

To Study the Relationship between Service Encounter and Retail Experience on Customer Satisfaction and Customer Loyalty with Impact of Loyalty Program Membership

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ABSTRACT

The authors of the study are inquisitive to understand the relationship between Service Encounter and Retail Experience under the dynamic business environment in India. The purpose behind conducting this study was to examine the link between the customers' idea of a retail customer experience (CE), service encounter and its effect on satisfaction and loyalty and to further establish the effect of loyalty programs on these links as well. The study was undertaken in Pune city, which is well established, and it has been evident to observe and possibly imitate entrance of international competitors. The data was collected using convenience-sampling technique from the Major supermarkets, hypermarkets, malls and single brand retail stores of Pune with or without loyalty programs based on their location and model of operations. In addition to that, partly data was collected using google forms to capture the attitude of retail customers from major cities such as Delhi, Mumbai, Kolkata, Hyderabad and Ludhiana. The findings confirmed the model of customer experiences and service encounter leading to customer satisfaction and customer loyalty and supported positive relation with customer satisfaction. However, it discarded the role of loyalty programs membership in enhancing customer loyalty.

Further studies can / may examine whether the findings hold true for each individual loyalty program or not. The paper calls for more studies and measures to encourage publication of negative empirical outcomes to ensure empirical generalization and self-correction in the literature.

Managers in retail segment should focus their attention on the design and delivery of customer experience, without placing reliance on loyalty programs. Both cognitive and emotional attributes of retail services must be considered for managing a holistic Customer Experience.

Keywords: *Customer satisfaction, service encounter, retail consumer experience, Customer loyalty, Leisure, distinctive, Loyalty Program*

Introduction:

In modern trade retail denotes the trade through stores of the large format wherein the general trade denoted as retail through Mom & Pop stores. The service requirements of modern trade are very much different from the traditional stores and requires sell through approach keeping wholesalers & distributors in consideration as well. The large stores are now facing a tough challenge to fetch customers for repetitive transaction. So, they need to find ways to deliver well-

balanced benefits to customer so as to develop long-term loyalty and it has become a prime concern in retail business to create superior customer experience (CE). Most of the management practices are focused to enhance customer experience which further leads to customer satisfaction, loyalty, and ultimately for the firm's profitability (Kumar et al., 2013).

Traditionally Indian retail market consisted many small- and medium-sized retailers they are also called as 'mom and pop stores' majority of which were concentrated around economically well-developed

cities, namely Delhi, Mumbai, Kolkata and Chennai. With economic growth over the past few decades came retail sector growth that has continued growing till date despite global recessions and recent currency crises. Since 2000 demand for major global brands has rushed and modern retail formats such as supermarkets, department stores have been well received by Indian consumers. In response to this strong new competition, local Indian retailers quickly imitated the latest marketing and management concepts and many local retailers have now started focusing on creating an engaging customer experience. This study hence fits into a modern retail context and has associations for all retailers in India, both international and local.

The purpose of this paper is to explore the relationship between variables of service encounters, and retail customer experience, utilizing a retailer whose value proposition has been characterized by a focus on the relationship between retailer and customers, and to assess how this currently contributes to our understanding of consumers’ perspectives on the quality of retail service specifically, and on the retail experience generally. We will also examine the idea of a retail customer experience (CE), service encounter (SE) and its connections with satisfaction and loyalty; and then to test whether the loyalty programs perform effect on those connections or not.

Literature Review:

The retailers must ascertain those factors that lead to unique customer experience, also techniques to measure them and how these factors affect customer satisfaction and loyalty (Klaus and Maklan, 2012). There seems limited research studies to measure customer experience and its effects on customer satisfaction and loyalty (Lemke, Clark, & Wilson, 2011); (Maklan & Klaus, 2011); (Verhoef, Roggeveen, Tsiros, & Schlesinger, 2009). Also, very few of these studies measures link between customer experience and key customer outcomes such as satisfaction and loyalty, ignoring possible mediating or moderating variables e.g. (Bagdare and Jain, 2013).

Many manager regard loyalty programs as best tool in retail to enhance customers’ experience, satisfaction and loyalty (Gable et al., 2008). Retailers from various industries have employed loyalty programs which offer benefits like incentives and rewards that is considered as the main contributor for enhancing customer loyalty (Yi and Jeon, 2003). Since these programs are straightforward in nature this feature makes it quite prevalent. Wherein the results between studies are sometimes inconsistent or even contradictory (Kopalle, Sun, Neslin, Sun, & Swaminathan, 2012); (Reinartz and Kumar, 2003), and very few studies have addressed the actual potential moderating effect of the programs (Bolton

et al., 2000); (Evanschitzky and Wunderlich, 2006); (Lacey and Morgan, 2009); (Walsh, Evanschitzky, & Wunderlich, 2008).

The Literature review was conducted mainly with the objective of understanding variables of, service encounter and retail consumer experience and there outcome as satisfaction and Loyalty.

Conceptualizing Service Encounter:

Service Encounter are the transactional interactions between customers and service staff where keeping customers’ demand the employees of the retail outlet ensures to deliver appropriate services and this is evaluated by customer in terms of service outputs like satisfaction and loyalty. Over a period of time service encounter has emerged as a major theme not only to ascertain customer satisfaction but also its impact on service quality (Stewart 2003), (Bowden and Schneider 1988). (Shostack 1985) more broadly termed it as "a period of time during which a consumer directly interacts with the service". (Surprenant and Solomon 1987) have formally defined service encounter as the "dyadic interaction between a customer and service provider", and Keng et al. 2007 defined service encounters are “patterns of customer perceptions of service providers and all communications and transaction occurred during these encounters are pivotal to shape customers’ total service delivery/ experience perceptions”. They act like the nexus between buyer and seller, personifying both relations with service employees and interaction with other customers, and are often the focus of reaction to the retail experience (Harris and Baron, 2004). Earlier researches have defined the term “service encounter” in multiple facets. Few of the frequently cited definitions of “service encounter” are in Table 1.

Table 1: Definitions of Service Encounter

Author(year)	Definition
Czepiel, Solomon, Surprenant, and Gutman (1985)	These are human interaction important which are of interest of their direct participants (clients and providers) and of service organizations which sponsor them, but also of society at large.
McCallum and Harrison (1985)	Service encounters are primary social encounters. Since it encompasses the structural and dynamic elements into social interactions.
Shostack (1985)	Service encounters are the moments of direct interaction between consumers and

Author(year)	Definition
	service.
Solomon, Surprenant, Czepiel, and Gutman (1985)	It simply refers to face to face interactions in between buyer-seller in formal service setup.
Surprenant and Solomon (1987 p. 243).	It can also termed as the dyadic interaction between a customer and service provider.

Customer experiences involves a process that includes interactions or encounters with customers involving a process that extends over a period of time with a variety of interfacing personnel at different locations. (Zeithaml and Bitner 2000) suggest that these many encounters can be likened to a cascade where there is a sequence of service encounters that customers experience. In turn, a positive evaluation of such encounters is likely to lead to greater satisfaction. Several other studies have also found that service encounter perceptions are critical to the perceived level of satisfaction in various industries (Crosby and Stephens 1987); (Brown and Swartz 1989). Hence, it seems obvious that various service encounters may affect the customers' overall satisfaction and the tendency to go repeat business. (Solomon et al. 1985) was the first who encountered the idea of Service Encounter, this become an aid for service staff to profile indices of customers' perception of service quality. Various marketing speeches, articles, and research defined service encounter in diverse aspects (Bitner, Booms, & Tetreault, 1990). Winsted (1993) has consolidated various definitions of Service Encounter based on eight dimensions, covering formality, politeness, personalization, solicitude, perceived control, authenticity, intimacy, and punctuality. Thus, Service Encounter not only encompasses interpersonal interaction, but contains physical environments, service staff, and online services also. The definition of Service Encounter is broadened as the process of face-to-face interaction between service staff and customers in a period of time, in which the interaction refers to understanding customers' demands when service staff encounters and exchange with customers. As a result, Service Encounter is regarded as the moment when service staff interacting with customers (Bitner, Booms and Tetreault, 1990); (Michael Guiry, 1992). The behavior of employees, tangible equipment, and visual affairs like service quality and delivery are the factors which affect significantly customers' service (Bitner, 1992); (Shostack, 1977). (Bitner et al. 1994) depicted service encounter as the most immediate evidence of service quality. They also named this customer interaction with the firm as "moment of truth". Although marketing academics and practitioners have long been

interested in the nature of business-to-business relationships (Dwyer et al., 1987), a review of service encounter literature reveals that it is dominated by work examining retail consumers (Kong and Mayo, 1993); (Westbrook and Peterson, 1998).

Due to various reasons service encounter has acclaimed much since for most of the service providers personal interactions between customers and service providers are quite essential (Lovelock and Young 1979); (Czepiel et al. 1985). Also, service encounters have been a matter of daily practice now. It was observed that the encounter plays major role to determining a consumer's overall service experience. The literature highlighted relevance of retail employees' service orientation as major determinant of overall quality of service delivery (Jayawardhena and Farrell, 2011). (Pal et al. 2006) and other literature suggested service encounter as the key determinant of retail service quality though research lack to describe the impact of changing market conditions on relationship between service encounter and service quality.

(Rust and Huang 2014) propounded customer satisfactions against actual service encounter is formed on the comparison between the actual experience of interaction and customers' initial expectation for the encounter.

(Kania & Gruber, 2013) emphasized the frontline employees play critical role since service encounter mostly relies upon the service delivery ability along with their attitude and recovery in cases of service failure will part a decisive factor on service encounter.

(Anderson, Fornell, & Lehmann, 1994) showed that economic benefits improve customer satisfaction. The price is one of the factors which will affect the customer decision making. The emergence of technology has added new horizons to service encounter this brought together the technology and human (Bitner, Brown, & Meuter, 2000). Diffusion of technology put significant impact not only on consumer behavior, service evaluation but also on customer relationship management (Bitner, Brown and Meuter 2000).

Conceptualizing Retail consumer experience:

The available literature defines retail customer experience as the complete sum total of cognitive, emotional, sensorial, and behavioural responses produced during the entire buying process, involving an integrated series of interaction with people, objects, processes and environment in retailing (Carbone and Haeckel, 1994); (Schmitt, 1999); (Gentile et al., 2007); (Verhoef et al., 2009). The more will be the customer interaction and involvement in a multisensory environment the more retail experience it will create (Spena, Carida, Colurcio, & Melia, 2012). The retailers now rely on technology to simulative experience for customers'

using audio visual and tactile faculties to create memorable shopping experiences. The shopping experience creation is combined effect of factors which are retailer driven (service interaction, service scape, product assortments and etc.) along with customer driven (drive for shopping etc.).

Customer shopping experience comprehends complete purchase process which starts with need generation to post purchase dissonance which passes through multiple stages. Numerous studies also proposed the relevance of store layout to facilitate consumers and generate memorable and satisfactory shopping experience (Gutman & Alden, 1985); (Hummel & Savitt, 1988); (Mazursky & Jacoby, 1985); (Oliver, 1981); (Dabholkar, 1996). Previous studies described four aspects related to retail customer experience: Joy, Mood, Leisure, and Distinctive. Joy is the pleasurable feeling associated with shopping experience (Jin and Sternquist, 2004); (Holbrook and Hirschman, 1982); (Jones, 1999). Enjoyment has been proved to be source of motivation, especially in “brick and mortar” retail shopping. Mood is a mild, transient, generalized feeling which is quite responsible for to shape shopping experience (Arnold and Reynolds, 2009). The shoppers’ moods is affected by quality of shopping experience, involvement in shopping process, as well as shopping intentions (Swinyard, 1993). Many studies on retailing have reported it as a leisure activity (Bellenger and Korgaonkar, 1980); (Babin, Darden, & Griffin, 1994). It is linked with symbolic value, entertaining and delightful experiences (Jones, 1999); (Backstrom and Johansson, 2006). According to (Schmitt 1999) customer experience is distinctive and competitive feature of shopping which is unique and outcome of an internal, subjective and personal evaluation. A study of fashion stores revealed store design and environment as a distinctive aspect to form store perceptions of “genuineness”, (Bregman and Willems, 2009).

Ample of studies proposed that sales, satisfaction and repeated purchase, loyalty etc are deeply affected by customer experience (Donovan and Rossiter, 1982); (Wong and Sohal, 2006); (Grewal, Levy, & Kumar, 2009); (Verhoef et al., 2009). (Berry, Parasuraman, & Zeithaml, 1994) defined retailing as “creating a total customer experience by enabling customers to solve important problems, capitalize on the power of respectfulness, connect with customers’ emotions, emphasise fair pricing and save customers’ time and energy”.

It was drawn from previous studies that retail customer experience is result of moments lived by customers in a retail store, with regard to Leisure and Distinctive. These dimensions can serve as foundation for studying variables of retail customer experience. For our research work we would propose to use Leisure and Distinctive as constructs for measuring retail customer experience.

Outcomes of Customer Experience:

The two major outcomes of customer experience appealing to retail managers are satisfaction and loyalty (Burns and Neisner, 2006); (Grewal et al., 2009); (Lu & Seock, 2008); (Martenson, 2007); (Meyer and Schwager, 2007); (Sivadas and Baker-Prewitt, 2000); (Verhoef et al., 2009). Customer satisfaction can be defined as the result of a series of customer experiences (Meyer and Schwager, 2007) and is widely seen as a very important link to future customer support and referral behavior (Seiders, Voss, Grewal, & Godfrey, 2005), which in turn affects a firm’s market share and hence profitability (Kumar et al., 2013).

Retail managers often focus on enhancing customer satisfaction through customer-orientated marketing strategies, and researches support the idea that customer satisfaction is an antecedent of customer loyalty (Mittal & Kamakura, 2001). Satisfied customers are expected to be more keen to be involved in cross- and up-buying of a firm’s products or services (Li et al., 2005), and also express upper repurchase intent, and actual repurchase (Mittal and Kamakura, 2001). The measurement of satisfaction includes 3 items proposed by (Oliver 1981). Loyalty is intense emotion behind rebuy to prefer product or service regularly in the future, this is the reason behind repurchasing the brand again irrespective of situational factors or marketing efforts (Oliver, 1997). The study on both attitude and behavioral loyalty revealed different customers segments and to employ various marketing tectics (Baloglu, 2002, p. 49). Marketing researches studied only attitudinal or behavioral dimension. Only a few of study analyzed all four loyalty components (Oliver, 1997); (Sivadas & Baker-Prewitt, 2000); (Olsen, 2002); (Harris, Goode, 2004). Measurement of loyalty would include two items proposed by authors.

Moderating effect of Loyalty Program:

A loyalty program is defined as a planned marketing activity that offers customers added incentives, rewards or benefits to attract them to be more loyal (Leenheer, Van Heerde, Bijmolt, & Smidts, 2007); (Yi & Jeon, 2003). Stable adoption of such programs reveals the approval of the relationship marketing idea (Liu & Yang, 2009) which can be looked at as a paradigm shift from transaction-based marketing to customer retention and relationship management. (Reichheld, 1993).

The underlying rationale for loyalty programs is based on the fact that: first, the cost of acquiring a new customer is much more than retaining one; and second, the Pareto rule, which suggests that 20 percent of the customers give away 80 percent of the revenue. It therefore seems sensible to invest in retaining the firm’s valuable customers. As

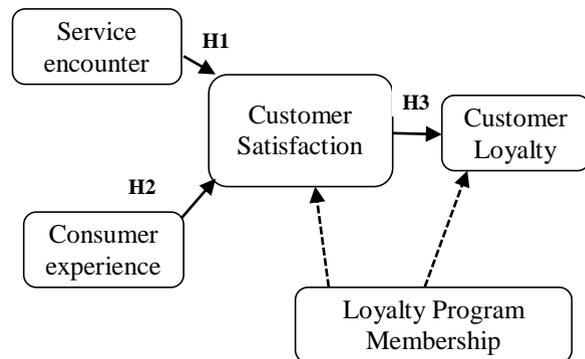
compared to short-term effects of sales promotions and advertising campaigns (Ehrenberg et al., 1994), loyalty programs seem to have a longer-term orientation. However in reality, the effect of loyalty programs on customer loyalty is difficult to pin down (Dowling and Uncles, 1997).

Researchers have searched for effects on a variety of customer related performance measures like purchase behavior (Drèze and Nunes, 2011); (Meyer-Waarden & Benavent, 2009); share-of-wallet (Leenheer, Van Heerde, Bijmolt, & Smidts, 2007); life duration; (Meyer-Waarden & Benavent, 2009), image of the brand, brand preference, satisfaction and affective attitude (Demoulin and Zidda, 2009), commitment (Lacey & Morgan, 2009), and tolerance of price (Cortiñas et al., 2008). Still, there is no clear consensus on the effectiveness of loyalty programs – the evidence advocates that loyalty programs mostly have almost no effect. The only benefit is that these researchers have identified numerous factors that may influence the performance of loyalty schemes which includes: the loyalty program design, characteristics of the customer, core offering of the firm and its relative market position (Liu & Yang, 2009).

Another approach to loyalty program research aims to assess effectiveness by comparing the attitudes or behaviors of members of loyalty program against non-members. The difficulty in this approach is that it is hard to establish a causal link since loyal customers are more likely to join a program in the first place (Leenheer, Van Heerde, Bijmolt, & Smidts, 2007). Researchers also argue that accrued loyalty points serve as switching barriers, and hence should ‘have a moderating effect and play crucial role in winning customer loyalty’ (Chen and Wang, 2009), however, little work supports this view since prior studies mostly focused on the direct effects of program on the customer loyalty, and a few addressed the potential moderating effect of a loyalty program membership on links between loyalty antecedents and results (Bolton et al., 2000); (Evanschitzky and Wunderlich, 2006); (Lacey and Morgan, 2009); (Walsh et al., 2008). In addition, (Evanschitzky and Wunderlich 2006) confirmed the significant moderation effect of program membership on the relationship between loyalty intention and action. But, they also found that membership’s moderating effect on the links between cognitive-to-affective, and affective – to – conative dimensions of loyalty were insignificant. (Walsh et al. 2008) and separately, (Lacey and Morgan 2009) reported that loyalty program membership didn’t display any positive moderator effects. Thus the existing loyalty program literature offers only a few insights into the effects of loyalty program membership on customer loyalty. Investigating the moderating effect of the loyalty program membership is thus important because it addresses the fundamental

purpose of such programs, i.e., improving customer loyalty (Chen and Wang, 2009).

Fig1: Conceptual model
Proposed Conceptual Model and Hypotheses



H01: There is no significant affirmative relationship between “Service Encounter” and “Customer Satisfaction”.

H02: There is no significant affirmative relationship between “Customer Satisfaction” and “Customer Loyalty”.

H03: There is no significant affirmative relationship between “Customer retail experience” and “Customer Satisfaction”.

H04: Loyalty program membership has no affirmative impact on Customer Loyalty

H05: Loyalty program membership has no affirmative impact on Customer Satisfaction

Research Methodology:

Measures and Data Collection:

The study was undertaken in Pune city which has well established and it has been evident to observe and possibly imitate entrance of international competitors. The data was collected using convenience sampling technique from the Major supermarkets, hypermarkets, malls and single brand retail stores of Pune with or without loyalty programs based on their location and model of operations. In addition to that partly data was collected using Google forms to capture the attitude of retail customers from major cities such as Delhi, Mumbai, Kolkata, Hyderabad and Ludhiana.

The questionnaire was employed to measure the validity of various factors relating to Retail Experience and Service Encounter and their outcomes which are based on multiple items as per the available literature. For each measure, responses were collected on a six point Likert scale (1=strongly disagree, 6=strongly agree). The operational definitions of each construct and the source for this study are shown in Table 2.

Table 2: Sources of operational definition of each construct

Construct	Items	Source
Service Encounter	Employee Benefit Technology Servicescape	Kania(2013)
		Anderson(1994)
		Bitner, Brown and Meuter, 2000
		Britner, 1992
Retail Customer experience	Leisure Distinctive	Jones et al., 2010 (Pine & Gilmore, 1998)
Customer Satisfaction	You feel satisfied with your decision to buy from retail	Oliver(1980)
	Your think your decision to buy from the retail outlet was wise one	
	In your opinion it was right thing in buying from this retail outlet	
Customer Loyalty	You will continue visiting the retail outlet	
	You will refer the retail outlet	

To pre-test survey 52 respondents were asked to assess the validity of a self-administered questionnaire. The loyalty of shoppers was assessed using quantitative descriptive study. Total 158 valid responses were picked up out of the total of 178. The following table depicts the descriptive statistics of various characteristics. Demographics revealed that out of 62% female and remaining 38% male respondents and 62% female. The highest prevalence occurred among respondents aged below 25 years (65.2%) while the lowest occurred among those aged over 25 years (34.8%). In this study, 39.2% of the total sample reported having a loyalty card and 60.8% of respondents didn't have loyalty card membership. Amount spent by 42.4% sample was below 3000Rs on apparels. A majority of sample have annual income between 5 to 10lac.

Table 3: Characteristics of this study

Sample Characteristic	Name	Frequency	Percentage (%)
Gender	Male	60	38
	Female	98	62
Age	Above 25yrs	55	34.8
	Below 25yrs	103	65.2
loyalty card	0: yes	62	39.2

Sample Characteristic	Name	Frequency	Percentage (%)
membership	1: no	96	60.8
Amount spent on shopping for apparels in a month	0: less than 3000Rs	67	42.4
	1: 3000Rs to 5000Rs	51	32.3
	2: Above 5000Rs	40	25.3
Annual Household income	0: Less than 5 lac	49	31
	1: Between 5 to 10 lac	62	39.2
	2: Above 10lac	47	29.7

Data Analysis and Results:

The data analysis part was done using Statistical Package for the Social Sciences (SPSS), which comprises descriptive statistics, Karl Pearson's correlation coefficients, Cronbach's alpha, and Multiple Regression in order to examine the hypotheses and to verify the relationships between variables. In this study, Cronbach's alpha is a measure to estimate the reliability and internal consistency of the tool. The constructs' reliability scores here in study are between 0.708 to 0.963.

Table 4: Results of reliability of all variables

Variables	No of items	Cronbach's Alpha
Perceived service encounter	21	0.963
Retail customer experience	4	0.817
Customer satisfaction	3	0.818
Customer loyalty	2	0.708

In order to test sample adequacy KMO and Bartlett's statistic was done, As per the Kaiser (1974) recommends ranges a value minimum of .5 and that value between .5 and .7 are mediocre, value between .7 and .8 are good, values between .8 and .9 are great and values above .9 are superb.

KMO and Bartlett's test:

As is shown the KMO value for our data has come out to be .940, which signifies that the data extracted from responses is reliable and is capable of explaining the variance in the responses. More over the p value for Bartlett's test is .000, which is way less than .005, thus further strengthening our confidence in the responses obtained.

Table 5: result of KMO and Bartlett's test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.940
Bartlett's Test of Sphericity	Approx. Chi-Square	4266.352
	df	435
	Sig.	.000

Factor Analysis:

In factor analysis the components with an Eigen value with 1 or more are selected. So, four components were selected with Eigen values 15.834, 2.954, 1.385 and 1.121 from the total variance explained. The components account to depict 69.778 per cent of the variance. Also, it is evident from the scree plot there is change (elbow) in the shape of the plot. The four components which explain much of variance than the remaining were selected.

The main factor loadings as per Varimax rotation the main loadings were found on component one are variables 1,2,4,8,9,10,11,12,13,14,15,16,17,18,19,20,21,22,23,24,25,26. From the questionnaire these items are the employee carried a justure of warm welcome and see-off. The employee possess enthusiastic working attitude during service encounter with proficiency in counseling skills. With a deep knowledge about product assortments he has good advice in selecting the products. He has an attractive appearance. The retail outlet offers you the best discounts. Beside discounts, the retail outlet has wide product range Customer grievances are handled very promptly Overall Transaction time is less, the credit card transactions are safe and quick. You can check information about products available online; the customer information management is secure. The material (e.g: tables, chairs, counter) of retail outlets are proper. Signs, logo, posters, point of purchase materials are attractive. The layout of the retail outlet ensures easy movement the products are arranged as per the required shelf space so as to make selection easy for customers. The customer density is moderate. The walking space makes you feel comfortable even in case of crowded outlet, and Information about the product is adequate. This construct is Perceived service encounter. The main loadings of component two are variable 5, 6 and 7. From the questionnaire these variables are You are satisfied with your decision to buy from this retail outlet, Your decision to buy from this retail outlet was a wise one and You think You did the right thing in buying from this retail outlet This construct defines Customer satisfaction. The main loadings on component 3 are variable, 27, 28, 29, 30 from the questionnaire these variables are You find your interaction with the retail outlet very refreshing You find your interaction with the retail outlet very delightful You find your interaction with the retail outlet very Unique You find your interaction with the retail outlet very memorable. The main

loadings on component four are variable variable 3 and 25 and from the questionnaire the variable is you will continue visiting this retail outlet and you will refer this retail outlet to other customers. This construct explains customer loyalty.

Table 6: Factor analysis Result

	Rotated Component Matrix ^a			
	Component			
	1	2	3	4
VAR00001	.637	.325	.140	.270
VAR00002	.585	.285	.148	.539
VAR00003	.503	.255	.147	.575
VAR00004	.598	.328	.141	.450
VAR00005	.179	.832	.047	-.095
VAR00006	.460	.697	.080	.204
VAR00007	.349	.753	.119	.123
VAR00008	.686	.391	.088	.182
VAR00009	.671	.364	.046	.228
VAR00010	.695	.295	.100	.347
VAR00011	.717	.282	.096	.239
VAR00012	.661	.184	.089	.296
VAR00013	.795	.157	.118	.169
VAR00014	.715	.179	.079	.302
VAR00015	.772	.171	-.064	.209
VAR00016	.785	.107	.092	-.164
VAR00017	.831	.110	.023	.189
VAR00018	.796	.145	-.002	.232
VAR00019	.800	.110	-.030	.239
VAR00020	.836	.263	.049	.150
VAR00021	.861	.227	.074	.150
VAR00022	.868	.250	.069	.107
VAR00023	.840	.182	.111	.212
VAR00024	.794	.124	.112	.049
VAR00025	-.287	.082	.056	-.715
VAR00026	.716	.328	.228	.160
VAR00027	.157	.081	.861	-.118
VAR00028	.124	.073	.885	.074
VAR00029	-.164	.012	.633	.255
VAR00030	.172	.071	.803	-.068

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
 a. Rotation converged in 5 iterations.

Correlation Analysis:

Pearson' correlation analysis is used to explore the correlation between the variables. The results of the correlation coefficient range between 1 and 0.634 as shown in Table 7. Since the sig value is less than the 0.05 we can say that there is correlation between all our constructs in the proposed model.

Table 7: Correlation between the variables

		Correlations			
		custosum	custsatsum	CEsum	Serencsum
custosum	Pearson Correlation	1	.203*	.159*	.250**
	Sig. (2-tailed)		.011	.047	.002
	N	158	158	158	158
custsatsum	Pearson Correlation	.203*	1	.207**	.634**
	Sig. (2-tailed)	.011		.009	.000
	N	158	158	158	158
CEsum	Pearson Correlation	.159*	.207**	1	.215**
	Sig. (2-tailed)	.047	.009		.007
	N	158	158	158	158
Serencsum	Pearson Correlation	.250**	.634**	.215**	1
	Sig. (2-tailed)	.002	.000	.007	
	N	158	158	158	158

*. Correlation is significant at the 0.05 level (2-tailed).

Regression Analysis:

Multiple Regressions technique here is used to test the hypotheses. The results of multiple regression analysis are shown in following Tables 5. The overall coefficient of multiple determination for Hypothesis 1 are found as R2 =0.402, Adj-R2 =0.398, F=104.753, P=0.000. The result suggest that Perceived service encounter has statistical significance with satisfaction as null hypothesis is rejected. The results suggest that Retail consumer experience (R2 =0.043, Adj-R2 =0.037, F=7.017, P=0.009) has a statistically significant effect on satisfaction since null hypothesis gets rejected.

With respect to Hypothesis 3, the results indicated that customer satisfaction (R2 =0.041, Adj-R2 =0.035, F=6.686, P=0.011) also has a significant effect on customer loyalty. Thus the entire null hypothesis got rejected and there was correlation between all the constructs with some variability explained by independent variables on dependent variables.

Table 8: Regression Analysis

Constructs	R2	AdjR2	F Value	P value
Perceived service encounter Satisfaction(H1)	0.402	0.398	104.753	0.000
Retail consumer experience and Satisfaction (H2)	0.043	0.037	7.017	0.009
Customer Satisfaction and Loyalty (H3)	0.041	0.035	6.686	0.011

Impact of having membership of loyalty Program:

The moderating variable (membership of loyalty Program) has differentiated two types of shoppers: shoppers with and without loyalty program membership. After removal of central values, the first group was composed of 96 shoppers, second group included 62 shoppers. The Levene’s test of equality of variance revealed that both groups have different variances. The hypothesis here assumes that there is no significant impact of loyalty program membership on customer loyalty. The corresponding P-value for equal variances not assumed is 0. This represents that we fail to accept the null hypothesis at 5% level of significance. Since sig value is more than 0.05 null hypothesis is accepted, so, customer loyalty is independent of loyalty program membership. Whereas Customer satisfaction is dependent on Loyalty program membership since sig value is less than 0.05 so, null hypotheses get rejected.

Table 9: Independent sample T test among two Groups: Levene’s test for equality of variances

Constructs	Sample	N	Mean	Std Deviation	F value	Sig
Customer Loyalty and LP membership	0	62	3.4597	0.88382	0.018	0.893
	1	96	3.35260	0.87771		
Customer satisfaction and LP membership	0	62	3.2366	1.34339	4.648	0.033
	1	96	3.3854	1.07750		

Managerial Implications:

Given the importance of service encounter and retail customer experience and it’s potentially powerful influence on customer satisfaction and loyalty it is critical for the firm to think strategically about the management of the tangible as well as intangible evidences which would enhance the overall experience of the customers. There is a need for

retailers to have keen observation on the factors which affect customers' satisfaction and loyalty and improve upon these factors. This will lead to generate long term customer loyalty. It equips retailers with an insight about areas of investment and attention on improving their retail customer experience instead of loyalty program options. This would help them in creating a loyal customer base for their brand. In order to eliminate the biases the study can be re-conducted in order to offer complete possibilities and resolve queries about consumer behavior. The organizations that focus only on acquiring new customers may well fail to understand their current customers; thus while they would be getting in customers from one door there might be many customer who would be leaving by another door due to lack of delight factor in their experience or service encounter. The research has clearly indicated that loyalty programs are no longer being considered as an impacting factor for increasing customer loyalty in terms of retaining the customers. The particular strategy that an organization uses to retain its current customers can and should be customized to fit the industry, culture, and the customer needs of the organization. However, generally relationships are driven by a variety of factors that would influence the development of strong customer relationships including customer overall evaluation of the organization in terms of service encounter and his overall experience which would be personal and subject in nature, originate from the entire touch points and combine both rational and emotional experience. The managers need to understand that customers create their own personal experience through interaction with the context like physical environment, interaction with employees and overall service encounter. A standardized Customer experience approach can strengthen organizations ability to differentiate itself in the marketplace and increase loyalty rather than focusing only loyalty program to improvise on customer retention and ultimately bottom line results.

Limitations and future scope:

Some of the limitations of the study are:

- **Demographic Bias** –

It is visible from the demographic statistics of the sample, respondents over 25 years and above are not well represented. The results are subject to change with inclusion of more respondents from that age.

- **Retailer Bias** –

Foe the study, researchers considered few retailers in Pune city. The results obtained may be skewed in regard to the services offered by the particular retailer. The effect of service encounter may vary for different retailers especially with variation in city and involvement of service executives in purchase.

- **Sector Bias** –

Since the results in this study are restricted for general apparel industry so the results cannot be generalized.

- **Brand Bias** –

Since the selected retailers selected are multi-brand retailers so the results obtained with various brand loyalties and preferences considerations may subject to vary.

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