FACTORS INFLUENCING CUSTOMER ENGAGEMENT IN RETAIL STORES VS. ONLINE SHOPPING PORTAL

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ABSTRACT

*Through the evolution of marketing from the trade era to the marketing orientation era to today's social/marketing era, one factor has remained prevalent: customer engagement. **Engagement is all about involvement and participation**. When people participate in something they feel included. They feel like part of the brand/company and that they're contributing in one way, shape or form (**Bowden 2009a**). The emerging science that has now steered marketing innovation holds that the vast majority of buying decisions and consumer loyalty are influenced by emotional as well as rational factors. This means consumers' psychological attachment to a product or brand alters their buying decisions. The present research identifies the factors of customer engagement and finds out if those factors influence the purchase decision of customers in retail stores and online shopping portal.*

Keywords- Customer engagement, Buying behavior, Physical environment, Social aspect, Emotional environment

Introduction

Customer Engagement marketing sometimes called "experiential marketing," "event marketing", "live marketing" or "participation marketing," is a marketing strategy that directly engages consumers and invites and encourages them to participate in the evolution of a brand. Rather than looking at consumers as passive receivers of messages, engagement marketers believe that consumers should be actively involved in the production and co-creation of marketing programs, developing a relationship with the brand.

It is the level of involvement, interaction, intimacy, and influence an individual has with a brand over time **(Haven 2007)**. **(Bowden 2009a)** views "customer engagement" as a "psychological process" comprising cognitive and emotional aspects. According to **(Bowden 2009a)** model, engagement initiates with customer satisfaction and commences with customer loyalty. The transition path includes trust and customer delight.

According to **Shevlin (2007**), Customer engagement is repeated and satisfying interactions that strengthen the emotional connection a consumer has with the company. It is important to focus on engaging the customer both emotionally and behaviorally, which means that the communication on social media and physical retail stores should both excel in emotional appeal, and encourage various forms of interaction with the brand. Increasingly, success at retail is less about what the retailer has to sell and more about how they sell it. This is the new experiential paradigm shift in shopping. This will become even more critical in the future as success at retail will continue to shift towards how well retailers play to the emotions, psychology and feelings of the shopper (**Danziger, 2006, 17).**

According to **(Sedley 2008),** customer engagement is repeated interactions that strengthen a consumer's emotional, physical, psychological or physical investment in a brand. It is a process of developing and nurturing relationships. Customers are engaged with the brand using different factors such as Physical, Social, and Emotional which influence their buying behavior by involving them at multiple levels through different touchpoints. The customers interact with varied touchpoints in order to connect to online shopping portal and retail stores through virtual technology such as mobile, online network, social media and shopping environment respectively.

The aim is to understand the needs of the customers in return of brand loyalty and retaining profitable customers. If the customers feel delighted and satisfied by the products/brand, they

like to promote it through word-of-mouth or social media and encourage others to buy from their favorite brand. They trust the brand and become the loyal customers of the brand.

Factors influencing Customer Engagement-

1. *Physical environment*. Studies suggest that store location, atmosphere, emotional attributes, sensory stimulation, and visual presentation are contributing factors to customers' behavioral responses **(Ahn, 2008; Andreu, 2006; Gobé, 2001; Lam, 2001; Park & Farr, 2007; Healy, 2008; Song, 2009). Markin, Lillis, and Narayana** acknowledge that space affects customer behavior and that design and atmosphere may be used to shape and modify the behavior of shoppers.

1.1 Shopping Situation- Marketers use several techniques such as Store and Virtual - atmosphere, Crowding, display, content, layout and demonstration to involve them.

1.2 Store and Virtual Atmospherics**-** The retail store is a complex environment that contains multiple atmospherics cues that can be categorized as exterior, general interior, layout and design, point-of-purchase and decoration and human variables **(Turley and Milliman, 2000)**. These may be hedonic features that make a shopper's experience more enjoyable, for example, **music, bright colors, images, and videos**. They imply that the atmospherics cues help the consumer in the buying process and make a store and website more appealing, memorable and interesting.

According to **Eroglu et al. (2001)** online atmospherics include **merchandise details, the price, navigational aids**, and all of the factors of a website that enable a consumer to make an informed decision.

1.3 Store and Online design**-** Apart from making the outside appearance attractive, focus is on creating a unique design and aesthetic beauty of the outlet. The **store layout, fixtures, lighting, display and merchandising** all converge to draw the customer's attention to the products and their benefits, while reinforcing the retailer's brand identity. As most shoppers enjoy the idea of 'seeing-touching-feeling' and then buying the product, the layout and design of the outlet should enable them to move around and enjoy the shopping experience **(Gopal VV, 2006). Bezawada et al. (2009)**

Online store design involves the **virtual layout and design.** Virtual layout refers to the underlying web site structure **(Griffith, 2005)**. Product presentation elements such as product images, zooming and 3D views, information on sizing and materials as well as web design, layout, etc as elements of the online shopping environment **(Ha, Kwon, & Lennon, 2007; Kang & ParkPoaps, 2010; H. Kim & Lennon, 2010; Wang, Hernandez, & Minor, 2010).**

2. *Social aspect.* Social element of a store's and website's design involves interaction factor. It relates to people or, more accurately, store personnel and other shoppers. Customers like shopping with friends, family. Malls and other retail spaces are also often used as social spaces where relationships are maintained and in where sociability plays an important role (**Sandikci and Holt 1998; Haytko and Baker 2004**). Retailers consider how families make purchase decisions and understand how various family members might influence these decisions. In an **online store**, the presence of other shoppers can be implied through web counters, comments and crowding **(Eroglu et al., 2001).** Reference groups such as family, friends, coworkers, or famous people affect the buying decisions of the consumer by (1) offering information, (2) providing rewards for specific purchasing behaviors, and (3) enhancing a consumer's self-image.

3. *Emotional aspect.* **The need whether utilitarian or hedonic carries the customers to the store but emotions make them stay and shop.** In recent years, there has been a strong trend towards big retail brands selling consumers an "experience" called as **Experiential Retailing.** This involves inviting the customer to test a product or service in-store, or to interact with an exclusive, curated environment. It's a holistic approach that involves both emotional and rational triggers **(Meyer, 2006, p. 1).** Shopping is not always a rational experience. Customers make impulse decisions, which are influenced by stimuli like lighting, product positioning, imagery, sound and smell (**Morrell, 2012).** People enjoy virtual/online shopping and are delighted to experience the different forms of online entertainment activities like the pop up events, virtual try-on. These virtual activities are possible due to **static, dynamic and functional** features of the online store environment (**Babin, Darden and Griffin 1994; Childers et al.**).

Shoppertainment- Entertainment retailing is about making an emotional connection with the customer. Pine & Gilmore (1999) define experiences through four realms of experience

consisting of *E*ducational (**Edutainment**)**,** *E*sthetic (including **visual, aural, olfactory, and tactile** aspects)**,** *E*scapist **(**e.g., in retail and events contexts)**, and** *E*ntertainment experiences.

4. *Personal aspect*. Personal factors also affect the customer engagement. Some of the important personal factors that influence the buying behavior are: lifestyle, occupation, age, personality and self concept.

5. *Economic aspect*. Consumer economic situation has great influence on his interest towards a store or website. If the income and savings of a customer is high then he will purchase more expensive products. On the other hand, a person with low income and savings will purchase inexpensive products.

Methodology of research

The current research aims at investigating the factors influencing customer engagement. For this research, customers shopping at retail stores and websites were interviewed to understand their shopping experience and mood. The sample comprised of 90 customer males and females selected from 3 zones of Delhi. Information was obtained by using structured Interview schedules, rating scales and informal interactions with the customers.

Findings of research

1. **General information.** The present research shows that most of the customers were young falling in the age group category of 20-30 years with only 8.89% above 50 years of age suggesting that most of the customers belonged to the beginning and expanding stages of family. According to the research, customers mostly visited multi-specialty stores and apparel stores since these consisted of multiple brands and categories of products such as apparel, footwear, cosmetics etc. for all age groups under one roof. Customers also visited the websites which sold different types and varieties of products. They offered customers heavy discounts and other facilities such as convenient shipping, cash on delivery, easy exchange and return of products.
Time Spent in Shopping- Around 54.44% of the customers took about half an hour to one hour for shopping at retail store as compared to 70% of shoppers who shopped on website since there was no limitation of time and returning home for online shoppers as in the case of retail stores.

2. *Relevant factors of shopping.* The customers were questioned about the factors of shopping important to them. 90% of the customers felt that, quality was the most important aspect

followed by the use and price of the product while purchasing products. The customers believed in buying better quality products at one go instead of spending more on purchasing cheap quality stuff eventually. Price held utmost importance for the customers since it was one of the prime factors for buying a product as 80% of the customers shopped at their favorite retail store due to price and quality offered at the retail store.

More than 50% of customers felt that the brand, discounts offered and display were somewhat important while shopping. That is why; retailers create a beautiful and orderly display in order to entice customers to their stores and websites.

Other reasons for visiting their favorite retail store included convenient layout of the store, convenience of being close to their residence or place of work and location of the store. 70% of customers visited their favorite website for convenience, user-friendly site, and variety. Other reasons for visiting the website by the customers included looking up for product information such as size, color, usage, care and maintenance information as compared to very few customers browsing new products or trends; or seeking information about products at retail stores.

3. Economic aspect- According to the customers interviewed, 60% of them planned to spend when visiting the retail store as compared to only 12.22% customers shopping online because when the customer is physically visiting retail store, he goes with a predetermined mind of buying something as compared to browsing online. More than 80% of customers were happy with the retail store's prices as compared to 90% customers shopping at website.

The research tells that 93.93% of customers do not buy every time they visit the website as compared to the 53.33% visiting retail store probably because they visit only for recreation purpose or browsing since they could buy online at anytime. Also, they were not able to physically see, touch, test, and try the product. The customers who always ended up buying in each visit to the retail store were usually who planned to purchase beforehand.

A lot of customers (75%) bought both products planned for purchase as well as other items at the retail store in comparison to 55% customers shopping on websites. Shoppers at retail stores might indulge in impulse shopping as research proves that shopping environment invokes emotional responses in consumers and these responses influence their shopping behaviors (**Machleit and Eroglu, 2000**).

4. Physical aspect in shopping.

4.1 Shopping environment- Almost all the customers liked their favorite retail store's shopping environment very much. This might be one of the reasons for frequently visiting their favorite retail stores. Majority of the customers shopping at their favorite store spent more money than they originally set out to spend as they might like the shopping environment and made impulse purchase. Majority of the customers (45.5%) shopping at websites liked their shopping environment moderately and 31.11% of them spent moderately.

4.2 Atmospherics- Categories such as Store exterior, Store interiors, Layout and design, P-O-P Decoration, Human variables and Customer service features were considered good by the customers visiting their favorite store whereas Virtual atmospherics i.e. Background color, font, brightness etc. were considered average by them while visiting their favorite website. Lighting, music, color, temperature and cleanliness was really good in the retail stores. Display of the products, employee uniforms, characteristics, merchandise groupings were all considered beyond average by the customers. All these features attracted customers to the store and made them stay longer at store which could lead to purchase at the store and return patronage.

Virtual atmospherics i.e. Background color, font, brightness etc. were considered average by the customers visiting their favorite website. Excepting music all other static features were good. The customers rated virtual theatrics i.e. Interactive displays, brightness etc. very good. The dynamic features created movement and made the website interesting. Virtual layout such as font size, arrangement of images, navigation, and location of product on pages were clear and easily readable. All the customers were more than happy with the website's functional features such as minimal scrolling, refunds, exchange, creative shipping options and ease of payment.

5   *Social aspect in shopping.* 80% of the customers felt that shopping in retail stores was a very good way of spending quality time with their family as compared to 40% online shoppers. Most of them shopped either alone or with the family members.

According to 70% customers the salespersons were friendly and courteous. However, they did not enjoy talking with online experts who offered them advice. Overall the customers had good interaction with the website they shopped on since the information provided on the website was clear and understandable.More than 60% customers said that they liked reading

customer reviews and ratings online. It had detailed filtering/ categories, enlarged pictures and easy and efficient navigation as told by more than 90% of customers.

6 Emotional Aspect.

6.1 Edutainment- It was found that the customers derived edutainment by shopping at websites as 60% customers mentioned that the experience made them more knowledgeable as compared to 50% customers retail stores shoppers. Majority of the customers (80%) felt that the website gave them enough information about the product so that they could identify to the same degree as in the store as all the details of the product, usage, care and maintenance information is provided on the websites.

6.2 Entertainment- 50% customers felt that they did not have to buy anything in order to have fun shopping on the website since they could browse the website at any given time without actually visiting like in the case of retail store. However, 65% of the customers felt that the retail store they visited had everything to offer, from shopping to theatre and dining. According to 40% customers, the in-store activities were fun and entertaining. The website provided easy evaluation of products due to alternate tools (such as zooming, video, views, and movement) and made the website interesting according to 70% customers.

6.3 Escapism- Majority of customers (60%) did not feel as if they were in a different world or time while shopping in the retail stores as well as websites. Approximately 60% of customers felt that they only visited the retail store when they had to buy something as compared to 40% customers visiting the websites.

6.4 Experiential- Majority of the customers felt that they had wonderful memories of shopping at their favorite retail store as compared to 30% customers shopping online. More than 70% of customers said that the website made them feel safe with the transaction. The overall shopping experience in retail stores as well as online was found to be good by the customers.

6.5 Convenience- More than 70% customers visited the retail store due to its convenient location. It was either close to their residence or place of work. Customers (70%) mentioned that they visited the retail store due to good parking space. Other important factors due to which 90% customers shopped at their favorite retail store were convenient store hours and variety offered in products/brands.

55% of the customers felt that shopping on the website was very convenient as there was no time limitation. 70% customers felt that shopping online did not waste their time and that their life became easier with online shopping.

6.6 Sensory- Almost all the customers were attracted towards the retail store interiors (60%) and website (70%). The customers (70%) felt that the setting of the store was attractive and it was pleasant being there at the retail store as compared to only 55% customers who shopped online. According to 60% customers shopping online provided sensory information about the product in similar ways as to interact with the product in the store. Overall it was found that the sensory function was not only experienced by the customers in store but was more prevalent online.

Conclusion

The study showed that the majority of customers were young who frequently visited malls and shopped online for change in mood and purchase products and supplies. Most of them visited retail stores for 11/2 hr for twice a month and websites for half hour for 2-4 times a week.

Almost all the customers were happy, pleased and satisfied while shopping at their favorite retail store. They felt that the store décor was new as the visual merchandising of the store was changed frequently. They found the display of the stores and content of websites in orderly manner and that the stores had a colorful and vivid display. Stimulating music was played in the stores only, which motivated the customers to buy. These helped the customers in the buying process and made the store and website more appealing, memorable and interesting.

Shopping environment such as Store Atmospherics and Virtual Atmospherics were rated highly by the customers. Store interiors, cleanliness, temperature, music, smell all positively affected the customer's senses. These factors played an important role in creating a happy mood for the customers.

The customers were positively affected by Interaction factor. Most of the customers who shopped in retail stores thought it was a good idea to spend time with family. Customers felt that the website was visually appealing, colorful and uncrowded with information which allowed them easy interaction. Customers did not like chats with experts online but overall interaction in

online shopping was considered good by the customers whether it was reading other customer's reviews or website's recommendations.

The overall **experience** of shopping was good. The customers had good memories for shopping at the retail store as compared to online. However, not all customers felt that shopping at retail store and online was purely entertainment. They visited the retail store and website mostly for purchasing. The customers felt knowledgeable after shopping especially online as they received extra information about the products. Sensory factor was found to be good not only at retail stores but also online as a lot of customers felt the same level of sensory information provided online as at the retail stores. Majority of customers shopped at their favorite retail store and website due to the convenience of shopping.

According to 78% customers, the retail store's products had a good economic value as compared to 90% of the online customers who felt the same way. More than 80% of customers were happy with the retail store's prices as compared to 90% customers shopping at website. It remains true that 60% customers looked for sales online and 50% customers hunted for discounts in store. Overall more than 90% agreed that it was important to be a smart shopper.

It could be possible that the customer's mood was influenced by the factors of customer engagement which made them stay for longer period of time. Majority of customers (70%) thought of excellence when they shopped at retail stores and websites. Almost all the customers liked their favorite retail store's shopping environment very much. Donovan and Rossiter (1982) found that enjoyment of a retail experience results in more time being spent shopping and return patronage. A customer is satisfied and will return with a purchase in case his expectations are met and will eventually like the place and vice-a-versa (Baker 1992).

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