



## MEASURING CUSTOMER SERVICE EXPERIENCE IN OFFLINE AND ONLINE RETAIL ENVIRONMENTS

Kuo-Ming Chu  
Cheng Shiu University, Taiwan  
k0574@gcloud.csu.edu.tw

### Abstract

Spectacular shifts have been led to by the COVID-19 crisis in consumer behavior. We suggest an integrative framework and construct customer service experience hypotheses, based on its antecedents and consequences that will contribute to academic study as well as managerial implications. In this study, 571 samples of these businesses, 319 and 252 respondents from offline and online retail channels, respectively, were collected by means of an online web survey of consumers. The results show that the impact of consequences and antecedents of CSX differs based on the media utilized. The integrative framework of CSX in its online medium is far more effective than its explanatory power offline. These findings offer perceptivity into how an online channel could be used to better complement the offline channel, contributing towards new knowledge and understanding on CSX and how it may be utilized for managerial decision-making.

Key words: Customer Service Experience; Multichannel Retailing; Customer Journeys; Customer Equity.

### Introduction

Enhancements in technology, however, have resulted in ecommerce's development, making it easier and safer during COVID-19 for businesses to sell retail goods online and across the globe. In view of this, customer experience must now be consistent across all touch-points to ensure customer needs are being met wherever customers choose to

interact with your products. It is essential to fully examine the consumer's viewpoint regarding this phenomenon in order to comprehend the customer's experience in an age that exploits multi-channels such as mobile, e-commerce, social media, online communities and messaging apps, that target customers regarding what they should purchase, from where, and at what price. However, many organizations are failing to inte-

grate offline and online strategies. Following research by McKinsey & Company, it appears that maximizing customer experience within customer purchase intentions has the potential not only to increase customer satisfaction by 20%, but also to raise revenue by 15%, while decreasing the cost of serving customers by as much as 20%. A number of recent researches have shown that there may be systematic differences in behavior and customer attitudes for services that are chosen online versus offline (Foroudi et al., 2018; Pei et al., 2020). Multi-channeling is one of the most important retail revolutions in recent years influencing retailing, marketing, information systems and communications. The creation of a high-ranking customer experience is one of the pivotal objectives of the retailing industry, offline or online (Chang et al., 2016). But today with the advent of novel technologies, channel integration, the growth of customer communities, and research development, the orchestration and analysis of customer experience has not only become significant but also vital.

Customer analytics, is defined by Gartner as the campaign of tracking and analyzing the ways customers use combinations of channels to interact with an organization, and covers all channels used in demonstrating and engaging with individual customers. Furthermore, customer service experience, as indicated by Voorhees et al. (2017), is the span throughout which all service encounters that are relevant to a core service offering may happen. In the customer's subjective reaction, CSX is highlighted and encompasses multiple service encounters with a firm. This article suggests a

framework that is based on customer experience quality. Although previous work has been foundational for service marketing, it has been poor in offering a complete review of research outside the service encounter focus. Our principal interest is in determining how the retail industry in Taiwan handles offline and online channels. In the following section, we show the data we collected for examining our hypotheses. Next, we formulate a measurement model together with alternative specifications. In the subsequent two sections, we summarize and discuss the outcomes, suggest managerial implications, the limitations of our research, and directions for future study.

#### Literature Review and Hypotheses

##### *Multichannel Retailing within Consumer Shopping Patterns*

With the proliferation of social media and mobile technologies, customer experience has become more complicated; the emergence of new behaviors is being facilitated by the simultaneous enjoyment of varying communication channels, like webrooming and showrooming (Mosquera et al., 2017). Maximizing the shopping experience has traditionally been considered as more appropriate to the offline retail arena, and previous research has shown a positive influence occurring when integrating distribution channels related to the shopping experience. Consumers today have the ability to immediately acquire access and be constantly connected to the worldwide marketplace, enabling convenient comparison of prices and products. Today, customers tend to utilize more touch points and channels

throughout their purchasing experience, whether in the search, purchase, or post-purchase phase (Weinberg et al., 2007). According to Shankar et al. (2003), the relationship between loyalty and overall satisfaction is stronger online than offline, with a positive reciprocal relationship between satisfaction and loyalty online. Consumers are therefore growing ever more demanding, expecting to have a broad scope of product choice available at all times (Piotrowicz & Cuthbertson, 2014; Mosquera, et al., 2017). Retailing now means customers experiencing new challenging surroundings. Retailers of all types and in all positions interact with consumers more and more through multiple touch points in the worldwide consumer economy; creating retail multi-channels is a growing norm. As a result, the way consumers search for required information has been influenced, and greatly influences the purchasing procedure. Hence, we offer the following hypothesis:

*H<sub>1</sub>: Customers adopting different marketing channels (offline and online) will show significant differences in the overall model of CSX in the retail industry.*

#### *Customer Service Experience (CSX) and Its Antecedents*

Customer service (CS) and Customer Experience (CX) are two sides of the same coin, carrying a symbiotic relationship with one another. While they both are reliant on customer interaction, there is a fundamental difference between CS and CX. In order to meet the contemporary multi-channel marketing environment, this study integrates the

characteristics and concepts of CX and CS, suggests a CSX concept and further builds a complete research structure, hoping to realize a clearer understanding of the process consumers take in making their purchasing decisions. In the light of the previous conceptualizations in the literature, Lemon & Verhoef (2016) defined CX as "a multidimensional construct concentrating on customers' cognitive, emotional, behavioral, sensorial and social reactions to offerings of firms over complete purchase journey of the customers" (p.71). This study further modifies the four elements of CX defined by De Keyser et al. (2015) and Lemon & Verhoef (2016), and builds a CSX construct and antecedents in how they have been developed and evaluated in a multichannel marketing environment.

#### *Cognitive Elements of Customer Service Experience*

CSX is the subjective, co-created, touchpoint and provider experienced by holistic perception (De Keyser et al., 2015, Lemon & Verhoef, 2016). Cognitive procedures are more excellent rational processes, such as perception, memory, language, problem solving, and abstract thinking (Kim & Ryu, 2014). They have been tested in relation to CX, engaging two different viewpoints: goals' attainment and (dis)confirmation of prior expectations. Whether customer experiences confirm those prior expectations has been shrouded by research that investigates satisfaction (Gentil et al., 2007). While early literature operationalized the evaluation and confirmation of satisfaction as a primary cognitive force (Bitner, 1990), later research has shown

that both cognitive and affective processes affect this assessment (Wirtz, 2019). To fill this gap in current academic understanding of this phenomenon, we hypothesize the following:

*H<sub>2</sub>: The positive effect of cognitive elements on CSX with a service provider is greater for customers who choose online than it is for those who choose offline.*

#### *Emotional Elements of Customer Service Experience*

Much research points out that improving the CX can have a significant effect on customer retention, profitability, and growth. Emotion has a stronger influence especially regarding customer loyalty and repeat purchases than either achievement or effort (Keiningham et al., 2017). Consumer emotions were approached by these studies in a variety of ways. Some synthesized emotion research into comprehensive consumption-related emotion sets (Ruth et al., 2002) or concentrated on individual emotions such as surprise and delight (Arnold & Thompson, 2005), pleasure (Ball & Barnes 2017), anger, rage, irritation, frustration (McColl- Kennedy et al., 2003) and regret (Patterson et al., 2016) and their connection to consumer reasons like delight, gratification, disgust and outrage (Parasuraman et al., 2016). We therefore hypothesize:

*H<sub>3</sub>: The positive effect of emotional elements on CSX with that service provider is greater for customers who choose online than it is for those who choose offline.*

#### *Physical and Sensorial Elements of Customer Service Experience*

A variety of studies support the hypothesis that sensory incentives are physical and thus closely associated with the physical wellbeing an individual experience in a specific condition (De Looze et al., 2003; Verhoef et al., 2009). Service active is caused through the customer's social and interior reactions to the marketing incentives in the shop and, for the customer, creates a "social reality" triggering a brand's customer perceptions. In the light of its extensive acceptance in existent literature, this research adopts Bitner (1992) and Arifin & Mohammad (2019) classification of service scape elements as functionality, ambient conditions, spatial layout, signals, symbols and artifacts. To fill this gap in the existing literature, we hypothesize:

*H<sub>4</sub>: The positive effect of physical and sensorial elements on CSX with that service provider is greater for customers who choose online than it is for those who choose offline.*

#### *Social Elements of Customer Service Experience*

Social identities are intellectual representations that can turn over into a primary function of how consumers meet themselves (Reed, 2012). The individual's relation is built by social experience with a broader social system, in which relations with strength's different degrees can be established with the members that compose the system (Ouwensloot & Odekerken-Schröder, 2008). The political aspect consists of spiritual

association, as well as other lifestyle markers like occupation, familial roles, or visible interests and activities. It may consequently be assumed that congruence between salient social identities and other social impacts and elements such as product and/or service offerings and advertising will positively affect consumer choice. Considering this gap in academic literature, we would like to test the extent to which:

*H<sub>5</sub>: The positive effect of social elements on CSX with that service provider is greater for customers who choose online than it is for those who choose offline.*

#### *The Consequences of CSX*

Hence, a significant gap is shown by the extant research in service quality literature that considers consequences of multichannel marketing. Further study should concentrate on directing more fresh outcomes and demonstrate their influence on consumer behavior as a result of channels' impact on integrated marketing. Finally, the major consequences are also defined: Customer Loyalty, Customer Satisfaction, and Customer Equity.

CSX is posited by us as one of loyalty's antecedents and an important upshot (Tartaglione et al., 2019; Kim & Choi, 2013); excellent satisfaction causes excellent repeat purchase and loyalty, increased growth and financially optimal performance. Taking into consideration that our conceptualization of CSX embraces not only perceived quality of services provided by service firms, but also customers' perception of "total

experience," we suggest that CSX results in customer loyalty (Brun et al., 2017). To fill this gap in the existing literature, we hypothesize that:

*H<sub>6</sub>: Customer service experience (CSX) will have a positive influence on customer loyalty.*

A significant antecedent of customer loyalty is customer satisfaction. Customer satisfaction resulting in customer loyalty has been covered extensively in the literature. Customers receive a sense of consolation from service encounters and both customer satisfaction and general quality are positively impacted, leading to positive word-of-mouth praise (Lloyd & Luk, 2011; Jiang et al., 2017). We therefore refrain from specifying assumptions between these constructs. Based on literature, the following hypotheses were developed:

*H<sub>7</sub>: The positive effect of customer satisfaction on CSX with that service provider is greater for customers who choose online than it is for those who choose offline.*

According to Hossain et al. (2017), in light of consumer behavior, three facets of customer equity are proposed by existing research: Value Equity, Brand Equity and Relationship Equity. Value equity stems from a customer's evaluation of a brand, based on the perception of what is given up for what is received. It is based on price, quality, and convenience. Brand equity is defined as a customer's intangible and subjective evaluation of the brand. It is based on image and meaning to fulfill crucial roles. Relationship equity is defined as a cus-

customer's tendency to return to a brand based on their objective and subjective evaluation of the brand. It is the type of glue that sticks the customers to the firm, the stickiness reinforcing the relationship between the firm and customer. Therefore, considering the existing marketing literature, we hypothesize as follows:

*H<sub>8</sub>: The positive effect of customer equity (value equity, brand equity and relationship equity) on CSX*

*with that service provider is greater for customers who choose online than it is for those who choose offline.*

## Research Methodology

### *The Conceptual Model*

Following the insights gleaned from in-depth interviews, Figure 1 illustrates the research model for this study.

## Results and Analysis

In consequence responses from a total of 571 of these businesses are involved by our sample. We collected 319 usable responses from the offline survey (Data set 1) and 252 usable responses from the online survey (Data set 2), which represented a response rate of about 38.9%. CFA was used to validate the measurement models consisting of eight constructs measured, for both

models. 53 items were included in the confirmatory factor analysis after the data purification. CFA was performed so as to determine the construct validity. These results indicate existence of the convergent validity of the scales. To evaluate discriminant validity, the square roots of AVE values of each variable were also calculated.

### *Multinomial Logit Model*

### Antecedents of Customer Service Experience.

The results for antecedents of customer service experience. An analysis of cognitive element (offline vs. online) revealed that goal attainment (coefficient = 0.529,  $Z=3.296$ ,  $p<0.01$ ) and expectation confirmation (coefficient = 0.674,  $Z = 4.885$ ,  $p < 0.01$ ) significantly influence consumers to goal achievement and expectation confirmation online. A second analysis of customer synthesized emotional element (offline vs. online) revealed that types of emotions (coefficient = -1.647,  $Z=-2.854$ ,  $p<0.05$ ) significantly influences consumer to search using mobile devices like delight, satisfaction, disgust and outrage. A third analysis of physical and sensorial element (online vs. mobile) revealed that service scape elements as ambient conditions, spatial layout and functionality, and signs, symbols and artifacts (coefficient = 0.481,  $Z = 2.998$ ,  $p < 0.01$ ) significantly influence consumers service experience occurs online. A fourth analysis of social element (online vs. mobile) revealed that social experience (coefficient = 1.178,  $Z = 8.958$ ,  $p < 0.00$ ) significantly influence consumers service experience occurs online.

### Consequences of Customer Service Experience.

The results for consequences of customer service experience. An analysis of customer service experience (offline vs. online) revealed that customer service experience (coefficient = 0.676,  $Z= 4.795$ ,  $p < 0.00$ ) significantly influence consumers to customer satisfaction online. A second analysis of customer

loyalty (offline vs. mobile) revealed that no factor significantly influenced consumers to purchase using any specific channel (coefficient = 0.039,  $Z = 0.254$ ,  $p > 0.05$ ). A third analysis of customer equity (online vs. mobile) revealed that relationship equity (coefficient = 0.493,  $Z = 3.501$ ,  $p < 0.01$ ) and value equity (coefficient = 0.157,  $Z = 2.261$ ,  $p < 0.05$ ) significantly influence consumers service experience occurs online.

### *Structural Model Analysis*

As shown in Figures 2 and Table 1, the  $\chi^2$  value difference ( $p<0.001$ ) between the null model and the restricted model is used to test the equality of the path coefficient. The results of the equality constraint model also showed that  $\gamma$  coefficients depicting the relationship between customer service experience and its antecedents and consequences were significantly different between the two groups ( $p<0.05$ ). Also, Figure 2 tested the validity of the CSX model in predicting customer service experience and its antecedents and consequences; it explained 47%, 44% and 37% of the variation in the antecedents and consequences of CSX (i.e.,  $R^2$ ) in offline media, and it explained 52%, 53% and 39% of the variation in the antecedents and consequences of CSX in online media, which was better than its explanatory power in online media.

### Discussion and Implications

#### *Findings and Managerial Implications*

This is and will continue to be the biggest trend for retailers trying to im-

prove customer experience and equity during COVID-19 and throughout 2021. The customer experience is made up of every single cross-channel touchpoint your customer has with your brand. This study's findings indicate that CSX, by conquering the limitations of service quality's existing measurements, could develop a new approach by exploring and structuring the important relationship between subsequent purchase behavior and customer service experience, and incorporating a required holistic approach through defining and developing customer's full phenomenon of the ser-

vice experience. Customer service experience could subsequently deliver a solution to strategic issues such as measuring, understanding, operationalizing and as a result handle customer service experiences in a way that managers currently lack (Khan et al., 2015; Lemon & Verhoef, 2016). Customer service experience could help managers better understand their customers and the significance of the underlying 'triggers' of their customers' purchasing decision and customer equity, permitting them to allocate resources in a more efficient approach and to design more effective services.

Note:  $R^2$  show the proportion of the variations of the variable that can be explained by its causing components.

CSX: Customer Service Experience

\* significant at 5%; \*\* significant at 1%; \*\*\* significant at 0.1%.

Figure 2. Path coefficients of the CSX Model (offline/ online medium)

Additionally, we pay attention to three antecedents of CSX, specific issues

that are worthy of further consideration. First, each of the five senses has high-



lighted relationships with cognitive and emotional reactions empirically. It consequently appears there is a contribution from the sensorial and the physical to the emotional, cognitive and social elements of the customer experience. Second, the effect of physical and sensorial dimensions is the holistic and whole evaluation of the physical environment. Consequently, producing information for the CSX is typically multi-sensory with associations between sensory features. Third, customer responses to associated and physical sensory stimuli are moderated through various kinds of individual characteristics, further emphasizing the multi-dimensional nature of the prerequisites and of CSX to capture individual customer characteristics while assessing its cognitive, emotional, physical, sensorial and social elements (Keiningham et al., 2017). Furthermore, these findings provide new research direction for the need of strong inquiry into CSX and several fields of research into these concepts as crucially significant. In the online channel, the results regarding cognitive, emotional, and social element supported our theoretical derivation (Larivière et al., 2017; Ouwersloot & Odekerken-Schröder, 2008).

#### Limitations and Future Research

This study is not free of limitations, but leads to future lines of research. First, the sample was selected using the service industry in Taiwan, which could lead to a limitation if one hopes to generalize the results for all types of the businesses. Thus, one proposal could be to gather data based on a specific sampling using the offline or online channels in different businesses, as well as in-

creasing the size of the sample, and even differentiating between rural and urban areas. Second, an analysis could be proposed regarding the perception of relational benefits based on the number of years in a relationship with a company and the role of the length of time as users of either type of channel. Finally, a relational benefit scale for the online channel could be considered. Furthermore, another interesting proposition for future research is to study how the customer service experience differs in online environments when the consumers under observation belong to different demographic groups. In conclusion, given the growing theoretical and practical importance of service experiential marketing for fostering customer loyalty, value and other behavioral constructs in the service sector, we believe the field to be ripe with potential for future research.

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