Relationship between Market Related Factors and Customer Experience in Hypermarkets in Egypt
Fatma Ahmed Elsayed Ahmed Morsy

Abstract:

This research aims at investigating the relationship between market related factors including (atmosphere, convenience, personal interaction and customer to customer interaction) and customer experience in hypermarkets.

The findings showed that market related factors including (atmosphere, convenience, personal interaction and customer to customer interaction) significantly and positively contribute to customer experience. Additionally, atmosphere was found to be the most significant determinant of customer experience.

الملخص:

يهدف البحث الي تحديد تأثير العوامل المرتبطة بالسوق على خبرة العملاء فى الهايبرماركت فى مصر. ولقد أوضحت نتائج البحث علاقة إيجابية ومعنوية مابين العوامل المرتبطة بالسوق (المناخ العام للمتجر، ملائمة الخدمة، التفاعل الشخصى، التفاعل مابين العملاء) وخبرة العملاء. كما اتضح أن المناخ العام للمتجر له أقوى تأثير على خبرة العملاء داخل المتجر .

1. <u>Introduction</u>

Nowadays, competing in the marketplace has become increasingly difficult coupled with the similarity of the products and services offered by businesses. Besides, other factors such as advanced technology, sophisticated and demanded customers, traditional methods of offering goods and services have made firms moving beyond goods and services to focus more on customer matters (Pine and Gilmore, 1999).

According to many reports in Barnes (2002), customer relationship management failed to deliver the expected levels of value for customers and profitability for organizations (Palmer, 2010).Also, the internet allowed lower barrier of entry toward the implementation of customer relationship management (Nasution et al.,2014).

Amid all of this, contemporary customers demand not only competent services but also unique and memorable experiences that accompany the delivery of products and services. Consequently, customer experience may be a new mean of competition in markets and the successor of customer relationship management (Nasermoadeli et al., 2013; Palmer, 2010; Verhoef et al., 2009; Meyer and Schwager, 2007; Nasution et al., 2014).

Since then; customer experience has emerged as a holistic perspective and a multidimensional concept comprising customer sensorial, emotional, cognitive, physical and social responses (Verhoef et al., 2009; Brakus et al., 2009).

Despite the growing recognition of the importance of customer experience, limited contributions from scholars to capture the true meaning of the concept has been made. Palmer (2010) has observed that scholars face little consensus on customer experience definition and its measures.

In fact, the concept of experience has applied in different contexts such as transport, travel, restaurants, tourism. Nevertheless, identifying the determinants of customer experience has been particularly challenging due to the lack of empirical research chiefly in hypermarket sector which is regarded as a retailing format.

Thus, this research focuses on customer experience and its determinants so as to enable retailers to apply that new approach and eliminate phenomena of lowering prices as means of competition.

2. <u>Literature Review and Hypotheses Development</u>

According to conceptual framework introduced (by Verhoef et al, 2009; Farias et al., 2014), store atmosphere is an

essential determinant in order to provide superior experience. In a study focusing on music impact, Jain and Bagdare (2009) find that music acts a powerful sensory stimulus affecting customer experience at various levels (cognitive, emotional and behavioral). Further, Pareigis, Edvardsson and Enquist, (2011) confirmed that physical environment influences service experience either positively or negatively through the noise level, temperature and cleanliness of the environment.

Based on these findings, the following hypothesis is derived:

H1a: Atmosphere is significantly and positively contributed to customer experience.

In a study carried out in a banking context by Garg et al., (2014), it was found that out of 11 factors affecting customer experience, convenience is considered as the most significant among all other factors. Other researchers have also reported the importance of convenience as one of the essential elements of the shopping experience. For instance, Srivastava and Kaul (2014) also proved that location, utilities and entertainment are considered as descriptors of convenience and perceived convenience leading to favorable customer experience and in turn leading to customer satisfaction. From these findings, the following hypothesis is derived:

H1b: Convenience is significantly and positively contributed to customer experience.

Interactions during service delivery have been shown to have a significant impact on customer experience. The importance of employee-customer interactions was highlighted in the tourism sector (Cetin et al., 2014), in the universities (Garg et al., 2014) as well as within the retail sector (Bagdare, 2012).From these findings, the following hypothesis are derived:

H1c: Personal interaction is significantly and positively contributed to customer experience.

Brotoco et al., (2012) results showed that evaluations of customer experience that simply emphasizes the aspects of a firm performance (e.g service quality) may be incomplete in contexts where customer shares the service facility. Nasermoadeli et al., (2013) also support the concept of customer experience creation model by Verhoef et al., 2009. They found a significant relationship between social interaction and sensory and emotional experience. From these findings, the following hypothesis is derived:

H1d: Customer to customer interaction is significantly and positively contributed to customer experience.

3. The Research Methods
3.1 Sample Selection

The target population of the present research is all shopping customers in three selected hypermarkets (Carrefour, spinney's and hyper one) in Egypt.

A non-probability quota sample design is utilized because the population is heterogeneous, exceed millions and no sampling frame is available. Thus, the sample size equals to 384. Approximately, the sample size of 384 is obtained by reviewing statistical tables in (Saunders et al., 2009; p.219; Collis and Hussey, 2009; p.211).

3.2. Data collection method:

A self-administered structured questionnaire is utilized to gather data from shoppers in hypermarkets.

3.2.1 Questionnaire design

The questionnaire was designed in English language taking into consideration the data required and scale items utilized in testing hypotheses. Since the target group study is Egyptian customers, the questionnaire was translated into Arabic and was reviewed by peers and marketing professors.

The questionnaire of this research was mostly composed of questions of interval scale. All statement in the questionnaire with an interval scale had five points on likert scale, where respondents indicate their agreement or disagreement.

3.2.2. Data Collection process

For this research, self-administered questionnaire is chosen. Through, self-administered questionnaire, respondents fill in the questionnaire without any intervention from the researcher. Data was collected in Arabic language of measuring tool to enable respondents to comprehend all questions. The researcher hands the questionnaire out in a printed form (hard copy) on customers from different demographic profiles (age, gender) and from different hypermarkets (Carrefour, spinney's and hyper one). The data collection process began on November 1th and ended on January 28th, 2016. Further, 480 printed questionnaires were distributed to customers, only (384) questionnaires were returned complete and valid for the analysis.

4. Data analysis Techniques

This section will introduce the outline of the statistical techniques utilized to analyze the gathered data throughout this research. The following is a brief for each technique and test adopted in this research.

1- *Descriptive statistics* is utilized to describe the basic features of sample data and provide simple summaries about the sample and measures.

2- Reliability and validity of the analysis

- *Cronbach's alpha is* conducted to test the reliability of all multi-item scales.
- *Confirmatory factor analysis* is employed to test the validity of used scales.

3- Testing hypotheses through multiple regression analysis.

4.1 Descriptive statistics of the research variables

Table 4.1 Descriptive Statistics

Variables	Mean	SD
Atmosphere	3.857	.6082
Convenience	3.693	.5980
Personal interaction	3.810	. 6206
Customer to customer interaction	3.478	.7086
Customer experience	3.632	.7103
A. Sensory experience	3.856	.7319
B. Affective experience	3.793	07732
C. Intellectual experience	3.610	.7767
D. Physical experience	3.427	1.131
E. Social experience	3.472	.9452

Note: SD = standard deviation

- For market related factors, the most important is atmosphere itself, with mean of (3.857) followed by personal interaction (3.810), convenience (3.693) and customer to customer interaction (3.478) respectively.
The ratings revealed that the respondents believed that presence of several combinations of atmospheric cues (e.g. design, decorations, color, lighting and music) are pleasant. Interactions with hypermarket employees are viewed as important for customers. They agreed in terms of employees are friendly, helpful, neat and well dressed and give them sense of trust. Further, the least important factor was customer to customer interactions.
- Finally, the mean of customer experience dimensions range from (3.856) to (3.427) according to the 5-point Likert scale of measurement. Thus, the researcher concludes that there is agree direction to customer experience construct which indicates that respondents tended to have positive experience with their hypermarket. In relation to customer experience, it is noted that the sensory experience is the most important dimension with a highest mean (3.856) and low standard deviation (.7319).

4.2 Reliability Analysis

In order to secure internal consistency reliability that reflects whether items of the questionnaire are reliable and

consequential or not, Cronbach's alpha technique was used using SPSS software for all scale items. The alpha coefficient (α) has a value from (0) no internal reliability to (1) perfect reliability and hence the closer alpha coefficient is to 1, the higher internal consistency reliability and the better measuring instrument.

Table 4.2. Reliability and intrinsic validity for research variables

No	Construct	No of items	Reliability coefficient α	Intrinsic Validity
1	**Atmosphere**	9	.816	.903
2	**Convenience**	9	.805	.897
3	**Personal interaction**	8	.858	.926
4	**Customer to customer interaction**	6	.830	.911
5	**Customer experience**	17	.919	.958
Total		**64**	**.956**	**.977**

According to table (4.2), the reliability coefficient and intrinsic validity for research variables are (.956) and (.977) respectively. Since Cronbach 's alpha of scale is closer to 1 which represent higher internal consistency reliability . The most three constructs with highly reliability coefficient are customer experience, personal interaction and customer to customer interactions with reliability coefficient (.919), (.858) and (.830).

4.3. Confirmatory Factor Analysis:

Table 4.3.Confirmatory Factor Analysis by standardized and unstandardized regression weights

Path			Standardized Estimate	Unstandardized Estimate	S.E	t-test: CR	Significant level
Q21	←	Atmosphere	.618	1.000			
Q20	←	Atmosphere	.562	1.057	.114	9.234	.001***
Q19	←	Atmosphere	.585	.977	.102	9.543	.001***
Q15	←	Atmosphere	.571	1.026	.110	9.292	.001***
Q14	←	Atmosphere	.775	1.497	.128	11.719	.001***

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		Path	Standardized Estimate	Unstandardized Estimate	S.E	t-test: CR	Significant level
Q13	←	Atmosphere	.627	1.068	.107	10.018	.001***
Q30	←	Convenience	.634	.966	.089	10.828	.001***
Q29	←	Convenience	.762	1.063	.084	12.598	.001***
Q28	←	Convenience	.707	1.111	.094	11.869	.001***
Q27	←	Convenience	.603	.795	.084	9.449	.001***
Q31	←	Convenience	.674	1.000			
Q32	←	Personal interaction	.649	1.000			
Q33	←	Personal interaction	.613	1.023	.096	10.607	.001***
Q34	←	Personal interaction	.644	1.265	.114	11.068	.001***
Q35	←	Personal interaction	.683	1.364	.117	11.637	.001***
Q36	←	Personal interaction	.655	1.257	.112	11.229	.001***
Q37	←	Personal interaction	.706	1.142	.096	11.949	.001***
Q38	←	Personal interaction	.683	1.229	.106	11.632	.001***
Q4	←	Personal interaction	.647	1.186	.107	11.117	.001***

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Path			Standardized Estimate	Unstandardized Estimate	S.E	t-test: CR	Significant level
0							
Q42	←	C2C interaction	.626	1.000			
Q43	←	C2C interaction	.662	.985	.093	10.632	.001***
Q44	←	C2C interaction	.733	1.068	.093	11.471	.001***
Q45	←	C2C interaction	.648	.836	.080	10.466	.001***
Q46	←	C2C interaction	.677	.979	.090	10.819	.001***
Q47	←	C2C interaction	.692	.931	.085	11.000	.001***
Q49	←	Customer experience	.600	1.000			
Q50	←	Customer experience	.665	1.197	.111	10.771	.001***
Q51	←	Customer experience	.666	1.184	.110	10.775	.001***
Q52	←	Customer experience	.664	1.440	.134	10.752	.001***
Q53	←	Customer experience	.739	1.390	.120	11.617	.001***
Q54	←	Customer experience	.745	1.354	.116	11.675	.001***
Q55	←	Customer experience	.775	1.554	.130	11.997	.001***

Path			Standardized Estimate	Unstandardized Estimate	S.E	t-test: CR	Significant level
Q56	←	Customer experience	.714	1.352	.119	11.331	.001***
Q59	←	Customer experience	.661	1.492	.139	10.721	.001***
Q60	←	Customer experience	.692	1.754	.158	11.086	.001***
Q61	←	Customer experience	.677	1.526	.140	10.907	.001***
Q63	←	Customer experience	.622	1.283	.125	10.246	.001***
Q64	←	Customer experience	.645	1.451	.138	10.521	.001***

According to table 4.3, the researcher can conclude the following;

- All standardized regression weights (factor loading) are greater or equal (.50) which means that all measured variables are statistically significant, i.e. the measured variables represent constructs

- t-test for all measured variables is significant at a level of significance less than (.001) which indicates that product

relevant factors and market relevant factors are determinants of customer experience.

- Squared multiple correlations, i.e. average variance extracted for all constructs have close to fit cut- off values.

The Goodness of Fit of the (Final CFA) Model
Table 4.4 the goodness of fit indices in the final confirmatory indices

Indices	Value
Chi- Square	4115.407
Degree of Freedom (DF)	915
Level of Significance (P)	.001
Normed Chi-Square	4.498
Root Mean Square Residual (RMR)< .10	.067
Goodness of Fit Index (GFI)	.648
Adjusted Goodness of Fit Index (AGFI)	.602
Normed Fit Index (NFI)	.617
Relative Fit Index (RFI)	.586
Incremental Fit Index (IFI)	.674
Tucker Lewis Index (TLI)	.645

Comparative Fit Index (CFI)	.672
Root Mean Square Residual Approximation (RMSEA) <0.10	.096
The average variance extracted	0.427

- As highlighted in table 4.4, the researcher demonstrates that all the goodness of fit tests of the model displayed significant results, where the indicators are at acceptable limits to cutoff values. Thus, there is possibility of matching the actual form of the model estimated. In addition, the values of Root Mean Square Residual (RMR) and Root Mean Square Residual approximation (RMSEA) are less than .10.

- Furthermore, the mean variance extracted for all latent constructs is .427 which indicates that there is adequate convergent validity. AVEs of all scales turned to be at acceptable limits to cut-off values. As shown, average variance extracted for the constructs of atmosphere, convenience, personal interaction, customer to customer interaction and customer experience are as follow (.4),(.460), (.437) ,(.454) ,(.467).In sum, the hypothesized model shows satisfactory fit indices that are about to reach the desired range, thus the model is acceptable.

4.4 Multiple Regression analysis

Regression analysis was carried out to analyze the associative relationships between market relevant factors and customer experience.

Table 4.5 Multiple Linear Regression Analysis for Hypothesis Testing

No	Independent variables	Estimated coefficient	t-test		f-test		R^2 %	VIF
			Value	Sig.	Value	Sig.		
	Constant	.138	2.348	.019*	617.036	0.001***	92	---
1	**Atmosphere**	.176	9.672	0.001***				2.237
2	**Convenience**	.148	7.354	0.001***				2.625
3	**Personal interaction**	.138	8.628	0.001***				3.157
4	**C2C interaction**	.071	4.669	0.001***				2.099

*   Parameter is significant at the .05

***Parameter is significant at the .001

As indicated by table 4.5, statistics interpretation can be summarized as follows;

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- **F-test**

As shown in previous table, the value of F is equal 617.036 with significant at .001 level. This reveals that independent variables that were accepted in the model have been influenced on customer experience

- **t-test**

t-test is used to determine the significant values of each independent variable in the regression model. Testing for significance of the independent variables indicates a high level of significance at .001 level .Thus, all marketing determinants are considered worthy for improving customer experience.

- **Regression Equation**

Customer experience= .138+.176 atmosphere +.148 convenience+.138 personal interaction+ .071 customer to customer interaction

5. Summary and Conclusion

The research aimed to explore the major determinants influencing customer experience in the hypermarket sector in Egypt.

In order to pursue this objective, a mixed research design was adopted. Firstly, a qualitative exploratory study was carried out, then a conceptual framework that investigates the relationship between market related factors and customer experience was proposed. Secondly, this framework was

tested by means of a survey of Egyptian shoppers in the hypermarkets.

The research is based not on probability sampling but on "Quota sampling". Utilizing the chosen sample design, questionnaires were administered at three different hypermarkets in Egypt (Carrefour, Spinneys, hyper one). A total of 480 questionnaires were distributed on shoppers in theses hypermarkets. Of the total 480 customer chosen, 384 responded to the questionnaire yielding response rate (80%). Thereafter, the questionnaires were utilized for data analysis. Reliability and validity tests are then employed in order to secure the research quality. In order to test the proposed research hypotheses, the researcher conducted a multiple regression analysis.

The main research findings revealed that atmosphere is regarded the strongest predictor of customer experience. Also, It is clear that the offering aspects of convenience in the hypermarkets (e.g.the availability of parking, late operating hours, the availability of proper information, proximity of location as well as the ease and speed of shopping process) can actively shape a superior customer experience.

Besides, the interactions between the employees and customers have a positive impact on customer experience. The

findings of this research also clarified that customer to customer interaction has the least significant weight on shaping customer experience. This result may be due to the lack of customers' awareness of how other shoppers can affect their own behavior and experience on one side. They may not notice the other shoppers until the interaction action impinge on their service experience either positively or negatively on the other side.

6.Recommendations

This research could open new avenues for future research stream of customer experience in a service setting. Thus, various suggestions are recommended as follow:

1) This study focused on customer experience in hypermarket sector. It would be interesting to explore marketing determinants of customer experience in other contexts in Egypt (airline, tourism, restaurants, mobile services, transportation).

2) Future studies should be carried to investigate the consequences of customer experience .It would be valuable to study the influence of customer experience on outcome variables such as customer satisfaction,

customer loyalty, customer retention, profitability and others.

3) Other variables can be added to the study model such as retail brand, promotion, advertising, word of mouth, technology, fast-checkout as well as consumer demographics (e.g. gender, age). A number of researchers argued that there is link between customer experience and these variables. For instance, retail brand and past customer experience are proposed to be vital determinants of customer experience (Verhoef et al., 2009).Besides, Grewal et al., (2009) argued that the firm-controlled factors such as promotion can affect customer experience in a retail setting .Other factors can influence customer experience such as advertising and word of mouth as claimed by (Ismail, 2010) as well as fast checkout and consumer demographics (e.g. Mitta and Gupta, 2012) and technology (Cetin et al., 2014).

4) The research depends on scale items from prior literature in order to measure customer experience. Bearing in mind that there is lack of a universally accepted scale that reflects customer experience dimensions .Therefore; future research should be accomplished to develop alternative measuring scale for customer experience.

5) Due to the restrictions of generalization, future research can focus on adopting probability sampling technique for more validation.

6) Longitudinal research design would be more recommended to gain more reliable findings.

7) Future research can extend this study by focusing on the company side and grasp a deeper understanding for customer experience design.

8) It is considered meaningful to replicate this study in other countries to provide a cross cultural comparison and ensure whether the model still provides the same results.

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