

THE IMPACT OF EXPERIENCE DESIGN ELEMENTS ON LOYALTY BEHAVIOR: WITH SPECIAL REFERENCE TO TEXTILES SHOPPING INDUSTRY IN SRI LANKA

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Abstract

This research has focused on identifying the impact of experience design elements in textiles shopping industry in Sri Lanka on the loyalty behavior of the customers. There were three independent variables: Functional experience, Sensory experience and Social experience which were used to categorize the experience design elements in a textiles shopping environment. Loyalty behavior was the dependent variable in this research which was affected by experience design elements. In the same time, two variables: Pleasure and Arousal mediated the relationship between experience design elements and loyalty behavior in the textiles shopping environment. As the results, functional experience, sensory experience and social experience has a direct but not a significant relationship with the loyalty behavior while pleasure and arousal mediates significantly the relationship between experience design elements and loyalty behavior.

Keywords: Textile Shopping Industry, Functional experience, Sensory experience, Social experience

1. INTRODUCTION

Business and their offerings have been converted to commodities with the high competition. Great business organizations are now heading for exploring a way to commoditize their businesses. Emotional connectivity is a new emerging concept which would be a solution for commoditization. Emotional connectivity with customers commoditize a business, elevating a brand beyond price and features to a higher level of meaning and commitment for customers. Emotional connectivity is a best way to differentiate the business/brand from the competition.

Managing emotional connectivity requires systematic management of customer experiences. Managing customer experience means, simply, sensorial-stimulating the customer emotions in proper manner. This is a newly applying concept in the business world which derived from CRM (Customer Relationship Management). Customer Experience Management (CEM) is a broader concept than CRM. Especially in service sector, CRM and CEM became prominent practices in present business scenario. Now there is no purely product or purely service sectors & it has now become as a hybrid concept. With the products, organizations provide good customer service, selling approaches, after sales service etc.

2. LITERATURE REVIEW

Customer Experience Management

Excellent design, marketing, and delivery will be every bit as crucial for experiences as they are for goods and services. Yet experiences, like goods and services, have their own distinct qualities and characteristics. One way to think about experiences is across two dimensions. (Pine & Gilmore, 1998).

The first corresponds to “customer participation”. In passive participation, customers don’t involve with the performance at all. In that case, customers are acting like listeners or observers. In active participation, customers play key roles in creating the performance or event that yields the experience.

The second dimension of experience describes the “connection, or environmental relationship” that unites customers with the event or performance. At one end of the connection spectrum lies absorption, at the other end, immersion.

CEM is about “managing the value proposition as the customer perceives it”, while CRM is concerned with “Maximizing the revenue and value to the company” (Wiley, 2005). “CRM is usually more clearly focused on customer’s value to the enterprise”. But, “CEM brings in the new dimensions of customer emotions and innovations both of which value what customers receive from the enterprise” (Thompson, 2006).

As the results of this survey, there were 5 big attributes (Gained High Percentage) that set apart the top performing companies which are providing excellent customer experiences: (1) well trained & Helpful employees - Training gives the means, but being helpful is in large part an attitude. For example, a Best Buy (Electronic Retailer) customer said, “When we go in, someone is always there to greet us and direct us to the correct area. Their sales persons seem to be well trained in their particular field. We have had nothing but good experiences with them.”(2) Excellent Customer Service - A significant number of responses simply said that customer service was “excellent” or words to that effect, making it No. 2 attribute of the top companies.(3)High-Quality Good and Services - Companies would better be able to deliver the quality goods or services that customers want. (4)Friendly and Caring Employees - “Friendly” was one of the most commonly mentioned words in survey responses. Customers like pleasant interactions with employees who genuinely cared about doing their job well.(5)Personal Attention, Reward for Loyalty - Recognizing top customers personally is highly important in creating a long-lasting experience to the customers (Thompson, 2006). Relationship between different service elements designed to create enhanced experience and customer loyalty can be measured within two dimensions in a restaurant atmosphere (1) Physical Context - Food, Beverages, Seating, and Sensory Design. (2) Relational Context - Interactions with Entertainers. (Pullman & Gross, 2004).

Retail Store Environmental Studies

Mehrabian and Russell model (1974) has been tested by various authors which emphasizes the relationship between 11 different environmental stimuli, Emotional Status and Approach behavior (Baker, Levy, & Grewal, 1992). Because of the limitation of the model, Baker (1986) has developed a new framework.

According to Baker’s framework, there are three dimensions of the store environment. (1) Ambient Factors refer to the background conditions in the environment such as temperature, scent, noise, music, lightings etc. Customers may notice ambient factors when they exceed an acceptable range (When lights are too bright or music is too boring.) (2) Social factors refer to represent the “people” component of the environment (Both employees and customers. The social factor in this study was operationalized in terms of the Number and Affability of retail sales peoples. (3) Design factors include functional and aesthetic elements such as architecture, style and layout. But, in this study, only Ambient and Social factors were considered as these factors are relatively easier and less expensive to change for most retailers than Design factors.

To measure the Emotional Status, there are two emotional responses in the Mehrabian-Russell model (1974);

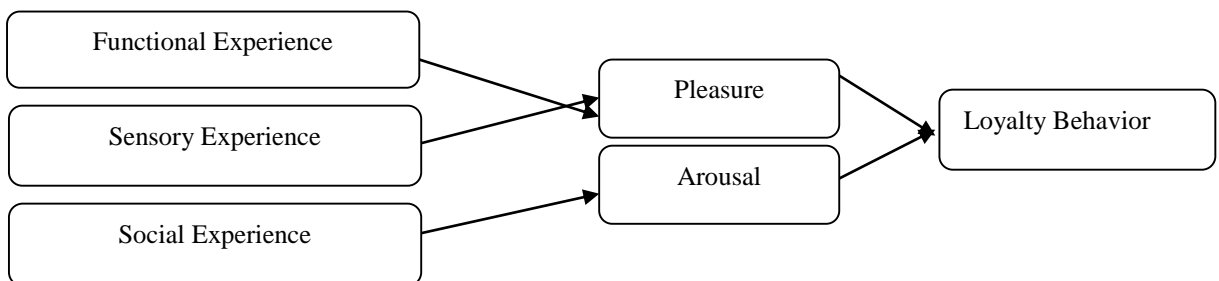
- Pleasure – To what extent a person feel good in the environment.
- Arousal – To what extent a person feel excited in the environment.

Results of this study indicate that the ambient factors influence respondents’ pleasure and Social factors influence arousal in the particular environment. These affective statuses (Pleasure and Arousal) have positive relationship with respondents’ willingness to buy in the retail store environment. Finally, the results indicate that Arousal and Pleasure may mediate the effect of the store environment on respondents’ willingness to buy (Baker, Levy, & Grewal, 1992).

03 Conceptualization and Operationalization

Based on above literatures, Experience Design Elements can be summarized into three elements; “Functional elements”, “Sensory elements” and “Social elements”. (1) Functional elements refer to “technical quality of the products and services” in the shopping environment (Textiles). (2) Sensory elements refer to “stimulations of sight, sound, smell and touch” within the shop. (3) Social elements refer to the “interactions with people (Sales persons)” within a shopping atmosphere.

Experience Design Elements



3.3 Formulation of Hypotheses

The objective of this study was to find out the relationship between experience design elements and loyalty behavior in the textiles shopping industry. Based on the previous studies,

customer experience has strongly been affected to the loyalty behavior of those customers. Therefore, following hypothesis can be developed.

H1: There is a significant relationship between Experience Design Elements and Loyalty behavior.

H2: Pleasure mediates the relationship between Functional experience and Loyalty behavior.

H3: Pleasure mediates the relationship between Sensory experience and Loyalty behavior.

H4: Arousal mediates the relationship between Social experience and Loyalty behavior

Table 03: Operationalization of variables

Concept	Variable	Indicators	Measurement Criteria	
Experience Design Elements	Functional Experience	Speed of the cashier	Likert Scale	
		Quality of the products (Cloths)		
		Shopping path		
		No of Varieties		
		Fit-on Facilities		
		Opening & Closing time		
	Sensory Experience		Colors of the shop	Likert Scale
			Fragrance in the Shop	
			Temperature (Air Condition)	
			Background Music of the shop	
			Cleanliness & Freshness	
	Social Experience		Knowledge of the employees	Likert Scale
Level of Support of Sales personals				
Friendliness of the employees				
The way of explaining of the salesmen				
Emotions	Pleasure	Feel good in the shop	Seven - point Scale	
		Feel happy in the shop		
	Arousal	Feel excited in the shop		
		Feel important in the shop		
Loyalty Behavior	Loyalty Behavior	Repeat Purchase	Likert Scale	
		Price insensitivity		
		Positive WOM		

4. METHODOLOGY

Customer experience is an emerging concept that marketers are trying absorb to differentiate their offerings from the competition. It is highly worthwhile to investigate this concept and its impact on the loyalty behavior of the consumers. Measuring customer experience and its impact to loyalty behavior is somewhat difficult because experience and loyalty behavior are highly related with the emotions of the people.

Methodological Choice

The two main research approaches or traditions; available to a researcher are the quantitative and qualitative approaches. As per the nature of the research problem and the several limitations of this study, only quantitative approach was selected. As it is about exploration of the impact of experience design elements on loyalty behavior in textiles shopping industry in Sri Lanka, *survey method* was selected to gather the primary data.

The Sampling Plan

Data were collected through questionnaires and interviews from 400 respondents from selected areas. Age limit was 20-above 60 because respondents should be able to visit and purchase the textiles. Most of the data pertaining to this study have been collected from customer sample drawn from Colombo, Kiribatgoda, Ja-Ela, Kandana, Wattala and Negambo.

5. DATA ANALYSIS AND PRESENTATION

Both descriptive and inferential statistics were used in presenting and analyzing the data. Descriptive tools such as frequency counts, mean scores, mode, median, percentages and standard deviation were calculated for the statements on the questionnaire in order to determine the impact of experience design elements on loyalty behavior in textile shopping industry in Sri Lanka. In addition, correlation analysis and multiple regressions were used to determine the relationship between experience design elements and customers loyalty behavior as per the hypotheses. Reliability and validity of the instruments were checked with the questionnaire.

Respondents' Profile

In this section, it describes about the respondents' profile or the profile of the sample. The demographic factors of the respondents describe one aspect of behavior of the sample.

Age Level	Frequency	Percent
20-30	224	56.0
30-40	114	28.5
40-50	43	10.8
50-60	13	3.3
60 and above	6	1.5
Total	400	100.0

Out of 400 respondents, most of them (56%) are in the age level of 20-30 and 28% are in 30-40. That means, more than half of the respondents (84.5%) are belong to Teenage & Youth segment. Out of remaining respondents, 10.8% are in 40-50 age level and 3.3% are in 50-60. 1.5% of respondents belong to 60 and above age category.

Correlation Analysis

Correlations			
	Arousal	Pleasure	Loyalty Behavior
Experience Design	0.445	0.552	0.471
Functional Experience	0.32	0.35	0.404
Social Experience	0.364	0.424	0.285
Sensory Experience	0.346	0.495	0.415
Arousal	1	0.56	0.388
Pleasure	0.56	1	0.426
Loyalty Behavior	0.388	0.426	1

Functional experience and Pleasure have no strong relationship (correlation value of 0.35). Sensory experience and Pleasure have no strong relationship as there is no strong correlation value (0.495). Social experience and Arousal have no strong relationship (Correlation value is 0.364). Pleasure and Loyalty behavior also have no strong relationship as there is a less correlation value (0.426). Arousal and Loyalty behavior also have no strong relationship as there is a less correlation value (0.388). Sensory experience and Loyalty behavior have a strong relationship than Functional and Social experience. Social experience has the smallest relationship with the loyalty behavior compared with the functional and sensory experience. Sensory experience has more affection on pleasure than functional experience. Social experience has the highest relationship with the arousal than functional and sensory experience. Pleasure affect to the loyalty behavior than arousal. Sensory experience and functional experience has more impact on loyalty behavior than social experience. In over all consideration, there is no significant relationship between experience design elements and loyalty behavior.

Analysis of Hypotheses

In testing the hypotheses, Multiple Regression and Co-relation analysis were used to analyzing the mediation effect between the variables. There are four hypotheses which have been tested and three hypotheses out of four main are analyzing the mediation effect. Remaining hypothesis is looking for direct impact of the “Experience Design Elements” on “Loyalty Behavior”.

H1: There is a significant relationship between “Experience Design Elements” and “Loyalty Behavior”.

Table 5: Testing H1

Regressions	Standardized Beta	Adjusted R Square	R	P
Experience Design Elements on Loyalty Behavior	0.471	0.22	0.471	.000

According to the results of the regression between “Experience Design Elements” and “Loyalty Behavior”, the Standardized Beta value and R value are .471. Beta value is a measure of how strongly independent variable (Experience Design Elements) influences the dependent variable (Loyalty Behavior).

Based on the Beta value and R value resulted (.471), there is no strong relationship between “Experience Design Elements” and “Loyalty Behavior” as the Beta value between these two don’t exceed the standard/accepted Beta value of .5.

Therefore, it can be made a conclusion that the first hypothesis; **H1: There is a significant relationship between “Experience Design Elements” and “Loyalty Behavior” is rejected.**

H2: Pleasure mediates the relationship between Functional Experience and Loyalty Behavior.

Table 5.2.3 Testing H2

Steps	Regressions	Standardized Beta	Adjusted R Square	R	P Value
1	Regressing Functional Experience and Loyalty Behavior	.404	.161	.404	.000
2	Regressing Functional Experience and Pleasure	.350	.120	.350	.000
3	Regressing Functional Experience and Loyalty behavior when controlling Pleasure	.291			
	Regressing Pleasure and Loyalty behavior when controlling Functional Experience	.324			

The Beta value of Regressing Functional Experience on Loyalty Behavior has been reduced when Regressing Functional Experience on Loyalty behavior when controlling Pleasure (From .404 to .291). The amount of mediation can be calculated as $.404 - .291 = .113$ which can be concluded that “Pleasure” partially mediates the relationship between “Functional Experience” and “Loyalty Behavior” (As the difference of Beta values in step 1 and 3 is not zero). That means, Functional Experience exerts some of its influence on Loyalty Behavior via Pleasure, and it also exerts some of its influence directly on the Loyalty Behavior and not via Pleasure. Therefore, based on these results, **H2 (Pleasure mediates the relationship between functional experience and loyalty behavior) is accepted.**

H3: Pleasure mediates the relationship between Sensory Experience and Loyalty Behavior.

Table 5.2.4 Testing H3

Steps	Regressions	Standardized Beta	Adjusted R Square	R	P Value
1	Regressing Sensory Experience and Loyalty Behavior	.415	.170	.415	.000
2	Regressing Sensory Experience and Pleasure	.495	.243	.495	.000
3	Regressing Sensory Experience and Loyalty behavior when controlling Pleasure	.270			
	Regressing Pleasure and Loyalty behavior when controlling Sensory Experience	.292			

The Beta value of Regressing Sensory Experience on Loyalty Behavior has been reduced when Regressing Sensory Experience on Loyalty behavior when controlling Pleasure (From .415 to .270). The amount of mediation can be calculated as $.415 - .270 = .145$ which can be concluded that “Pleasure” partially mediates (Not completely mediated) the relationship between “Sensory Experience” and “Loyalty Behavior” (As the difference of Beta values in step 1 and 3 is not zero). That means, Sensory Experience exerts some of its influence on Loyalty Behavior via Pleasure, and it also exerts some of its influence directly on the Loyalty Behavior and not via Pleasure. Therefore, based on these results, **H3 (Pleasure mediates the relationship between Sensory experience and loyalty behavior) is accepted.**

H4: Arousal mediates the relationship between Social Experience and Loyalty Behavior.

Table 5.2.5 Testing H4

Steps	Regressions	Standardized Beta	Adjusted R Square	R	P Value
1	Regressing Social Experience and Loyalty Behavior	.285	.079	.285	.000
2	Regressing Social Experience and Arousal	.364	.130	.364	.000
3	Regressing Social Experience and Loyalty behavior when controlling Arousal	.166			
	Regressing Arousal and Loyalty behavior when controlling Social Experience	.327			

The Beta value of Regressing Social Experience on Loyalty Behavior has been reduced when Regressing Social Experience on Loyalty behavior when controlling Arousal (From .285 to .166). The amount of mediation can be calculated as $.285 - .166 = .119$ which can be concluded that “Arousal” partially mediates (Not completely mediated) the relationship between “Social Experience” and “Loyalty Behavior” (As the difference of Beta values in step 1 and 3 is not zero). That means, Social Experience exerts some of its influence on Loyalty Behavior via Arousal, and it also exerts some of its influence directly on the Loyalty Behavior and not via Arousal. Therefore, based on these results, **H3 (Arousal mediates the relationship between Social experience and loyalty behavior) is accepted.**

6. SUMMARY & CONCLUSION

As per the analysis, though experience design elements in Sri Lankan textiles shopping industry have no significant impact on loyalty behavior (Standardized Regression Coefficient is .471), emotions of the customer (Pleasure & Arousal) mediate the relationship between experience design elements and loyalty behavior.

Pleasure partially mediates the relationship between functional experience and loyalty behavior (Mediation is .113) which means, to keep customer to the shops owners have to stimulate the pleasure of the customer by providing functional experiential elements such as high quality cloths, convenient shopping path, more varieties (These three had highest mean values out of other items tested).

Pleasure partially mediates the relationship between sensory experience and loyalty behavior (Mediation is .145) which means, to keep customer to the shops owners have to stimulate the pleasure of the customer by providing sensory experiential elements such as good level of temperature, highly attractive colors, clean & fresh environments (These three had highest mean values out of other items tested).

Arousal partially mediates the relationship between social experience and loyalty behavior (Mediation is .119) which means, to keep customer to the shops owners have to stimulate the arousal of the customer by providing social experiential elements such as high level of support by sales persons and polite explanations by sales persons (These two had highest mean values out of other items tested).

Sensory experiential elements have highest direct impact on loyalty behavior (.404) out of other two variables while functional and social experience affect to loyalty behavior respectively. Relationships between functional, sensory and social experiential elements and pleasure are high comparing with arousal. That means, experience design elements highly supportive for stimulating the pleasure than stimulating the arousal of the customers in textiles industry in Sri Lanka. In overall conclusion, textiles shop owners should provide experience design elements in order to stimulate the emotions of the customer to build the loyalty behavior of them.

Suggestions for future researchers

- As Sri Lankan textiles shopping industry is growing, it is highly important for finding ways of strengthening experience design elements. (The other elements which can be supported to experience design elements).

- It will be highly worthwhile to understand the customers mind deeply by doing several qualitative research techniques such as focus groups, in-depth interviews etc for gathering a strong and in-detail insight on experience design elements in shopping industry in Sri Lanka.
- Emotions are playing significant role between experience design elements and loyalty behavior. Therefore, understanding the role of the consumer emotions and their relationship with experience design elements will be highly useful. Therefore, further analysis of emotions of the customers would be increased the strength of this kind of study.
- Organizations must think far more deeply about increasing the social experience elements such as sales people's behavior, their politeness and their explanations to strength of the total experience of the customers.
- It is highly worthwhile to do further studies regarding social experience. On the other hand identifying the activities, ways and insights to improve the Social experience will be a lasting benefit for textiles shop owners.
- Understanding the experience design elements out of three (Functional, Sensory and Social) seperately which means doing researches only on one element will be a great opprtunity for identifying deep insights.
- Organizations must think far more deeply about customers' emotional needs and understand how the consistency and effectiveness of clues evoke the emotions that create their customers' experiences of the company.

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