

Examining Factors of Customer Experience

An Empirical Study of Flipkart.com

Kavita Chauhan and
Aashu Aggarwal

CMS, Jamia Millia Islamia, New Delhi
E-mail: kavitchauhan77@gmail.com,
aashuaggarwal30@gmail.com



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Abstract

Internet as accepted by masses has become a useful medium in the course of Indian retailing. With fast pace growth of broadband services and increasing affluence on part of Indian consumers India has been facing a kind of revolution in the field of retailing evident by emergence of successful and potentially exploited model of e-retailing. Even the remotest areas of the nation are viewing an upsurge in terms of access to better technology paying a way forward to establishing e-retailing as a sustainable and growing sector of the Indian economy. In spite of this positive news, penetration of e-retailing has been relatively low because of increased issues about privacy and security leading to unsatisfying customer experience. Moreover because of heightened competition and increasing customer awareness to protect their rights, customer experience has become a tool to gain competitive advantage and save their market territories. Thus, this paper seeks to study customer experience with reference to Flipkart (Indian e-retailer) customers. The paper with the help of appropriate statistical tools identifies the level of customer experience in concerned design areas and its impact on satisfaction, loyalty and word of mouth. On the

bases of survey of 163 Flipkart users the study determines physical environment, service delivery process, front service employees, back office support, and fellow customers as five factors of customer experience significantly determining after sale consumer behaviour.

Keywords: E-retailing, Customer Experience, Customer Satisfaction, Customer Loyalty.

INTRODUCTION

Because of the introduction of new technologies and increase in number of educated consumers there has been an unprecedented growth in e-retailing worldwide. People across the world are finding e-commerce as a way to purchase goods and services at their own terms with enhanced flexibility and comfort. However, because of many new e-retailers invading the market it becomes crucial to understand and analysis the experience of customers with respect to firms good and services and also how these impact their behaviour. This paper has been divided into six chapters with theoretical framework, literature review, research methodology, results and interpretations, conclusion and recommendations making the first, second, third, fourth, fifth and sixth chapter respectively.

THEORETICAL FRAMEWORK

E-retailing

As defined by Turban (2006) e-tailing is a retailing conducted online, over the internet. Explained in simple words e-retailing specifies purchasing and selling of goods and services online. Facility to choose, compare and purchase products 24*7, visualize needs with products and discuss with other customers

make it all the more convenient to shop online. Chen et. al. (2004) categorised e-tailing into three categories such as, pure online players with no physical existence, click and mortar retailers and lastly retailers who replace the physical store with a fully online operation. Keeping in view the extent of services provided by e-retailers nowadays, the sector has continuously being viewed as an experiential service provider, meaning the services where the focus is on the overall experience of the customer while interacting with the organisation, than just being on the functional benefits derived from the product or service consumed (Voss & Zomerdijk, 2007). As proposed by the authors, the services should be majorly designed from a customer perspective and must be seen more of a journey spanning over a longer period of time and consists of multiple touchpoints than being a single transaction.

Customer Experience

Customer experience has become a tool to build enhanced customer satisfaction, loyalty and positive word of mouth by stimulating customer's confidence and trust within the company's products and services. A good customer experience is also expected to deliver enduring competitive advantage. As summed up by Csikszentmihalyi (2000), experience is the customer's personal interpretation or evaluation of the whole service process and their interface during their journey through a series of touch points. This experience is understood purely from the customer's view point and is highly personal residing only in the customer's mind. These experiences result into formulation of intentions, such as the intention to repurchase or not, the intention to communicate to others or not, and finally the intention to complain or not.

Customer Behaviour: Customer Satisfaction, Loyalty and Word of Mouth

Customer satisfaction is a positive feeling experienced by an individual after using a good or a service of a particular seller. In other words, positive or negative feeling created during consumption of services that has an impact on evaluation of the services is known as customer satisfaction (Moon & Minor, 2003). It is a key factor in determining customer's tendency to make a future purchase from the same seller. Moreover, satisfaction also affects the scope of positive word of mouth.

Customer loyalty is a tendency of the customer to favour and support one brand over others either because of the satisfaction or convenience from the brand or a product or simply because of familiarity and comfort with the brand. It shows the likelihood of previous customers buying from a particular seller.

Word-Of-Mouth (WOM) was originally defined as an oral form of non-commercial communication that takes place among customers (Arndt, 1967). However, the concept has been widely changed in today's scenario leading to *emergence of electronic word-of-mouth (eWOM) communication*. E-WOM communication refers to any statement made by the customers about a product or a company through the Internet (Thurau et al., 2004). WOM communication not only provides an important source of information to customers but also serves as a crucial medium to seek customers' feedback.

About Flipkart.Com (Flipkart Online Services Pvt. Ltd.)

Flipkart is a private online company based in Singapore and headquartered at Bangalore,

Karnataka. It was founded by Sachin Bansal (Chairman) and Binny Bansal (CEO) in the year 2007 and offers a package of wide range products. In the year 2015 for the first time its founders entered Forbes India rich list debuting at 86th position with a net worth of \$ 1.3 billion each. Since its inception Flipkart has been into the business of creating customer value through its marketing and after sale efforts. With its broad employee base of approx 33,000 people it has succeeded in creating its own product range under the name of 'Digiflip'. As a step forward to increase its presence the company acquired weRead (2010), mime360 (2011), chakpak.com (2011), letsbuy.com (2012), myntra.com (2014) and mobile marketing start-up appiterate (2015). As a way to create its special identity in Indian e-commerce industry the company has launched its own set of tablets, mobile phones, phablets, home appliances, personal health care and other products. With its online operations succeeded ahead, the company has come up with its offline mode of operations adding mortar side to its structure. *The online market place major opened its first offline store 'fliptomania' at Bangalore and is likely to open similar stores in Delhi, Mumbai and Kolkata adding offline mode to its operations.*

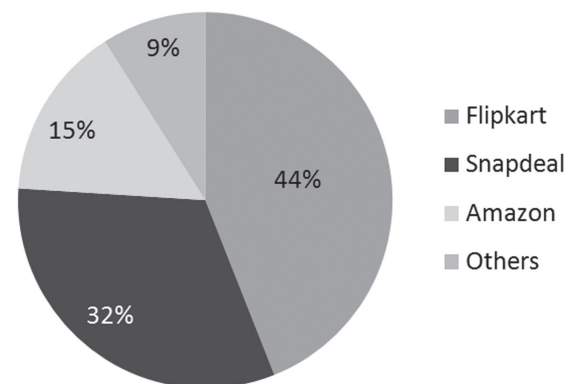


Figure 1: Market Share

Source: Morgan Stanley Research, 2015.

According to a research of Morgan Stanley (2015) Flipkart has found to be leading in the race of highest market share in Indian online retailing. As per the findings of the report, Flipkart has a market share of 44% followed by Snapdeal and Amazon at 32% and 15% respectively.

Though the research shows positive situation for Flipkart, recent tie ups of Amazon with future group to extend its offline operations leaves Flipkart with a challenge to work more on the customer experience to keep them loyal and intact.

Motivation of the Study

With the emergence of internet services and widespread awareness and affluence on the part of Indian population e-commerce has become a new way to shop. India is characterised by its huge internet user base with 375 million (30% of its population) people using internet as a medium to seek required goods and services. Recent introduction of 4G and availability of wide range of products and services over internet has added to the situation. According to Forrester (2011) the e-commerce in India is set to grow at fastest within Asia-Pacific Region at a CAGR of over 51% between by 2016. However despite of having such a huge internet user base the penetration of e-commerce in India as compared to US or France has been relatively slow.

Further, looking at the expansion of cut throat competition among various online retailers and increasing demands of the customers in respect of quality, privacy and after sale acquaintance it becomes essential for the organizations to stay on the path of continuous upgradation through better customer experience. And in order to build better customer experience an organisation clearly need to understand what

the customer feels about the different aspects of an organisation and its services. It becomes necessary to define the areas that customers are satisfied with and the areas where there is still a need for improvement to keep customers delighted. This paper seeks to find the activities where the company is leaving a positive experience and where it has been lacking to suggest the areas that a company can work upon.

LITERATURE REVIEW

This chapter has been segmented into four parts, first explaining the nature and importance of customer experience with second and third throwing light on the areas and outcomes of customer experience respectively talking simultaneously about the dissatisfaction of consumers with e-tailing thus proving case for this research. Fourth part talks about the deficiencies in e-tailing.

Nature and Importance of Customer Experience

Customer experience is the outcome of all communications with a company whereas customer service is what an organization does. As explained by Carbon & Haeckel (1994) in their research each service delivered and consumed is followed by an experience whether good, bad or indifferent and thus, each service encounter provides an opportunity for an emotional engagement. Pine & Gilmore (1998) in their research posits that as services become more commoditized the only way companies compete is through experiences i.e. understanding and operating on the advantage of customer experience helps organisation to stay ahead of its competitors. The art of ensuring service quality is, therefore, the knack to deliver what the customer

wants and expects. Challenges faced forces the e-retailers to keep a track of customer experience to gauge their satisfaction level. These challenges may be in the form of lack of physical facilities, high shipping costs and return difficulties.

Areas of Successful Customer Experience

The literature highlights that a customer evaluates the service quality at every point he communicates with an organisation. Besides the Web site of the E-retailer, a customer may interact with an E-Business through numerous touch points such as a customer may call up the support hotline, or send an e-mail to know the position of a deferred order, or get a message about special offer or promotion and so else. It is, therefore, restrictive to think E-Commerce only with respect to its Web site, as this represents only one touch point of the E-Business. Thus equally important is the role of back end functions in building better customer experience. As proposed by Zeithaml et al. (2002) success of e-tailing depends on the efficient use of website design, effective shopping and prompt delivery and thus adequate and timely efforts must be undertaken to study customer experience in respect of diverse service areas. Because of absence of physical cues like a showroom or buying place, artefacts such as the design, language, content and service process adopted by e-retailer actually determine how a prospective consumer perceives and finally relates with a company. To many consumers, believing an e-retailer with payment information, to deliver the product timely, and to provide after sale service are probable obstacles to the buying process. In an attempt to examine the role of customer in service Gustafsson et al. (1999) through a case study of Scandinavian Airlines (SAS)

showed how new services can be developed and redesigned based on customer feedback. By observing customers' processes and their movement during service consumption ideas can be generated for making service efficient. Also, their dissatisfaction at certain points may provide essential clues for further improvement.

Outcomes of Customer Experience

A positive customer experience not only creates satisfaction but also leads to increased sales and positive word of mouth whereas a negative experience along with decreasing the probability for future sales, give rise to negative word of mouth impeding new customer acquisition. Despite of technology making the whole activity easier, ignoring the emotional and logical cues that buyers matter can hinder the rise of the best business models. In addition, Cronin et al. (2000) and Chandar et al. (2002) suggested that there exists a common link between customer satisfaction and quality of services. Studying relations between the three concepts of quality of services, customer satisfaction, and loyalty they argued that quality of services and customer satisfaction are notably related and the same is true for customer satisfaction and loyalty. According to the study of Lin & Yian to study the customer loyalty of Amazon.com, the customer loyalty has become the determinant element that influences the organisation's long-term profits. As an indicator of market share, customer loyalty has become a meaningful tool. Managers nowadays prefer to pay more attention to improving customer loyalty as an instrument to fight competition. As proposed loyalty of consumer is a self-reinforcing system in which the firm delivers superior value consistently to keep customers intact. The

loyal customers not only repurchase firms' product, but also encourage their relatives and friends to use those products saving publicity and advertisement expenses. The loyalty assumes greater importance in e-commerce, because of availability of comparing facilities through access to blogs and reviews where customers can compare the advantages and disadvantages of e-commerce sites more easily than traditional stores. The three primary elements which customers care most in online shopping are the quality of products, the safety of payment and the quality of services.

As suggested by Dawson & Horenkamp (2007) in an attempt to analyse the benefits of service delivery innovation, innovations in service delivery requires firms to consolidate resources in new ways and package services innovatively to exploit efficiencies and staffing predictability fully. Firms that outperform others at service delivery gain remarkable benefits. Creative packaging makes services easier to buy and sell. In addition, collaborative client relationships drive greater differentiation and increase client loyalty. According to the findings, higher client satisfaction, low deliver cost and faster time to market new services were found to be key benefits offered through packaging innovation. The results of the research of Delafrooz et. al. (2013) concludes that all aspects of new services positively contribute to customer satisfaction with customer interaction being the most significant and delivery system being the least significant. Further, in the same study new services were found to be contributing to quality of services with development of new technology being the most significant and use of technology least significant. The study also laid down existence of positive relation between quality of services and customer satisfaction with

empathy being the highest contributor and reliability lowest.

E-Retailing: A Dark Side

However, though e-tailing in Indian and among other nations has been on the path of growth, there is still a portion of population which is not yet convinced about its benefits and is more concerned with security and privacy issues. According to one communication report of Australia (2011) to analyse the e-commerce marketplace, lack of trust was found to be the major issue faced. The Indian retail is witnessing a kind of revolution followed by rapid transformation, challenge and opportunity. Except few metro cities, the Indian shopping behaviour towards e-tailing is following a kind of rigid pattern evident by lack of trust and confidence.

RESEARCH METHODOLOGY

Research Design

The study is descriptive cum exploratory in nature as it seeks to describe and explore the impact of different design areas on customer experience suggesting areas for improvement in consumer behaviour.

Research Objectives

- To find out the customers experience in respect of five design areas.
- To study the customer behaviour indicated by satisfaction, loyalty and word of mouth of Flipkart users.
- To study the impact of customer experience on customer behaviour tools.
- To provide implications to organizations for enhancing quality of customer experience.

Variables Used in the Study

- *Customer experience (independent variables)*: The customer experience was studied in respect of five design areas namely the physical environment, service employees, service delivery process, fellow customers and back office support.
- *Consumer Behaviour (dependent variable)*: This was analyzed in terms of customer satisfaction, loyalty and word of mouth. Customer satisfaction represents satisfaction derived from whole journey, loyalty measures tendency of the customers to stick to the organization and word of mouth shows customers willingness to communicate positive or negative experience about the service with other customers.

Research Hypothesis

- H1 – Customers’ experience with respect to company’s physical environment impacts customer behaviour.
- H2 – Customers’ experience with respect to company’s service delivery process impacts customer behaviour.
- H3 – Customers’ experience with respect to company’s service employees impacts customer behaviour.
- H4 – Customers’ experience with respect to company’s back office personnel impacts customer behaviour.
- H5 – Customers’ experience with respect to fellow customers impacts customer behaviour.

Data Collection

To accomplish the objectives both primary and secondary data has been used. To gain firsthand experience, primary data collected through Likert type questionnaire was used.

The study used 26 items questionnaire with 3 items each for physical environment, front line service employees, fellow customers, customer satisfaction, loyalty and word of mouth and 4 items each for service delivery process and back office support. Further, for conceptual framework, data collected from secondary sources such as online articles, journals, research papers, business magazines, etc., has been used.

Sampling Unit

The research was conducted on a sample of Flipkart shoppers. For the purpose of this study convenience sampling was used and questionnaires were distributed to 200 Customers. Out of 200, 32 people never used Flipkart, 5 returned semi-filled questionnaires and thus, were removed from the final analysis. Final formulation includes analysis of only 163 users. To analyse the reliability of the scale so framed, Cronbach’s reliability alpha was computed which came out be 0.916 showing high levels of scale reliability.

RESULTS AND INTERPRETATION

This chapter discusses the results of the data analysis done using SPSS. To gain insights frequency, correlation and regression analysis was done. The tables of the analysis are attached in the Appendix for future reference.

The Background of the Customers

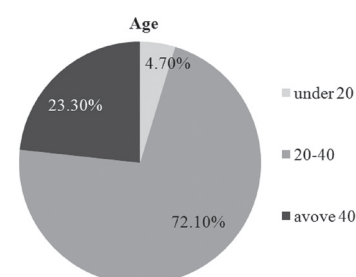


Figure 2: Sex of Surveyed Customers

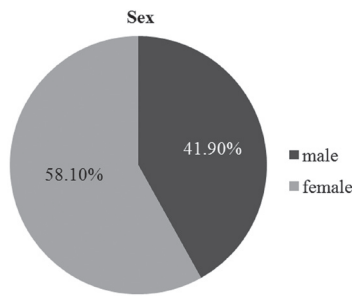


Figure 3: Age of Surveyed Customers

The analysis of Figure 2 shows that out of all customers surveyed 41.09% were male and 58.10% were female. Further, data of Figure 3 shows us that most of the users fall in the age gap of 20-40 years.

Frequency of Use

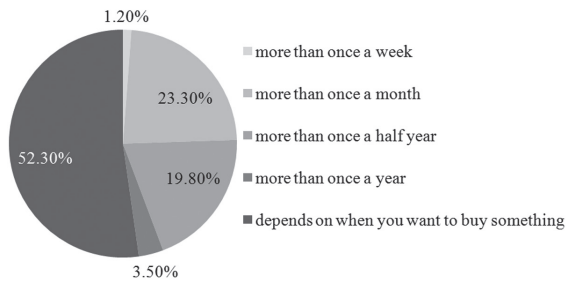


Figure 4: Frequency of Use

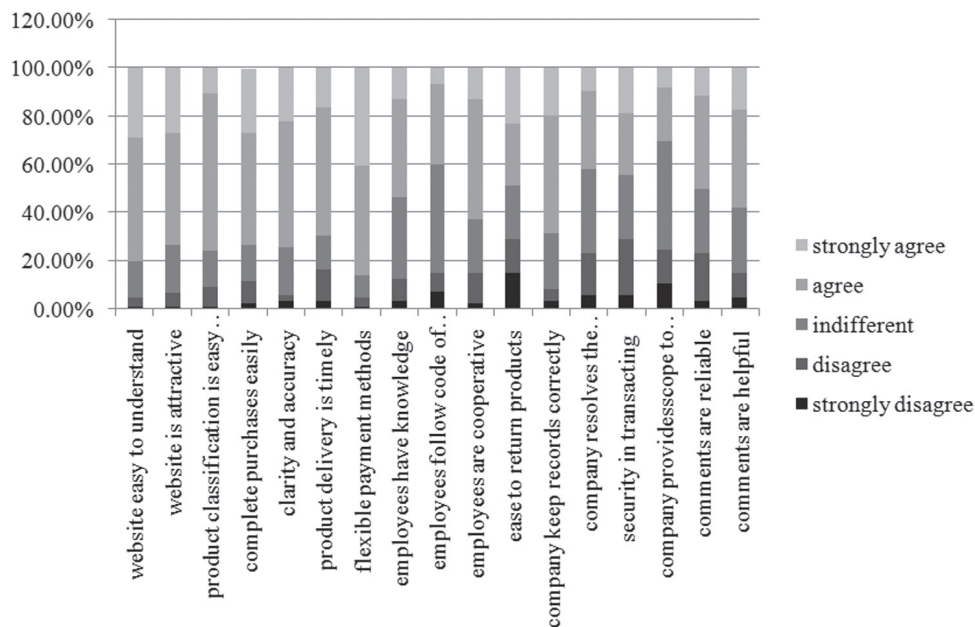


Figure 5: Customers' Experience about Design Areas

From the Figure 4, we can interpret that majority of users shop on flipkart.com on the basis of their requirement to shop i.e. most of the users' visit depends on their need to buy something.

Customers Experience Analysis

Figure 5 shows how the customer feels about the different design areas of the services offered by the company. The analysis shows that on most of the items customers chose 'agree' option showing fairly positive perception of Flipkart's services. However, customers are not much impressed with the employees' commitment towards professional standards of conduct and company's efforts to solve customers' problems. Also, low level of agreement with respect to ease of return shows that customers find it difficult to return the unwarranted items. Further, a very small portion of customers feel that company provide adequate scope for fellow interaction. Maximum disagreement has been recorded in respect of transaction security.

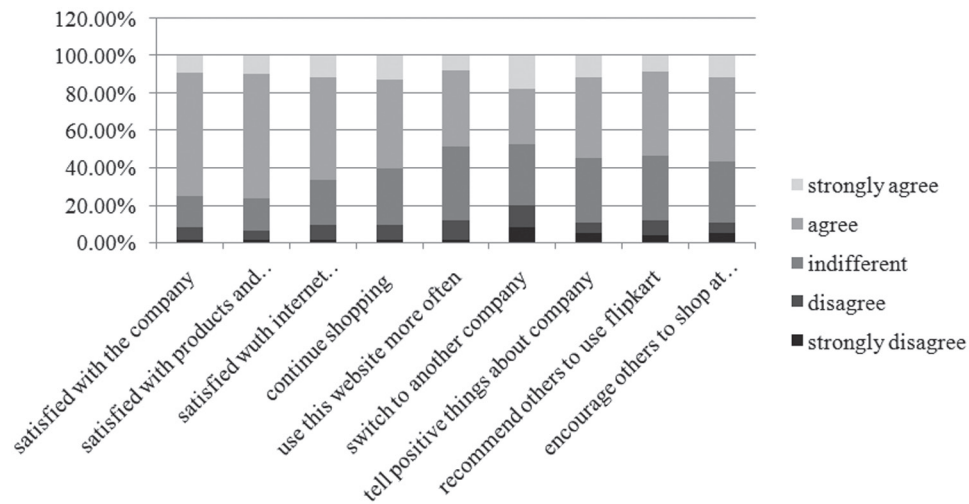


Figure 6: Customers' Experience

Customers Purchase Outcome Analysis

Figure 6 shows that most of the customers are fairly satisfied with flipkart.com. The major finding here is that though the customers are satisfied they are still willing and likely to switch when offered better services. Also, we can see that customers are indifferent about sharing their view points with others. Thus, they need to be provided with some incentives to share their satisfaction with potential customers to help company grow.

behaviour. The positive correlation shows that any improvement in concerned design areas will lead to enhanced satisfaction, loyalty and word of mouth. Though all areas were found to be contributing positively, *highest degree of correlation was found between physical environment and consumer behaviour (0.629)* with least degree of correlation reported between fellow customers and consumer behaviour (0.520). This leads to acceptance of the entire formulated research hypothesis.

Correlation Analysis

Tested at 0.01 level of significance, all the five design areas of customer experience were found to be positively correlated to consumer

Regression Analysis

The regression analysis was conducted to study the nature of relationship between the two variables and determine what causes what.

Table 1: Correlation Matrix

Variables	Physical Environment	Service Delivery Process	Front Service Employees	Back Office Support	Fellow Customer	Consumer Behaviour
Physical environment	1					
Service delivery process	.702**	1				
Front service employees	.314**	.512**	1			
Back office support	.407**	.680**	.616**	1		
Fellow customers	.454**	.537**	.476**	.455**	1	
Consumer behaviour	.629**	.601**	.545**	.532**	.520**	1

** Correlation is significant at the 0.01 level (2-tailed)

The R-square value represented in model summary table of analysis shows how much of the total variance in dependent variable (here consumer behaviour) is caused by each of the five factors of customer experience. The analysis of R- square values show that physical environment, service delivery process, front office service employees, back office support and fellow customers explain the 39.5%, 36.2%, 29.7%, 28.3% and 27.0% respectively. Moreover, on the basis of the coefficient summary of the regression analysis following equations are drawn to determine the consumer behaviour given the value of individual factors of customer experience.

Equation (i) gives the relationship between the consumer behaviour and customer experience with respect to physical environment.

$$\text{Consumer behaviour} = 13.137 + 1.623$$

(physical environment)

Equation (ii) gives the relationship between the consumer behaviour and customer experience with respect to service delivery process.

$$\text{Consumer behaviour} = 13.510 + 1.195$$

(service delivery process)

Equation (iii) gives the relationship between the consumer behaviour and customer experience with respect to front service employees.

$$\text{Consumer behaviour} = 19.941 + 1.170$$

(front service employees)

Equation (iv) gives the relationship between the consumer behaviour and customer experience with respect to back office support.

$$\text{Consumer behaviour} = 20.799 + 0.839$$

(back office support)

Equation (v) gives the relationship between

the consumer behaviour and customer experience with respect to fellow customers.

$$\text{Consumer behaviour} = 20.027 + 1.221$$

(fellow customers)

CONCLUSION AND RECOMMENDATIONS

From the study undertaken it was found that studying factors of customer experience have become an inevitable tool to enhance desirable consumer behaviour. The preliminary analysis shows that most of the customers buy from Flipkart depending on the need to buy something. Further, though consumers have found to be pretty satisfied with the services they are still not convinced about the ease of transactions and even find it difficult to return unwarranted items. Moreover, customers have also found to be facing security issues with respect to internet transactions. Employees' commitment, scope for interaction with fellow customers also reported lower satisfaction. The most significant finding here comes in the intention of customers to switch. It was found that though customers are satisfied they are likely to switch to other companies. This shows low customer loyalty and high chances of switching. The correlation analysis shows us that highest correlation lies between physical environment and customer experience. This shows that any innovation and improvement in physical environment would lead to higher customer experience and thereby consumer behaviour. Value of R square shows that a greater amount of variation in customer behaviour is explained by physical environment. On an all it can be deduced that there is still a long way to go in terms of creating an unending delightful customer experience and for this it is advisable to work on the areas of dissatisfaction to improve for

better. Therefore, company should first come up with a platform where customers can share their personal information along with having security control. Secondly, since many of the customers reported that company doesn't provide adequate support to interact with fellow customers, it is advisable to create a common blog or customer diary where they can keep record of their purchases and may even share their views about the same. Looking at the difficulty in returning unwanted items, coming up with a return on deliver service may add to the customer experience. Also, return process should be less formalised and documented. Further imparting training to their call centre and back office employees to quickly solve customer issues will also help. In order to keep customers with the company for life time loyalty programmes, or wallet payment schemes can be launched to help them earn extra rewards.

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