Customer Experience and Loyalty Leads To Relationship Drive: Special Reference to Fun Republic Mall Coimbatore

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ABSTRACT: Happy customers are loyal customers and a world-class customer experience is essential to not just their satisfaction but their loyalty as well. However, balancing the needs of customers with the needs of the business can prove challenging. Customer loyalty and Customer experience is a vital part of a CRM (Customer Relationship Management) program for any business, where service and hospitality are primary part of the value proposition. Other major CRM components besides mystery shopping include: Guest Surveys/comment cards, Focus Groups, Warehousing guest etc. Customer Experience Management goes far beyond simple customer satisfaction measurements. After all, such measurements alone are the equivalent of looking in the rear view mirror. It is important to keep in mind that the customer is not just an one time sales transaction, but some drive which keeps the customers emotionally attached to a particular product, service, brand or a firm. A factor analysis is used to club the various listed factors into apt headings and a path analysis model is used to throw light on the R square value which predicts the power of the path between variables. Bootstrap analysis predicts the t value where the value of 1.96 and above indicates that the path independent variables to the dependent variable, reached a significant level and its route to the solid line. The path analysis is done using smartPLS and inference is drawn with a final SEM model.

KEY WORDS: Customer experience, Customer loyalty, CRM

INTRODUCTION

Customer loyalty is the result of consistent positive emotional experience, physical attribute-based satisfaction and perceived value of an experience, which includes the product or service. To prompt customer loyalty, a retailer or a marketer must build an emotional bond with customers. To build customer loyalty, customer experience management blends the physical, emotional and value elements of an experience into one cohesive experience. Retaining customers is less expensive than acquiring new ones and customer experience management is the most cost-effective way to drive customer satisfaction, customer retention and customer loyalty.

Not only do loyal customers ensure sales, but they are also more likely to purchase ancillary, high-margin supplemental products and services. Loyal customers reduce costs associated with consumer education and marketing, especially when they become Net Promoters for your organization.

Given the highly discommoded competitive landscape today, customer experience programs are the most effective way to differentiate your organization from the competition. Such differentiation effectively drives customer loyalty when customers are engaged on an emotional, intellectual, or even spiritual level and when a customer cherishes a product or service before, during and after its use.

RESEARCH METHODOLOGY

The present study is empirical in nature based on both primary and secondary data. The data was collected through a structured questionnaire. The study has been conducted in Coimbatore city. The sampling technique used was non-probability based convenient sampling. The study was carried out with 80 respondents. The data were collected from respondents personally in the months of January 2015 to March 2015. The questionnaire was pre-tested and the reliability was worked out towards measuring customer experience and customer loyalty with special reference to Fun Republic Mall, Coimbatore. Cronbach's alpha was 0.718. The data have been analyzed with the help of SPSS version 20.0 statistical package and a Structural Equation Model is used with a help of SmartPLS.

FUN REPUBLIC MALL

Fun Republic Mall is a shopping mall in Peelamedu, Coimbatore, India. It is located on the arterial Avinashi Road on a 3.5 acre site. The mall has six levels with a total area of 5.25 lakh sq.ft. built-up area. Shoppers' Stop is its anchor store and occupies over 79,000 sq.ft. The mall also features a five screen multiplex operated by Fun Cinemas with a capacity of 1,119 seats and a McDonald's restaurant spread over 3,470 sq.ft. on two floors in addition to its food court along with a variety of stores.

OBJECTIVE OF THE STUDY

- To measure customer experience and customer loyalty of customers who visit Fun Republic Mall
- To identify whether customer loyalty and experience contribute towards lasting relationship

LIMITATIONS OF THE STUDY

The study is concentrated only on the field of retail industry with special reference to Fun Republic Mall, Coimbatore and the study mainly focuses only on two main aspects of CRM and has not taken into account other variables.

REVIEW OF LITERATURE

While customer loyalty is challenging to achieve for marketers and to explain by researchers, it nevertheless continues to be of great importance and interest. In this study, the focus is on customer loyalty, and the antecedents of perceived value and the marketing mix that creates the value. This relationship is supported in the theoretical literature (McCarthy, 1971; Oliver, 1997; Zeithaml, 1988) and has been tested in various empirical studies (Bloemer & Odekerken-Schröder, 2002; Cronin, Brady, & Hult, 2000; Yoo, Donthu, & Lee, 2000). However, studies have not been inclusive of all variables that better describe and explain the marketing strategy, perceived value and customer loyalty relationship, as proposed in and determined by this study.

ANALYSIS AND INTERPRETATION

The demographic characteristics of the respondents are shown in Table 1.0.

Table 1.0: Demographic Variables

Demographic Variables		FREQUENCY	PERCENT %
GENDER	A. Male	60	75.0%
	B.Female	20	25.0%
	TOTAL	80	100%
AGE	A. 15-30	Nil	0.00%
	B. 31-46	65	81.3%
	C. 47 -62	14	17.5%
	D. 63 and above	1	1.3%
	TOTAL	80	100%
OCCUPATION	A. Professional	25	31.3%
	B. Business	46	57.5%
	C. Government servant	NIL	0.00%
	D. Student	NIL	0.00%
	E. Home maker	1	1.3%
	F. Fulltime mystery shopper	NIL	0.00%
	G. Others	8	10.1%
	Total	80	100%

INTERPRETATION: Demographic Profile of Respondents

Table 1.0 shows that (75%) of the respondents are male and remaining (25%) of the respondents are female. Thus, majority of the mystery shoppers are male. From the analyzed results it is clear that majority of the respondents (81.3%) fall in between the age

group of 31-46 years followed by (17.5%) indicating the age group between 47-62 years and the least of (1.3%) of respondents' age being above 63 years. Thus, it is clearly inferred that majority of the mystery shoppers belong to the age group of 31 to 46 years. From the above results it is observed that about 57.5% of the respondents are doing business followed by 31.3% of the respondents are professionals and remaining 1.3% of the respondents are home makers.

FACTOR ANALYSIS

The first and the foremost initial process in factor analysis is to determine the linear components within the data set i.e., the eigen values by calculating the eigen values for R-matrix. SPSS extracts factors which have values more than 1 which is acceptable. Principal Component Analysis, which is an important technique to determine the strong patterns in the data set and an important instrument for data reduction is followed. The initial value is 1 by definition and extraction values which are more than .5 are usually accepted. In this research, the extraction values are high i.e., more than .5 which indicates the proportion of each variable's variance. We now proceed with the total variance table. In this case, the factors have been rotated so that each factor has significant loadings (more than 0.40) ideally with not more than one variable. The method for rotation used here is the Varimax procedure. This is an orthogonal method of rotation that minimizes the number of variables with high loadings on a factor, thereby enhancing the interpretability of the factors. On the basis of the table, four components were identified for the 24 variables. Based on the item loadings, these factors were respectively labeled as follows:

Table 2.0 : Factor Analysis

Communalities		
	Initial	Extraction
I am emotionally attached towards Fun republic	1.000	.738
I strongly recommend this mall to my peer groups	1.000	.706
Services provided by the mall is good	1.000	.909
Ensure a clean and healthy environment	1.000	.909
Advanced technology	1.000	.928
Repeated visits to this same location is not boring	1.000	.928
Facility apart from entertainment is good	1.000	.840
Trained sales representatives	1.000	.903
An array of retail shops	1.000	.889
I feel this mall is better than other malls	1.000	.775
Theatres are maintained clean	1.000	.697
Baby care infrastructure is good	1.000	.533
Hygienic food court	1.000	.752
Expanding coverage and addressing the problems of consumers is given importance	1.000	.872
The infrastructural facilities are amazing	1.000	.801
Prime location in the heart of the city	1.000	.715
Systematic car park	1.000	.851
Mixed crowd of people ensuring safety	1.000	.777
Increases satisfaction and loyalty by providing what customers need	1.000	.830
Compliance with construction laws makes me feel safe	1.000	.887
Wide range of various stores	1.000	.714
Strengthening Relationship	1.000	.840
Good sales promotional tactics	1.000	.736
Community involvement through public games and events	1.000	.551
Extraction Method: Principal Component Analysis.		

Table 3.0: Total Variance

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	9.468	39.450	39.450	9.468	39.450	39.450	8.858	36.909	36.909
2	4.781	19.921	59.372	4.781	19.921	59.372	3.372	14.052	50.961
3	2.131	8.878	68.250	2.131	8.878	68.250	2.870	11.958	62.919
4	1.613	6.719	74.969	1.613	6.719	74.969	2.758	11.490	74.409
5	1.089	4.536	79.505	1.089	4.536	79.505	1.223	5.095	79.505
6	.911	3.797	83.301						
7	.765	3.187	86.488						
8	.627	2.612	89.100						
9	.557	2.320	91.420						
10	.447	1.862	93.282						
11	.291	1.214	94.496						
12	.225	.938	95.434						
13	.198	.826	96.260						
14	.186	.774	97.035						
15	.166	.694	97.728						
16	.143	.595	98.323						
17	.117	.487	98.809						
18	.096	.401	99.210						
19	.073	.304	99.514						
20	.057	.239	99.754						
21	.034	.141	99.895						
22	.025	.105	100.000						
23	3.141 E-017	1.309E-016	100.000						
24	4.033 E-018	1.681E-017	100.000						
Extraction Method: Principal Component Analysis.									

Table 4.0: Rotated Component Matrix

Rotated Component Matrix[a]	Component				
	1	2	3	4	5
Compliance with construction laws makes me feel safe	.915	Better ambiance and attractive facilities (COMPONENT 1)			
Increases satisfaction and loyalty by providing what customers need	.905				
Strengthening Relationship	.903				
Expanding coverage and addressing the problems of consumers is given importance	.900				
Systematic car park	.882				
Mixed crowd of people ensuring safety	.857				
Good sales promotional tactics	.840				
The infrastructural facilities are amazing	.836				
Wide range of various stores	.822				
Prime location in the heart of the city	.791				
Community involvement through public games and events	.655				
Hygienic food court	.653				
Repeated visits to this same location is not boring	.040	.911	Entertainment and technology oriented (COMPONENT 2)		
Advanced technology	.040	.911			
Facilities apart from entertainment is good	.046	.872			
Wide array of retail shops	-.212	.353	.841	Qualified sales representatives and wide array of merchandise (COMPONENT 3)	
I feel this mall is better than other malls	.001	.187	.825		
Trained sales representatives	-.150	.516	.779		
Theatres are maintained clean	.383	-.175	.706		
Baby care infrastructure is good	.383	-.235	.411		
Ensures a clean and healthy environment	Healthy Environment and Service delivery (COMPONENT 4)			.878	.011
Services provided by the mall are good				.878	.011
I strongly recommend this mall to my peer groups				.786	.000
I am emotionally attached to Fun Republic Mall				.033	.850
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 6 iterations.					

STRUCTURAL EQUATION MODEL
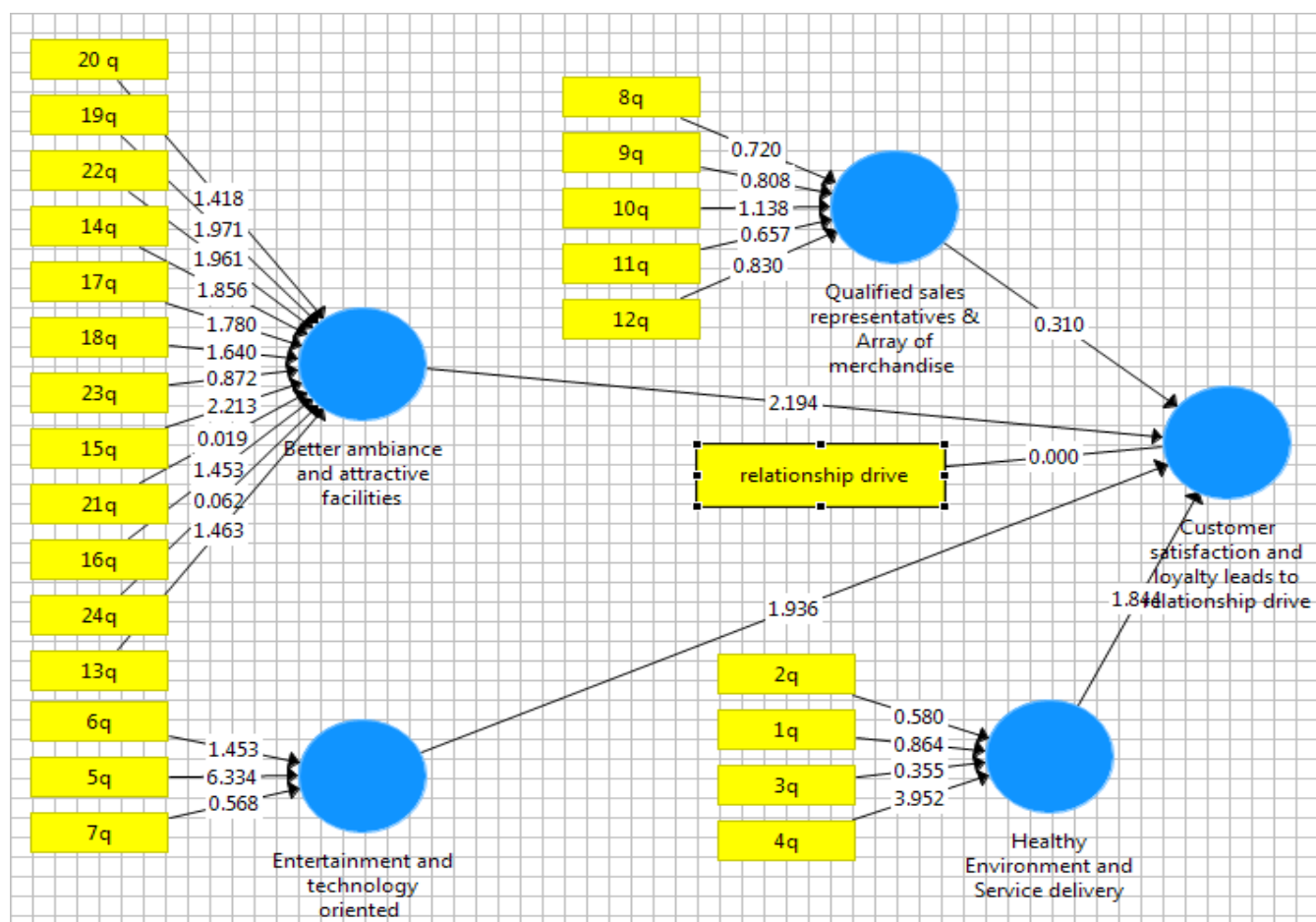
PLS ALGORITHM AND BOOTSTRAP SUMMARY

Path Coefficient	Original Sample	Sample mean	Standard error	T-Statistics	P values
Component 1- Customer satisfaction and Loyalty	0.693	0.647	0.316	2.194	0.029
Component 2- Entertainment and technology oriented	0.119	0.102	0.062	1.936	0.053
Component 3- Qualified sales representatives and wide array of merchandise	0.165	0.159	0.089	1.844	0.066
Component 4 - Healthy environment and service delivery	0.023	0.006	0.075	0.310	0.757
Latent variable	AVE	Cronbach's alpha		Composite reliability	
Component 1- Customer satisfaction and Loyalty	0.551	0.735		0.753	
Component 2 - Entertainment and technology oriented	0.651	0.758		0.735	
Component 3 - Qualified sales representatives and wide array of merchandise	0.785	0.870		0.839	
Component 4 - Healthy environment and service delivery	0.788	0.876		0.765	

Fornell-Larcker Criterion Analysis for Checking Discriminant Validity

Discriminant Validity	Component 1	Component 2	Component 3	Component 4
Component 1	0.606			
Component 2	0.914	0.669		
Component 3	0.490	0.265	0.442	
Component 4	0.912	0.641	0.939	1.000

The above analysis shows that the values pertaining to the internal consistency reliability are larger than 0.6. Hence, high levels of internal consistency reliability have been demonstrated among all reflective latent variables. The average values are greater than the acceptable threshold of 0.5, so convergent validity is confirmed. The result indicates that discriminant validity is well established. The variance is reached. Thus, the overall fit of the model is evaluated by examining R square value and adjusted R value for the determination of the power of the model. Causal model and observed variables and latent variables do hypothesis testing for the above using a strong bootstrap analysis, where, after the test we determined whether the path has a significant or an insignificant impact and we clearly state the acceptance and the rejection criteria for the hypothesis.

CONCLUSION

For businesses, the current trend to attract customers now in the consumer market is participating in group buying sites by selling their products and services at deeply discounted prices and trying to use all types of innovative promotional strategies to attract customers and build a lasting relationship. Malls have not only paved way for entertainment but have become center of attraction by making the customers feel loyal. Thus, this emotional attachment which the consumers develop on a particular product, service or a store is the key mantra for the success of a business. On the surface, this customer acquisition method of increasing sales seemed to work. However, group buying does more harm than good to your business and its brand. You make plenty of sales, but hardly any of these translate to profits. Gartner "Guru of CRM" states that 20% of the current customers in an organization generate about 80% of the profits. Thus, customer loyalty and customer satisfaction are the two important factors which help the firms to survive in the market landscape filled with heavy competition. Fun Republic Mall in the heart of the city of Coimbatore has attracted a huge array of customers with its wide range of facilities. This research strongly concludes that every business and service provider must try to satisfy each and every individual wants of the customers which will automatically lead to customer loyalty and indirectly contribute towards the success of the business. Various customer satisfaction index and loyalty index must be used to know exactly what the customers expect. "A business is only as strong as its closest customer relationships." Now, after having some real world working experience many retailers have agreed that it's not just about being nice to customers, it's about understanding how strong and long-lasting relationship are pivotal to a company's success. Business is no different. Business does not just happen in the development process of a product or service, it happens in the small personal interactions that allow us to show each other who we are and what we believe in – the honest moments that build trust and loyalty and increases satisfaction.

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