



# STUDY ON CUSTOMER EXPERIENCE MANAGEMENT (CEM) PRACTICES IN ORGANISED RETAIL STORES AT VIJAYAWADA CITY, ANDHRA PRADESH

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## ABSTRACT

### KEYWORDS:

*Customer Experience Management, Customer, Retailing, Retail Management, CEM Practices*

*Retailing today occupies a key role in the world economy. It must be concisely and clearly defined; retailing includes all the activities involved in selling goods or services directly to final consumers for personal, non-business use. India retailing as seen in sprawling shopping center, multistored malls and huge complexes offer shopping, entertainment and food all under one roof. In India shopping malls are growing much more Shopping mall offers customers the possibility to be anything or anybody they want to be, it gives them opportunity to be free and independent even if it's just for a passing moment. Customer Experience Management (CEM) is potentially a useful concept in the marketing and customer services areas of a retail sector. CEM stands to be the survival mantra. CEM involves shopping malls enabled business processes that identify, develop, integrate and focus a business' competencies on forging valuable long-term relationships that deliver superior value to its customers. This study is undertaken to identify the CEM practices on the customer satisfaction and retention in organized retail shopping malls in Vijayawada city Andhra Pradesh. The required data of study was collected from both primary as well as secondary sources. Likert scale was used in designing the questionnaire. A sample of 142 respondents was taken from different malls located in Vijayawada city has been selected for the reliability of the analysis. The hypothesis has been tested by using ANOVA and Result of research as concluded the important to enhance the CEM practices makes better to shopping at retail stores in shopping malls at Vijayawada city.*

## 1. INTRODUCTION

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP (Mc Kinsey,2007). The Indian retail market is estimated to be US\$ 450 billion and it is one of the top five retail markets in the world by economic value(Dikshit,2011). India's retailing industry consists mainly of owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these are present only in large urban centers. India's retail and logistics industry employs about 40 million Indians roughly about 3.3% of Indian population (Sanjoy, 2011). Any retail outlet chain (not a one shop outlet) that is professionally managed (even if it is family run) can be termed as organized retailing in India if it has the following features – accounting transparency (with proper usage of MIS and accounting standards), organized supply chain management with centralized quality

control and sourcing.(Zameer and Mukherjee,2011). This accounts for 7 percent of India's roughly \$435 billion retail market and is expected to reach 20 percent by 2020. In order to achieve long-term financial benefits, companies must design and deliver a service that satisfies customers so that they have a positive experience during the service encounter (Lovelock et al., 2004). Managers need to recognise the importance of creating value for their customers in the form of experiences (Berry et al., 2002). Offering products or services alone is not enough; organisation must provide their customers with satisfactory experience. Retail establishments all over the world are trying to find that sustainable competitive advantage and it now seems possible by strategically focusing on customer experience which can act as the key differentiator. A supermarket, a form of grocery store, is a self-service store offering a wide variety of food and household merchandise, organized into departments. It is

larger in size and has a wider selection than a traditional grocery store, also selling items typically found in a convenience store, but is smaller and more limited in the range of merchandise than a hypermarket (Srivastava, 2008). On the contrary hypermarkets are very huge shopping areas where the customer can buy groceries, food, garments, home appliances, durables, toys, cosmetics, toiletries, books and music at a price that is always lower than the market price by 5-50 percent (Srivastava, 2008). E.g.: Big Bazaar, Star Bazaar, Saravana Stores etc.

## 2. CONCEPTUAL MODEL AND LITERATURE REVIEW

In order to achieve long-term financial benefits, companies must design and deliver a service that satisfies customers so that they have a positive experience during the service encounter (Lovelock et al 2004).

Many customers make a decision regarding where to shop based on their attitude toward a mix of stores, the shopping centre environment and the entertaining shopping experience. The shopping motives of the customers can be divided into three categories: product oriented, experiential oriented and a combination of both. The last category occurs when the shopper seeks to satisfy a purchase need as well as enjoy a pleasurable recreational experience (Ibrahim 2002). Managers need to recognise the importance of creating value for their customers in the form of experiences (Berry et al 2002). Offering products or services alone is not enough. Organisation must provide their customers with satisfactory experience. Gilmore and Pine (2002) agree by saying that the way for a company to reach its customers is through creating a memorable experience for them. It is said that companies should be urged to create market experiences by creating places (real or virtual) where they can try out offerings as they indulge themselves in the experience.

Dramatic technology changes have contributed vastly to improve the shopping experience of customers (Corbett 2006). The customer experience is defined as the "combination of everything you do, or fail to do for that matter, that underpins any interaction with a customer or potential customer" (Shaw 2005). According to Shaw (2005) the customer experience is the next competitive battle ground and it will provide a source of sustainable differentiation. In the commoditized economy customer experience acts as a possible differentiator when product, price, people and technology are all similar. The meaningful things that customers remember, over and above the product, such as the feel and perception of the organization and the brand are derived through customer experience. It is, therefore, the customer experience that makes the difference.

## 3. SIGNIFICANCE OF THE STUDY

Competition is very strong in the retail environment in India due to the presence of number of players and also due to the stiff competition from the unorganized sector. Hence, it is necessary to differentiate oneself from the rest of the players. Therefore, it is necessary to find out through literature review the various determinants of customer experience which can act as strategic differentiators. Customer experience is a recent phenomenon in India and there are not much studies focusing on this and it remains a fairly an underexplored area. Organised retailing is gaining a lot of importance since many large players are keen to setup their footprints in India. This study can make a significant contribution to understand

customer experience in the Indian context. The purpose of the study is to understand the determinants of customer experience for the various retail formats namely supermarket, department store, hypermarket, mall, speciality store and branded store. The intense competition among the retailers offers a wide array of choices for the customer and hence there arises a need for studying the determinants of customer experience through which the retailer can provide a superior customer experience thereby differentiating them self from the competitors. Obtaining and sustaining a competitive advantage in retailing, specifically in Indian retail environment today sets the challenge to determine one thing that will differentiate one retailer from another. Retail establishments worldwide are trying to find that sustainable competitive advantage and it currently seems possible by strategically focusing on customer experience and the various determinants.

## 4. PROBLEM STATEMENT

Creating superior customer experience seems to be one of the central objectives in today's retailing environments. Retailers around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements. Despite the recognition of the importance of customer experience by practitioners, the academic marketing literature investigating this topic has been limited.

Publications on customer experience are mainly found in practitioner-oriented journals or management books (e.g., Berry, Carbone, and Haeckel 2002; Meyer and Schwager 2007; Shaw and Ivens 2005). In general, these publications tend to focus more on managerial actions and outcomes than on the theories underlying the antecedents of customer experience. For example, Pine and Gilmore (1999) argued that creating a distinctive customer experience can provide enormous economic value for firms. Frow and Payne (2007) pointed out the managerial implications of customer experience based on qualitative case studies. Only a limited number of articles explore customer experience in depth from a theoretical perspective. In this study an attempt is made to discuss the conceptual model, antecedents and the moderators of the customer experience construct. The research problem, therefore, is to understand the contributors to customer experience in the Indian retail industry.

## 5. OBJECTIVES OF THE STUDY

1. To identify the various categories of demographic factors and variables impacting on CEM practices towards organized shopping mall Vijayawada city in Andhra Pradesh
2. To study the impact of demographic factors CEM practices towards organized shopping mall Vijayawada city in Andhra Pradesh

## 6. RESEARCH HYPOTHESES

H<sub>1</sub>: There will be significant variance in opinion on CEM practices towards organized shopping mall among the Gender group

H<sub>2</sub>: There will be significant variance in opinion on CEM practices towards organized shopping mall among the Age group

H<sub>3</sub>: There will be significant variance in opinion on CEM practices towards organized shopping mall among the Education

H<sub>4</sub>: There will be significant variance in opinion on CEM practices towards organized shopping mall among the Income

## 7. METHODOLOGY & MEASUREMENT

### 7.1. Sampling method

This study is descriptive in nature. All the retail customers above the age of 18 years who shop at the various organised retail outlets present in the Vijayawada were considered for the study. Respondent for the study is the person who does shopping in supermarket/hypermarket within the limits of the Vijayawada city. The geographical scope of the study is confined to Vijayawada– which is one of the most vibrant markets in Andhra Pradesh. The city was chosen as it had almost all major store formats which make the environment suitable for testing the model. Convenience sampling a method of non probability sampling was used for this particular study.

### 7.2. Measurement

The survey questionnaire consists of two parts: part-A and part-B. The part-A consists of questions connected to respondent's socio-economic, demographic profile. The responses are measured using nominal scales. The second part-B consists of items for customer experience and also for each dimension of the determinants. All items are measured on 5-point Likert scale (5 strongly agree to 1 strongly disagree). All the measurement items were adapted from the existing scales to measure the constructs proposed in the model. Pre testing of the questionnaire was done before the final survey (n=50). The internal consistency of the instrument was tested through reliability analysis using Cronbach's alpha. All reliability results were in the range 0.70 to 0.92 which exceeds 0.70 limit of acceptability. The main survey was carried out with 142 respondents.

**Table - 1: Demographic Representation of the respondents**

Demographics	Number of Respondents	Percentage
Gender		
Male	85	59.9
Female	57	40.1
Age (in years)		
17-25	46	32.4
26-35	47	33.1
36-45	28	19.7
46-60	13	9.2
Above 60	8	5.6
Education		
Undergraduate	15	10.6
Graduate	57	40.1
Post Graduate	70	49.3
Monthly Income (in rupees)		
Less than 10000	8	5.6
10001-20000	36	25.4
20001-30000	41	28.9
30001-40000	23	16.2
Above 40000	20	14.1
TOTAL	142	100.0

A total number 142 respondent participated in the survey the demographic characteristics the respondent (Table1) shows that the sample consisted, majority of respondents percent 59.9 of male and 40.1 percent female respectively. The respondents were mostly between the age 26-35 years age group with 33.1percent and in the age group of 36-45 years 19.7 percent this shows the majority of the respondents were in the group of middle age persons shows much for more influencing to come for shopping malls at Bangalore.

Almost 49.3 percent were postgraduate, 40.1 percent post graduate are reported that education level play more significant dominant to give preferences and exportations shopping malls at Bangalore in India. Most of the respondents belong to the income groups of Rs (10,000- 20,000) 25.4 percent and (30001,- 40000) 16.2 percent the sample mostly represents the middle class income preferred to visits shopping.

**Table - 2: One -way ANOVA test for significant difference between gender on the variable of CEM practices towards organized shopping mall**

		N	Mean	Sum of Squares	df	Mean Square	F	Sig.
Consumer Promotional	Between Groups	142		.066	1	.190	.663	
	Within Groups	85	3.4882	48.475	139	.349		
	Total	56	3.4439	48.542	140			
Customer Services	Between Groups	142	3.4706	.093	1	.093	.219	.640
	Within Groups	85	3.5521	58.973	139	.424		
	Total	56	3.6046	59.066	140			
Activities of shopping Mall Employees	Between Groups	142	3.5729	.364	1	.364	.831	.364
	Within Groups	85	3.4617	60.873	139	.438		
	Total	56	3.5655	61.237	140			
Data Mining	Between Groups	142	3.5029	.293	1	.293	.380	.539
	Within Groups	85	3.3221	107.203	139	.771		
	Total	56	3.4152	107.495	140			
Mall Presentation	Between Groups	142	3.3590	.006	1	.006	.012	.912
	Within Groups	85	3.8422	70.007	139	.504		
	Total	56	3.8557	70.013	140			
Loyalty Programs	Between Groups	142	3.8475	.038	1	.038	.078	.781
	Within Groups	85	3.6338	67.940	139	.489		
	Total	56	3.6674	67.978	140			

From this ANOVA table 2 The Analysis of Variance test is applied to test for significant difference among the different gender for each influencing factor separately. The results of the ANOVA are given in the above table. It is found from the results of ANOVA that influencing CEM practices factors Consumer promotional tool, Customer services at malls,

Activities of shopping Mall employees, Data mining, Mall presentation, Loyalty programs, Customer satisfaction and retention-do not differ significantly among the respondents of the different age groups. Hence, the null hypothesis with respect to all the six influencing factors is accepted.

**Table - 3: One -way ANOVA test for significant difference age on the variable of CEM practices towards organized shopping mall**

		Sum of Squares	df	Mean Square	F	Sig.
Consumer Promotional	Between Groups	.663	4	.166	.474	.755
	Within Groups	47.913	137	.350		
	Total	48.575	141			
Customer Services	Between Groups	2.627	4	.657	1.587	.181
	Within Groups	56.688	137	.414		
	Total	59.316	141			
Activities of shopping Mall Employees	Between Groups	.816	4	.204	.461	.764
	Within Groups	60.672	137	.443		
	Total	61.488	141			
Data Mining	Between Groups	3.261	4	.815	1.072	.373
	Within Groups	104.234	137	.761		
	Total	107.496	141			
Mall Presentation	Between Groups	.926	4	.232	.457	.767
	Within Groups	69.441	137	.507		
	Total	70.368	141			
Loyalty Programs	Between Groups	1.133	4	.283	.579	.678
	Within Groups	71.926	137	.525		
	Total	72.132	141			

From this ANOVA table 3 the Analysis of Variance test is applied to test for significant difference among the different age groups for each influencing CEM practices factor separately. The results of the ANOVA are given in the above table. It is found from the results of ANOVA that influencing factors Consumer promotional tool, Customer services at

malls, Activities of shopping Mall employees, Data mining, Mall presentation, Loyalty programs, Customer satisfaction and retention do not differ significantly among the respondents of the different age groups. Hence, the null hypothesis with respect to all the six influencing factors is accepted

**Table – 4: One –way ANOVA test for significant difference education on the variable of CEM practices towards organized shopping mall**

		Sum of Squares	df	Mean Square	F	Sig.
Consumer Promotional	Between Groups	.214	2	.107	.308	.735
	Within Groups	48.361	139	.348		
	Total	48.575	141			
Customer Services	Between Groups	.115	2	.058	.135	.874
	Within Groups	59.201	139	.426		
	Total	59.316	141			
Activities of shopping Mall Employees	Between Groups	.097	2	.048	.110	.896
	Within Groups	61.391	139	.442		
	Total	61.488	141			
Data Mining	Between Groups	6.319	2	3.160	4.341	.015
	Within Groups	101.176	139	.728		
	Total	107.496	141			
Mall Presentation	Between Groups	2.656	2	1.328	2.726	.069
	Within Groups	67.712	139	.487		
	Total	70.368	141			
Loyalty Programs	Between Groups	2.521	2	1.261	2.517	.084
	Within Groups	69.610	139	.501		
	Total	72.132	141			

From this ANOVA table 4, it is observed that the sig calculated are .735, .874, .896, .015, .069, .739, .084 for all the influencing CEM practices factors which are greater than the significant (P > 0.05) and so it is not significant.

Some factor data mining which is significant hence, the hypothesis formulated is accepted and it is inferred that there is no significant difference among the different educational qualification of the respondents on the influencing CEM practices factors in shopping malls in Vijayawada city

**Table – 5: One –way ANOVA test for significant difference Income on the variable of CEM practices towards organized shopping mall**

		Sum of Squares	df	Mean Square	F	Sig.
Consumer Promotional	Between Groups	1.888	5	.378	1.100	.363
	Within Groups	46.688	136	.343		
	Total	48.575	141			
Customer Services	Between Groups	1.089	5	.218	.509	.769
	Within Groups	58.226	136	.428		
	Total	59.316	141			
Activities of shopping Mall Employees	Between Groups	2.822	5	.564	1.308	.264
	Within Groups	58.666	136	.431		
	Total	61.488	141			
Data Mining	Between Groups	3.429	5	.686	.896	.486
	Within Groups	104.067	136	.765		
	Total	107.496	141			
Mall Presentation	Between Groups	3.515	5	.703	1.403	.217
	Within Groups	66.853	136	.492		
	Total	70.368	141			
Loyalty Programs	Between Groups	3.351	5	.670	1.407	.226
	Within Groups	64.783	136	.476		
	Total	68.134	141			
Customer Satisfaction and Retention	Between Groups	3.873	5	.775	1.543	.180
	Within Groups	68.259	136	.502		
	Total	72.132	141			

From this ANOVA table 5, it is observed that the sig calculated are for all the influencing .363, .769, .264, .486, .217, .226, .180, CEM practices factors which are greater than

the significant (P > 0.05) Hence, they are insignificant and so the above stated null hypothesis has been accepted.

**Table – 6: Results of Hypotheses Testing**

Hypothesis No.	Hypothesis	Result	Tools
H <sub>1</sub>	There will be significant variance in opinion on CRM practices towards organized shopping mall among the Gender group	Rejected	ANOVA one way
H <sub>2</sub>	There will be significant variance in opinion on CRM practices towards organized shopping mall among the Age group	Rejected	ANOVA one way
H <sub>3</sub>	There will be significant variance in opinion on CRM practices towards organized shopping mall among the Education	Rejected	ANOVA one way
H <sub>4</sub>	There will be significant variance in opinion on CRM practices towards organized shopping mall among the Education	Rejected	ANOVA one way

## 8. CONCLUSION

The CEM practices are important variables in the success of the shopping mall. The study has identified the variables influencing customer satisfaction. It can be understood consumer promotional tool, customer services at malls and high variance in explaining towards services offered by mall retailers at shopping mall at Vijayawada. The retailers should see in implementing the activities of shopping mall employees and loyalty programs variables for enhanced satisfying to go for shopping to build a long-term relationship with services provided by mall retailer by customers. Shopping malls retailers should take in to consideration and understanding the customers touch points related to services offered by shopping malls. Even through the mall retailer were making adequate efforts there are some factors where the salient or unsatisfied services levels are make clear and improve some measures those levels to bridge the gap to built long term relationship enhances customers satisfaction and offers a pleasant shopping experiences when the customers are visiting shopping malls. Today “customers is God “services offered by mall retailers play a major role in meeting customers’ expectations and perception make comfortable better shopping in malls.

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