficient which represented a strategy resulting in a win- win value exchange between the retailer and its customers. Thus has significance for the marketing strategies of businesses providing customer loyalty, particularly in terms of customer experience management resolution strategies.**

Index Terms—**Customer experience management, customer loyalty, customer affection, customer cognition, customer satisfaction, and supercentre.**

I. INTRODUCTION

For 2 decades, a commercial practice in Thailand operates in traditional trade that has a limited technology and knowledge management. In year 1993 the modern trade has more influence over the service of store especially supercenter. Information technology was used to develop customer information and simply process of operations also.

In Thai modern trade market, supercenters have increased dramatically their branches. The rapid expansion of a large number of branches brought the business to focus more on the price competition in order to boost the sales and to win the customers. As a result, the entrepreneur's investment yield tended to be decreased. Grewal *et al.* [1] studied the competition in retail market which the retail entrepreneurs adopted low price as their strategy resulting in the harsh market competition and less efficiency in profitability. From their research finding, they found that the entrepreneurs had to create customer satisfaction by developing customer experience management to drive customer loyalty and

become more profit. From previous information, the researcher would like to know the advantages of the model of customer experience management to build customer loyalty for supercenters. The research questions were to examine which elements of the customer experience management could influence the customer loyalty for supercenters in Thailand. This paper was structured as follows: first, we briefly reviewed the literature relating to supercenter, customer experience management and elements of customer experience management. We discussed the concept of customer affection, cognition, satisfaction and loyalty. Secondly, we defined the hypotheses based on our reviewed literature and examined the case study through questionnaires. Finally we discussed the result of the study, and recommendation.

II. LITERATURE OVERVIEW AND HYPOROCEDURE

A. Supercenter

Levy and Weitz [2] noted that a supercenter is a large retail shop with in size around 85,000 square feet. Normally, it sells food, non food and daily products in which provides post station, counter service, and food court. Whereas Cox and Brittain [3] identified that the supercenter, at 50,000 square feet, would feature include the parking lot and consumer products with cheap price. These stores used marketing and management strategy to draw customer. In addition, Walmart supercenter [4] noted that a supercenter served as a convenient store which provided every day low price and time-saving model. In the store, there were the grocery areas with a wide selection i.e. bakery, meat and dairy products, dry goods and staples, beverages, a deli, frozen foods, canned and packaged goods, baking items and household supplies. This store featured many convenient shops such as optical shop, automotive products, famous restaurants, photo studios, pharmacy, health and beauty aids, banks, employment department and hair studio.

B. Customer Experience Management

Colin and John [5] noted that the stages and steps a customer went through when interacting with a company throughout the customer lifecycle. These stages was called touch points identification. Each of the touch points described what the customer experience was like in a pre, during and post interaction. After admitting to the service, the customer would get cognitive experience which can also be used to help align the CRM business strategy. Buttle [6] found that touch point included all interaction stages describing what the customer experienced in the products, service, communication, venue, employees, process and

technology of the stores. The results of customer lifecycle would be a customer experience that had an impact to customer loyalty. Smith and Wheeler [7] defined that customer experience management was the evaluation on valuable experience from the satisfaction of people, process, and product/service. It can drive customer loyalty step-by-step to buy, spend more, pay more and recommend products to other customers. Thus good experience of customer is necessary towards satisfaction and customers' behaviour. Kamaladevi [8] found that the role of macro factors in the retail environment could shape customer experiences and loyalty. This finding also showed that a superior resulted customer experience in higher customer satisfaction, more frequent shopping visits, larger wallet shares, and higher profits.

A number of literature reviews regarding elements of customer experience management have been widely studied by many researchers. From the study on customer experience management in retailing of Kamaladevi, the findings showed that the retail environment could shape customer experiences and behaviour in several ways e.g. brand, price, promotion, location, advertising, packaging & labelling, service mix, and atmosphere [8]. Another literature review was customer experience management in retailing based on Grewal et al [1], they found that in terms of marketing and finance perception, firm controlled factors which comprised of promotion, price, merchandise, and location had an effect on customer experiences and behaviour. These factors might encourage customers to gain benefit and then become a good experience and value to invest through the conceptual design on aspects of customer experience.

Likewise, Verhoef et al [9] studied on customer experience creation. They found that a superior customer experience of retail shops might increase customers' attraction by using experience management strategy i.e. service interface, retail atmosphere, assortment, price, customer experience in alternative channels, retail brand, cognitive experience, affective experience, social, and physical.

After revising related researches and studies about customer experience management are searcher has a following conclusion in 11 elements of CEM : 1) Brand 2) Price 3) Merchandises 4) Product availability 5) Accessibility 6) Advertising 7) Packaging 8) Service mix 9) Atmosphere 10) Satisfaction of employees 11) Sale promotion

C. Customer Affection and Customer Cognition

Buttle [6] found that the affection and cognition of customer experience had an effect towards company's aspects such as employees, process, products, service and outcome of the company. These aspects could change behaviour and environment of customers. Also the customer behaviour could change cognitive and affective factors and changing environment could change cognitive and affective factors and customer behavior vice versa. In addition, Peter and Olson [10] noted that customer experience development and behavioural customer analysis could be examined by affective experience and cognitive experience, consumer behaviour, and consumer environment in order to drive customer both direct and indirect way and increase sale

volume and profit. Effective experience is defined by emotion and effective experience was the analysis of feeling, emotion, and attitude which the cognition had a significant relationship with thinking system of customer. Therefore, the hypothesis is developed to analyze elements of the experience management from affective analysis via touch point of customer. The research hypothesized that:

Hypothesis 1: Customer experience management influences positively towards customer affection

Peter and Olson [10] said that cognitive experience is defined by cognitive analysis, beliefs, and knowledge which created perception, memory, learning, and information. The hypothesis is to analyze elements of the experience management from cognitive analysis via touch point of customer. The research hypothesized that:

Hypothesis 2: Customer experience management influences positively towards customer cognition

D. Customer Satisfaction

Sirohi [11] conducted a study on service quality measurement of supermarket. His study found out that customers made a measurement on service quality from their satisfaction in every time since current customers selected variety of products, not specific products. Therefore, customer satisfaction and service quality did play an important role in the determination of quality measurement of retail shop. The study conducted by Magi among retail shops in New York found out that the effects of customer satisfaction depended on levels of purchase. The high level of satisfaction had the effect of their purchase volume [12]. In the study of Maria Pilar Martinez-Ruiz et al [13] on customer satisfaction in Spanish grocery stores, they found that good relationship with customers, accommodation, nice atmosphere and additional service such as information, delivery, and free parking were the key factors leading to superior satisfaction of shopping. In summary, from the study of customer satisfaction, the research found that such satisfaction was delivered from customer experience by measuring cognitive and affective factors. The two hypotheses are developed to test the significant relationship. The research hypothesized that:

Hypothesis 3: Customer affection influences positively towards customer satisfaction

Hypothesis 4: Customer cognition influences positively towards customer satisfaction

E. Customer Loyalty

Schiffman *et al.* [14] noted that customer loyalty format consisted of behavioral dimensions of customer loyalty i.e. act of purchase, attitudinal dimensions of customer loyalty i.e. attitude and customer satisfaction, customer trust, and customer commitment. Another sample study from Shaun Smith and Joe Wheeler [7] noted that customer loyalty resulted from a customer satisfaction by various kinds of behaviour i.e. purchasing, share of wallet, re-buying, and referral.

In addition Vassana [15] found that the service relationship double-bond model had an influence on up-buying. Bign [16] further studied the impact of experiential consumption cognition and emotions on

behavioral intentions and found out that customer satisfaction was related to loyalty because customer experience affected the willingness to pay more. According to from the literature reviews on customer loyalty, the hypotheses on customer loyalty and customer satisfaction were assessed. The research hypothesized that:

Hypothesis 5: Customer satisfaction influences positively towards customer loyalty

In summary, from the study of the customer loyalty was directly influenced by customer experience management. The hypotheses are developed to test the significant relationship. The research hypothesized that:

Hypothesis 6: Customer experience management

influences positively towards customer loyalty

III. METHODOLOGY

The hypothesis of the study on customer experience management for customer loyalty did play an important role in competitive advantages for retail supercenter. The objective was to analyze elements of the customer experience management and decision making towards cognition and affection in order to create satisfaction and loyalty. The summary of the literature review regarding the customer loyalty was summarized in the model given in Fig 1.
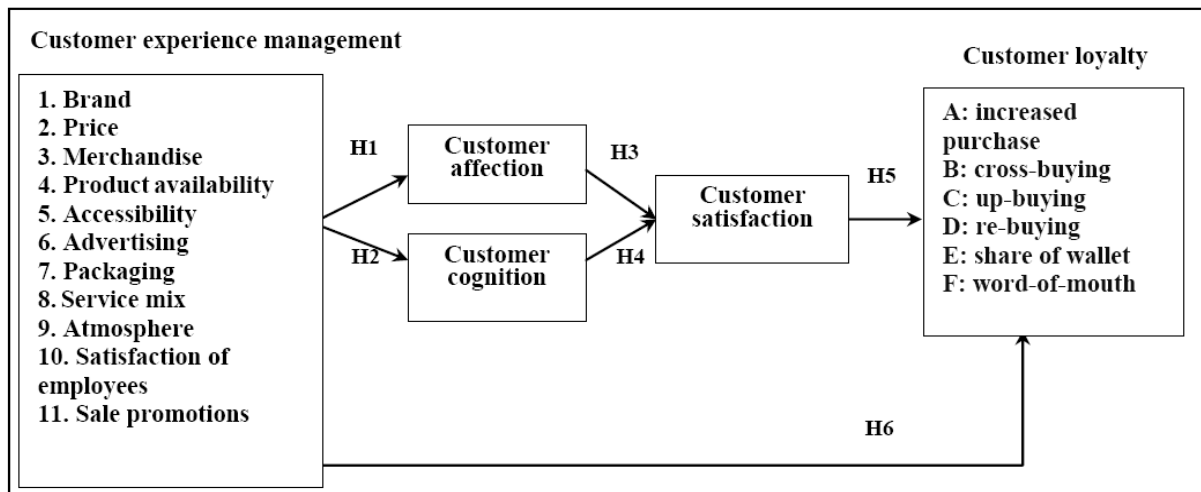

Fig. 1. Scope of the study

Population and sample: This study aimed to survey customers who usually had shopping experience in supercenters in Thailand in a high competitive market. In a data collection process, the distance of each super cemter with high competition was the variable data as well. The populations were selected by multi-stage cluster sampling method in 10 areas where supercenters located from each other not more than 1km. Then, this convenience method of sampling is non-probability sampling which 1,200 customers were selected to complete the questionnaires. For the validity of questionnaires content it has been validated from 5 professional people [17]. The questionnaires contained IOC Index of Consistency with the value of 0.8082 and pre-test of 50 customers in supercenters was used to assess reliability. Cronbach's alpha was used as a measure of reliability of the questionnaire at 0.963.

Data analysis: The study used an inferential statistics to make generalizations from a sample to a population [18]. Structural equation modeling: SEM applied with multivariate statistic to test path analysis in order to find causal exogenous variable (customer experience management) towards endogenous variables (customer affection, customer cognition, customer satisfaction, and customer loyalty both direct and indirect effects [19]. Correlation coefficient has also been applied to analyze the variables by path analysis. The result of data analysis could prove the validity of the hypothesis.

IV. RESULTS OF THE STUDY

A. Customer Profile

The largest age group of participants (44.3%) was between 21-30 years old. Most of the participants (54.8%) studied lower than Bachelor degree. 53.8% belonged to the salary range between 10,001-20,000 baht; whereas, 40.5% had income salary between 15,001-30,000 baht per month.

B. Causal Model of Customer Experience Management Influences towards Customer Loyalty

Causal model of customer experience management which had influenced on customer loyalty towards supercenters had

one exogenous variable that was elements of the experience management. This exogenous variable had 11 variables which consisted of brand, price, merchandise, product availability, accessibility, advertising, packaging, service mix, atmosphere, satisfaction of employees, sales promotion. Relative assessment of an empirical evidence of causal model of experience management for customer loyalty found that this model was relative with empirical evidence regarding to statistics. Chi-square statistics was at 3048.49 with 645 degrees of freedom without statistically significant. This statistic description has shown that causal model of experience management for customer loyalty is relative to an empirical evidence that is also relative to fit index (X ^{2}/ df = 4.73 and RMSEA = 0.056). This statistic description is relative to an empirical evidence, the relative fit index CFI =

0.99 and NFI = 0.98. The model indicates a good relative fit index (GFI = 0.84, and AGFI = 0.83). As a result, the summary of statistic of causal model is shown in the Table 1.

TABLE I: ANALYSIS OF VARIABLES ON CAUSAL MODEL OF CUSTOMER EXPERIENCE MANAGEMENT TOWARDS LOYALTY

Cause variable	Customer experience			Customer affection			Customer cognition			Customer Satisfaction		
	TE	IE	DE	TE	IE	DE	TE	IE	DE	TE	IE	DE
Customer affection	0.57* (0.03)		0.57* (0.03)	-	-	-	-	-	-	-	-	-
Customer cognition	0.50* (0.03)		0.50* (0.03)	-	-	-	-	-	-	-	-	-
Customer satisfaction	0.60* (0.03)	0.60* (0.03)	-	0.79* (0.04)	-	0.79* (0.04)	0.36* (0.03)	-	0.36* (0.03)	-	-	-
Customer loyalty	0.64* (0.03)	0.44* (0.03)	0.20* (0.03)	0.58* (0.03)	0.58* (0.03)		0.72* (0.02)	0.72* (0.02)		0.73* (0.04)	-	0.73* (0.04)

Path analysis: In case of direct and indirect effects influencing on customer loyalty, the researcher found that the variable was directly influenced by customer experience management and customer satisfaction. Customer loyalty was directly influenced by customer experience management and customer satisfaction at 0.20 and 0.73.Additionally, it was indirectly influenced by customer experience management, customer affection, and customer cognition at 0.44, 0.58 and 0.72. In sum, statistical significance was set at 0.05. Besides the direct and indirect effects, customer loyalty was influenced both direct and indirect way by the variable: customer affection was directly influenced by customer experience management at 0.57 that gave statistical significance was set at 0.05.

In addition, customer cognition was directly influenced by customer experience management at 0.50 that gave statistical significance was set at 0.05. Customer satisfaction was directly influenced by customer affection and customer cognition at 0.79 and 0.36 respectively that gave statistical significance was set at 0.05. Customer satisfaction was indirectly influenced by customer experience management via the variables: customer affection, and customer cognition which path coefficient was at 0.60. In sum, statistical significance was set at 0.05. Fig. 2 shows the results of the direct and indirect effects.
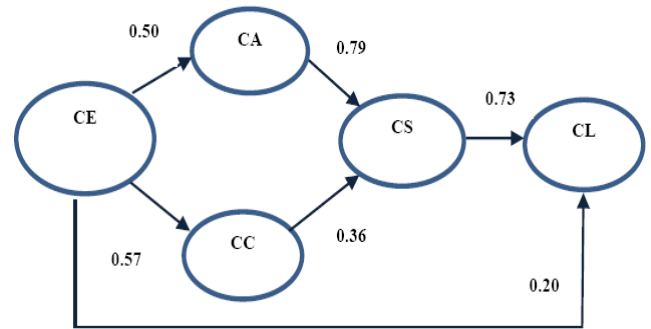
Chi - square = 3048.49, df = 645, p - value = 0.0000, RMSEA = 0.056

Fig. 2. Path analysis of direct and indirect effects on causal model of customer experience management towards

According to correlation matrix with 5 latent variables, correlation matrix between latent variables is 0.33 - 0.84. All pairs of variables are summarized in the same direction thus they are defined positive correlation. Customer satisfaction and customer loyalty are considered as the highest correlation coefficient at 0.84. Fig. 3 shows the correlation matrix of Variables on Causal Model of Customer Experience Management influences towards customer Loyalty.

	CUSTOMER COGNITION	CUSTOMER AFFECTION	CUSTOMER SATISFACTION	CUSTOMER LOYALTY	CUSTOMER EXPERIENCE MANAGEMENT
Customer cognition	1.00				
Customer affection	0.33	1.00			
Customer satisfaction	0.59	0.82	1.00		
Customer loyalty	0.54	0.71	0.84	1.00	
Customer experience management	0.59	0.57	0.61	0.64	1.00

Fig. 3. Correlation matrix of variables on causal model of customer experience management towards customer loyalty

V. CONCLUSION OF THE STUDY

From the findings, the researcher found that the findings were consistent to the research hypotheses. The findings were also consistent to the previous study regarding customer experience management for customer loyalty.

From the hypothesis 1: elements of customer experience management influences towards customer affection and the hypothesis 2: elements of customer experience management influences towards customer cognition, the researcher found that customer experience had an impact on affection and cognition.

These findings were consistent to the idea of Buttle [6] that he noted the affection and cognition of customers.

Experience could change behaviour and environment of customers In addition, Peter and Olson [10] noted that customer experience development and behavioral customer analysis could be examined by consumer affection and cognition, consumer behaviour, and consumer environment in order to drive customer both direct and indirect way by customer experience development. According to Hypothesis 3: customer affection influences positively towards customer satisfaction and Hypothesis 4: customer cognition influences positively towards customer satisfaction, the researcher found that consumer affection and cognition had an influence towards customer satisfaction. These findings were consistent to the study of Blocker [20] which found that satisfaction for first-time service could build consumer loyalty for the next time. Furthermore, this idea was supported by the finding of Newell *et al.* [21] who found that satisfaction cognition of customer was the essential factor of consumer purchasing decision. From the Hypothesis 5: customer satisfaction influences positively towards customer loyalty, the researcher found that customer satisfaction had an impact towards customer loyalty. In addition, Grewal et al found that a good customer experience management in retail shops could build high level of satisfaction and frequency of buying [1]. Dagger and O'Brien found that making a good relationship with customer could drive customer loyalty.

From the hypothesis 6: customer experience management influences positively towards customer loyalty [22], there was no study on influence of experience management towards customer loyalty in direct way.

VI. RECOMMENDATIONS

Further study should be extended to study on experience management towards customer loyalty. This could be vivid for customer loyalty behaviour to create a clear picture of further marketing strategies.

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