Retail Customer Experience: A Systematic Literature Review

Abstract

Delivering a superior retail customer experience is one of the main business goals for retailers. When retailers orchestrate various elements of the retail customer experience, provoking desirable customer emotions and cognition, it leads to higher purchase intention, increased purchases, higher customer loyalty, and customer engagement. This paper aims to provide an overview, to categorize and understand the different elements of retail customer experience from an extensive literature review of the last 40 years and it suggests four dimensions by combining previous academic knowledge with recent studies. Integrating elements from emotional, functional, social, and technological experience categories can improve the overall retail customer experience. In addition to that, incorporating the perspective of sustainability can enrich the concept of retail customer experience and is recommended for future research.

Keywords:
customer experience, retail customer experience, literature review, emotional dimension, functional dimension, social dimension, technological dimension, retailer performance
1 Introduction

“What people really desire are not products but satisfying experiences.”

Customer Experience

Experience in marketing is not a new field of research and practice. It is rather a concept that has been studied in various facets for many years. It has its conceptual roots in related topics of experiential marketing (Holbrook, Hirschman 1982; Schmitt 1999), service quality (Bitner 1990), customer relationship management, customer engagement, product experience, shopping experience (Jones 1999), service experience, brand experience (Brakus et al. 2009), and user experience.

One of the first studies that conceptualized the experiential aspect of marketing was done by Holbrook and Hirschman (1982). They emphasized symbolic, hedonic, and aesthetic components in marketing to provoke customer emotions during the consumption process. According to Schmitt (1999), experiential marketing requires five types of experiences to create a holistic experience: sense, feel, think, relate, and act.

Once a customer perceives or senses a series of associations with a product, service, and business, such as (1) actual functions of the product or services, (2) emotions associated with smells, sounds, sights, tastes, and textures of the product or service, and (3) the environment in which it is offered (Berry et al. 2002; Carbone, Haeckel 1994), the customer engages with the product, service, and business on an emotional, physical, intellectual, and spiritual level (Pine, Gilmore 1998, p. 98).
A series of incidents, events, or episodes about a product, service, or any part of a company that a customer encounters (Puccinelli et al. 2009) that triggers the customer’s cognitive and emotional responses is referred to as a “touchpoint” (Jüttner et al. 2013, p. 740; Zomerdijk, Voss 2010, p. 74; Berry et al. 2002). The process of strategically managing and orchestrating all the series of touchpoints throughout the customer journey results in better customer engagement or involvement (Berry et al. 2002).

Thus, customer experience is a combination of individual perceptions, feelings, and thoughts that an individual gets during a series of direct or indirect interactions with a product, service, and business. The customer engages with associations of interactional stimuli in a cognitive, affective, physical, social, and relational way, so that customer experience is personal, unique, and memorable (Schmitt 2010; 1999; Gentile et al. 2007; Pine, Gilmore 1998).

Retail Customer Experience

According to a study from Hinshaw (2014), 89% of retail customers left after a single bad experience, and 86% were likely to purchase more with a better experience. As such, the role of a retailer diversifies from merely displaying products or services to offering a great shopping experience to build long-term customer relationships.

Retail customer experience can be understood as overall perceptions, feelings, and thoughts when a customer encounters a retailer. More specifically, it is an integrated series of events with people, products, processes, and the retail environment. It varies from selecting a retail store to different instore shopping activities such as browsing, searching for merchandise, and interacting with store personnel (Terblanche, Boshoff 2001, p. 35).

A retailer should offer a “total customer experience” with superior solutions, customer service with respect, emotional connection, the fairest prices, and convenience (Berry 2001). A retail store should be a “multidimensional space” full of entertainment, fun, pleasure, delight, excitement, enjoyment, and satisfaction beyond expectations (Bäckström 2011; Arnold et al. 2005; Jones 1999; Wakefield, Baker 1998; Holbrook, Hirschman 1982). Hence, retailers have evolved into an “experience store” (Jones et al. 2010), “experiential retailing” (Kim 2001), “entertailing”, “shoppertainment” (Pine, Gilmore 1998), or “retail theater” (Baron et al. 2001).
Delivering a better retail experience through store atmospherics provokes positive customer emotions, resulting in several advantages.

First of all, retail customer experience has a significant positive impact on retail sales by increasing the willingness to purchase (Babin et al. 2003; Fiore et al. 2000; Baker et al. 1992) and encouraging more frequent repeat visits and repeat purchases (Maechler et al. 2016; Rawson et al. 2013; Maklan, Klaus 2011).

People also tend to spend a longer time browsing and exploring the store (Wakefield, Baker 1998; Donovan et al. 1994; Donovan, Rossiter 1982). This leads to the retailer obtaining a larger share of their spending (Hunneman et al. 2015; Maklan, Klaus 2011; Donovan et al. 1994) and a higher propensity for impulse buying (Sherman et al. 1997; Donovan, Rossiter 1982).

Moreover, customer experience has a good effect on building customer preference (Carbone, Haeckel 1994, p. 8) and customer satisfaction (Maklan, Klaus 2011; Meyer, Schwager 2007; Holbrook, Hirschman 1982). This promotes emotional attachment, which in turn enhances customer loyalty (Hunneman et al. 2015; Maklan, Klaus 2011; Berry, Carbone 2007; Gentile et al. 2007; Burns, Neisner 2006; Pullman, Gross 2004; Berry et al. 2002; Terblanche, Boshoff 2001; Carbone, Haeckel 1994), patronage intentions (Babin et al. 2003; Baker et al. 2002; Donovan, Rossiter 1982), customer-brand resonance (Kim 2012; Baker et al. 2002), and tighter brand-customer relationships (Jones et al. 2010; Babin, Attaway 2000).

Customers with a great shopping experience are willing to recommend the retail brand to others (word-of-mouth) (Maklan, Klaus 2011). They also tend to perceive the merchandise’s value to be higher than the actual value, and that enables premium pricing (Baker et al. 2002).

**Elements of Retail Customer Experience**

As stated in environmental psychology, environmental stimuli affect the emotional states of consumers and bring forth specific responses. Characteristics of an individual like demographic, psychographic, and socio-cultural traits also cause a different reaction. In sum, both environmental stimuli and individual characteristics shape consumer behavior (Jones 1999; Donovan, Rossiter 1982; Holbrook, Hirschman 1982).
In line with theory, retail customer experience is determined by both (1) retailer factors (or situational variables that can be controlled by a retailer) and (2) customer factors (or personal variables that are out of a retailer’s control, e.g., expectations and the purpose of shopping) (Bäckström, Johansson 2006; Terblanche, Boshoff 2001; Jones 1999).

As a retailer, it is imperative to understand which retailer factors they can control and to improve delivery of the retail customer experience to their customers for the purpose of getting desirable responses from the customers.

Against this background, the following questions will be examined:

- What elements of the retail customer experience are suggested and developed in literature?
- How can these elements of retail customer experience be categorized?
- What future topics appear particularly relevant in the context of retail customer experience?

2 Methodology

The present study is based on an extensive literature review related to retail customer experience. Depending on the functionality of the database, searches combined terms for customer, consumer, experience, environment, store, retailer, and retailing. Detailed inclusion or exclusion criteria are as follows:

Inclusion criteria

- Published in a scientific journal
- Journal articles ranked as A+, A, B, C from VHB-JOURQUAL3 (JQ3)
- Published during the past 40 years (from 1980 to 2020)
- Articles in the English language

Exclusion criteria

- Books, reviews of studies, commentaries, editorials or abstracts from meetings or conferences
- Journals not ranked in VHB-JOURQUAL3 (JQ3)
- Studies about general aspects of customer behavior, marketing, and retail management
Applying these criteria, the titles and abstracts from the initial search were checked to exclude studies that were obviously not in scope. Articles that were retained for a review of the full text were those that were potentially in scope or those about which a decision could not be made solely on the basis of the title and abstract.

After the review of the full text, and any additional hand searching of references or citations, articles meeting the inclusion criteria were summarized in tabular form.

### 3 Results

A total of 24 studies met the criteria and form the basis for the findings of this literature review. Table 1 displays the journal title, number of published articles from each journal, and the journal ranking.

<table>
<thead>
<tr>
<th>Journal Ranking (JQ3)</th>
<th>Journal Title</th>
<th>Number of articles</th>
<th>Share (%)</th>
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<tbody>
<tr>
<td>A+</td>
<td>Journal of Marketing</td>
<td>4</td>
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<td>Journal of Consumer Research</td>
<td>1</td>
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<td>A</td>
<td>Journal of Retailing</td>
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<td>B</td>
<td>Journal of Business Research</td>
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<td></td>
<td>Journal of Service Management</td>
<td>1</td>
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<td>European Management Journal</td>
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<td>C</td>
<td>Journal of Retailing and Consumer Services</td>
<td>3</td>
<td>13%</td>
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<td>Journal of Marketing Theory &amp; Practice</td>
<td>1</td>
<td>4%</td>
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<tr>
<td></td>
<td>Advances in Consumer Research</td>
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<td>International Journal of Retail and Distribution Management</td>
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<td>Total</td>
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<td>24</td>
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Table 1: Articles about retail customer experience in higher ranked journals

The results and key findings of each study are shown in Table 2 which records the author(s), year, elements of customer retail experience, method of study, channel (online vs. brick-and-mortar), and journal ranking.
<table>
<thead>
<tr>
<th>Author</th>
<th>Year</th>
<th>Elements</th>
<th>Method</th>
<th>Channel</th>
<th>JQ3</th>
</tr>
</thead>
</table>
| Bustamante, Rubio       | 2017 | 1. Cognitive
2. Affective
3. Social experience with customers
   Social experience with employees
4. Physical             | Literature review & survey                                              | Brick-and-mortar            | B               |
| Stein, Rameshshan       | 2016 | 1. Atmospheric
2. Technological
3. Communicative
4. Process
5. Employee customer interaction
6. Customer-customer interaction
7. Product interaction  | Qualitative interviews (Sequential Incident Technique)                  | Multi-channel               | C               |
| Baxendale et al.        | 2015 | 1. Brand advertising
2. Retailer advertising
3. In-store communications
4. Word-of-mouth received
5. Peer observation
6. Traditional earned media | Online survey                                                            | Multi-channel               | A               |
| Bagdare, Jain           | 2013 | 1. Joy
2. Mood
3. Leisure
4. Distinctive              | Literature review & survey                                              | Brick-and-mortar (Mall)     | C               |
| Rose et al.             | 2012 | Cognitive experiential state
1. Interactive speed
2. Telepresence
3. Challenge
4. Skill
Affective experiential state
1. Ease-of-use
2. Customization
3. Connectedness
4. Aesthetics
5. Perceived benefits | Web-based survey                                                        | Online                       | A               |
<table>
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<tr>
<th>Author</th>
<th>Year</th>
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</table>
| Lin, Hsieh   | 2011 | 1. Functionality  
2. Enjoyment  
3. Security/Privacy  
4. Assurance  
5. Design  
6. Convenience  
7. Customization | In-depth interview & survey | Multi-channel              | A   |
| Brakus et al.| 2009 | 1. Sensory experience  
2. Affective experience  
3. Intellectual experience  
4. Behavioral experience | Interview                  | -                | A+  |
| Verhoef et al.| 2009 | 1. Social environment  
2. Service interface  
3. Retail atmosphere  
4. Assortment  
5. Price  
6. Customer experiences in alternative channels  
7. Retail brand  
8. Previous customer experience | Literature review          | Multi-channel              | A   |
| Grewal et al.| 2009 | 1. Promotion  
2. Price  
3. Merchandise  
4. Supply chain  
5. Location | Literature review          | Multi-channel              | A   |
| Gentile et al.| 2007 | 1. Sensorial component  
2. Emotional component  
3. Cognitive component  
4. Pragmatic component  
5. Lifestyle component  
6. Relational component | Literature review          | -                | B   |
<table>
<thead>
<tr>
<th>Author</th>
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<th>Channel</th>
<th>JQ3</th>
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<tbody>
<tr>
<td>Bäckström, Johansson</td>
<td>2006</td>
<td>Consumer factors</td>
<td>Case study research &amp; Critical Incident Technique</td>
<td>Brick-and-mortar</td>
<td>C</td>
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<td>1. Social aspects</td>
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<td>3. The purchase</td>
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<td>4. Time</td>
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<td>5. Mood/state of being</td>
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<td>Retailer factors</td>
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<td>1. Store personnel</td>
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<td>5. Design</td>
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<td>6. Display</td>
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<td>7. Store layout</td>
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<td>8. Atmospherics</td>
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<td>Arnold et al.</td>
<td>2005</td>
<td>Interpersonal</td>
<td>Critical Incident Technique</td>
<td>Brick-and-mortar</td>
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<td>1. Salesperson-oriented</td>
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<td>Non-interpersonal</td>
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<td>1. Product/atmosphere-oriented</td>
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<td>2. Customer timing or mood</td>
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<td>Baker et al.</td>
<td>2002</td>
<td>1. Social factors:</td>
<td>Survey with videotaped store scenarios</td>
<td>Brick-and-mortar</td>
<td>A+</td>
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<td>Store employee perceptions</td>
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<td>2. Design factors:</td>
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<td>Store design perceptions</td>
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<td>3. Ambient factors:</td>
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<td>Store music perceptions</td>
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<td>Hoffman, Turley</td>
<td>2002</td>
<td>1. Inanimate environment</td>
<td>Literature review</td>
<td>Brick-and-mortar</td>
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<td>2. Contact personnel</td>
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<td>4. Other customers</td>
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<td>Author, Year</td>
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<tr>
<td>Lam, 2001</td>
<td>1. Ambient factors: Temperature, lighting, music, etc. 2. Design factor: Architecture, color, etc. 3. Social factor: Number, type and behavior of customers and employees</td>
<td>Literature review</td>
<td>Brick-and-mortar</td>
<td>C</td>
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<td>Author</td>
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</tbody>
</table>
| Wakefield, Baker  | 1998   | 1. Mall tenant variety  
2. Mall physical environment  
3. Involvement with shopping | Survey             | Brick-and-mortar (Mall)       | A   |
| Baker et al.      | 1992   | 1. Ambient cues  
2. Social cues | Videotape Experiment  | Brick-and-mortar       | A   |
| Bitner            | 1992   | 1. Ambient conditions  
2. Spatial layout and functionality  
3. Signs, symbols, and artifacts  
4. Service typology and environmental dimensions | Literature review | Brick-and-mortar       | A+  |
| Holbrook, Hirschman | 1982   | Environmental inputs  
1. Products  
2. Stimulus properties  
3. Communication content  
Consumer inputs  
1. Resources (money, time)  
2. Task definition  
3. Type of involvement  
4. Search activity  
5. Individual differences | Literature review | Brick-and-mortar       | A+  |

Table 2: Overview of studies about retail customer experience

The literature review shows that many researchers have examined and discussed customer experience for many years. However, retail customer experience has been understood and classified in various ways in terms of its elements over time.

Previous academic researchers agree that the elements of retail customer experience that can be controlled by retailers consist of three main dimensions: (1) emotional or sensory dimension, (2) functional or cognitive dimension, and (3) social or relational dimension (Verhoef et al. 2009; Gentile et al. 2007; Pullman, Gross 2004; Schmitt 2003; Baker et al. 2002; Hirschman 1984).
In addition to that, recent research argues that the brand (Brakus et al. 2009) and technology (Bilgihan et al. 2016; Lin, Hsieh 2011) also contribute to shaping the retail customer experience. A brand may be seen as another factor of the functional dimension or predominantly the result of the interplay of emotional and functional aspects. In contrast, technology appears as a further dimension because it influences all other dimensions, and it supports and creates its own digital experience.

As a result, the findings of this study suggest four dimensions of retail customer experience: (1) emotional or sensory, (2) functional or cognitive, (3) social or relational, and (4) technological or digital dimensions. In addition, these dimensions are interrelated and influence each other in many ways.

(1) Emotional or Sensorial Dimension: Store Atmospherics
One of the most distinguishable features of a retailer over a wholesaler or manufacturer is a physical store where it can directly interact with customers.

In that sense, the store environment (or retail environment) is a significantly important marketing tool for retailers. It can be more influential in the purchase decision than the product itself (Kotler 1973, p. 48).

The retail environment can be referred to as “store atmospherics”, meaning an intentional control and design of store space and the composition of a set of environmental stimuli (Kotler 1973). It affects both customers and employees because good store atmospherics puts them in a good mood and makes employees complete the tasks that lead to customer satisfaction (Bitner 1992). For instance, Bagdare and Jain (2013) mention that retail customer experience has emotional features of joy, mood, leisure, and distinction. In broad terms, store environment cues are divided into three types: (1) social (e.g., the number of people in a store, employee interactions), (2) design (e.g., layout), and (3) ambient (Baker et al. 2002; 1994). Turley and Milliman (2000) systemically classify store environments in more detail and separate them into five categories: (1) external, (2) general interior, (3) layout and design, (4) point-of-purchase and decoration, and (5) human variables.

In particular, ambient or intangible variables of environmental cues, such as visual, auditory, olfactory, gustatory, and tactile dimensions, have an effect on desirable internal states of shoppers (Pine, Gilmore 1998; Kotler 1973), not only their emotional states but also cognitive
and physiological states (Lam 2001). It includes color, brightness (or lights), store decoration, store size, in-store music, volume, scent, temperature, air quality, and noise in a retail setting. Ambient cues that fit brand image and personal taste make customers build emotional connections and increase the likelihood of impulse buying, customer satisfaction and repeat visits (Madzharov et al. 2015; Morrison et al. 2011; Cox et al. 2005; Pullman, Gross 2004; Babin et al. 2003; Baker et al. 2002; Summers, Hebert 2001; Mattila, Wirtz 2001; Fiore et al. 2000; Turley, Milliman 2000; Spangenberg et al. 1996; Bellizzi, Hite 1992; Yalch, Spangenberg 1990; Milliman 1982).

(2) Functional or Cognitive Dimension: Marketing Mix and Brand

As firm-controllable retail factors, functional dimensions frame customers’ cognitive experiences that are related to tangible benefits that customers gain throughout the entire consumption process. The main elements of the functional dimensions are often related to the marketing mix: merchandise, price, promotion, place (location), and supply chain (Grewal et al. 2009).

Variety or selection (product assortment), merchandise presentation, store layout, the number of checkout counters, square foot of selling area, facility, and store opening time also play an important role in shaping perceptions of a retailer and its service (Puccinelli et al. 2009; Verhoef et al. 2009; Bäckström, Johansson 2006; Carpenter et al. 2005; Constantinides 2004; Terblanche, Boshoff 2001; Kumar, Karande 2000; Jones 1999; Wakefield, Baker 1998; Holbrook, Hirschman 1982).

A retailer brand or store name itself is one of the major elements encompassing the entire shopping experience by virtue of retail brand strategy (or store as the brand strategy) (Verhoef et al. 2009). Based on brand-related stimuli, such as brand name, brand design, and brand personality, a retailer incorporates exclusivity with a unique experience and merchandise that is only available at this retail brand (Kim 2012; Brakus et al. 2009; Carpenter et al. 2005).

In a broader perspective, the macro-environment is another potential element in this dimension, for example, competitive intensity, distribution channel, type of store, product/service category, and purchase timing (Verhoef et al. 2009, p. 33).
(3) Social or Relational Dimension
Retail service encounters that are associated with a delightful or terrible shopping experience take place when a customer interacts with a person or through non-interpersonal factors (or physical environment) (Keng et al. 2007; Arnold et al. 2005). Regarding personal interactions, a customer interacts with service personnel and/or other customers in a brick-and-mortar retail store (Bustamante, Rubio 2017; Stein, Ramaseshan 2016; Hoffman, Turley 2002).

Consumers’ emotions and satisfaction are affected by front-line service personnel’s expressed emotions (Grewal, Sharma 1991). Customers evaluate the efficiency and service excellence of a store when they interact with service personnel. Interaction quality is measured by attitude, behavior, expertise, physical appearance of the service personnel, and crowding (e.g., the number of employees) in a retail setting (Keng et al. 2007; Baker et al. 2002; Brady, Cronin Jr. 2001; Parasuraman et al. 1988, p. 23).

Other customers are another element of the social dimension that is significantly linked to customer satisfaction through perceived retail crowding, waiting expectation which occurs by recognizing customer density, and incidents in the waiting line (Grewal et al. 2003; Grove, Fisk 1997; Machleit et al. 1994). Other customers’ experiences are a “third party touchpoint”, meaning that word-of-mouth in the form of customer reviews, peer observation, and traditional earned media impact the retail brand consideration and retail experience (Baxendale et al. 2015).

(4) Technological or Digital Dimension
Given the recent development of the Internet, digital retailing, e-commerce, and mobile technologies, technology promotes communication with customers in real-time, fulfills segmented needs and achieves competitive advantages (Lin, Hsieh 2011). Within the context of online shopping, shoppers encounter different stimuli on any web or mobile-based interface compared to traditional channels. Also, customer shopping behaviors have been naturally changing, such as frequent price comparison from alternative websites and more time spent on research before the actual purchase (Blázquez 2014; Seock, Norton 2007).

In order to deliver an online customer experience, both the cognitive experiential state and the affective experiential state of customers should be considered (Rose et al. 2012). The eight essentials to creating a compelling online customer experience that links to better brand
engagement, positive word of mouth, and repeat purchase are easiness to locate the website/app, ease of use, perceived usefulness, hedonic and utilitarian features, perceived enjoyment, personalization, social interactions and multi-device compatibility (Bilgihan et al. 2016).

Webmospherics
In line with store atmospherics, the online shopping experience has “webmospherics”. This indicates the interactive virtual environment associated with the retail atmosphere. It includes the structural design of a website, the virtual payment process, and the media dimension (Childers et al. 2001). An online retailer can manipulate sensory experiences that evoke cognitive and affective reactions, mainly by focusing on the visual and auditory cues. In an online shopping environment, the sensory experience is a more powerful element than the relational experience (Huang et al. 2015).

Omnichannel, Mobile Experience
Due to the diversity of marketing channels and the myriad of touchpoints throughout the customer journey, retailers are required to track and understand more complicated, fragmented, and data-rich customer behaviors. Retailers should build a multichannel customer experience as an integrated, value-rich package that considers the differences between each channel, such as shopping motivations and suitable technologies to be promoted (Blázquez 2014; Mathwick et al. 2001, p. 50).

The integration of channels as an omnichannel strategy can create substantial synergies that involve economies of scale, a better understanding of customers from multiple sources, respecting customers’ channel preferences, complementing and supporting other channels, and creating lock-in effects (Lemon, Verhoef 2016; Frow, Payne 2007, p. 99; Verhoef et al. 2007; Nezslin et al. 2006, p. 106). The mobile channel significantly influences the customer journey by interacting or interfering with existing channels (Lemon, Verhoef 2016).

Social Media
A high smartphone penetration rate and social media platforms enable retailers to have two-way communication with consumers across multiple channels in real-time. Customers use social media throughout their customer journey, from the beginning to the end, such as for finding information, asking for shopping advice, and publicly evaluating products, services, or brands.
Communication via social media is a critical marketing strategy for brands to encourage consumer-to-consumer interaction; it is an extension of social cues in the online world. Online social interactions play a vital role because of observational learning through reading postings on friends’ social media accounts and reinforcement learning through getting recommendations from them (Cheung et al. 2015).

4 Conclusion

This research presents a literature review of retail customer experience focusing on its elements. In particular, we categorized existing findings into four dimensions and listed experience elements that retailers can control to deliver a better retail customer experience and to elicit desirable responses from target customers. The literature review and the findings of the study help identify, structure, and organize the current academic knowledge in that field. At the same time, it stimulates further research in many different kinds of related areas because the topic is evolving, dynamic, and multidisciplinary. It can be beneficial to further examine how each dimension or individual element of the retail customer experience influences the others and how strongly the individual element affects delivering a superior retail customer experience or retail sales.

From a broader perspective on retail customer experience, it is noteworthy to integrate and study sustainability topics in the face of changing customer behavior and demands as well as the fact that it affects all four dimensions and various elements of retail customer experience. The notion and concept of a sustainable customer experience in a retail context can enrich and strengthen this relevant area of marketing. Sustainable customer experience is also likely to have an important impact on promoting customers’ behavioral change into sustainable consumption while improving the future performance of retailers.
Bibliography


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