

Chapter 10

The Coffee Shop and Customer Experience: A Study of the U.S. Market

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ABSTRACT

This chapter has the aim to improve understanding of the in-store customer experience in the retail environment by analyzing the business of coffee shops in the United States market with a specific focus on American and Italian chains. After a brief overview of the managerial literature on coffee shops, the main findings of the qualitative research is presented. In particular, this chapter outlines the features of the U.S. coffee shop landscape and explores American consumers' perception of the coffee shop experience using nethnography. The results show a complex framework from the offer and the demand perspective that could also contribute to supporting coffee companies in managing customer experience strategy in the American market.

INTRODUCTION

Coffee companies face a continuously evolving perspective on consumption in which new lifestyle trends create different competitive fields and new key factors. One of the most relevant trends is the growing development of out-of-home consumption; new coffee consumption occasions have emerged outside the home in several developed markets and in emerging markets (Gilmore, 2004; IBISWorld, 2013; OIFB-Osservatorio Internazio-

nale Food Beverage, 2013; Wong, 2010). Further, the cultural hybridization created by opening new market perspectives has helped modify the architecture of the spaces dedicated to clients who are more refined and therefore ask for higher quality. As places, ways, and moments of consumption evolve, bars and similar places become aggregation sites. This suggests new ways of considering outdoor consumption. Today, pleasure and leisure play an important role in consumer culture (Belk, Guliz & Soren, 2003; Hirschman & Holbrook,

DOI: 10.4018/978-1-4666-6074-8.ch010

1982), and often “consumers enjoy leisure away from home and work in ‘third places’ such as cafés” (Karababa & Ger, 2010, p. 737). In other words, coffee shops have assumed a particular role in affecting sociocultural behavior and the consumption landscape in international markets (Agrawal, 2009; Thompson & Arsel, 2004).

Recently, the managerial literature on coffee and coffee shops has emphasized the importance of deepening the coffee shop experience in different contexts to understand its main drivers in creating a delightful coffee experience (Sathish & Venkatesakumar, 2011; Yu & Fang, 2009). As Pine and Gilmore (1998) emphasized, “consumers unquestionably desire experiences, and more and more businesses are responding by explicitly designing and promoting them” (p. 97). The literature recognizes the key role that a customer experience plays in determining the competitive success of a company in all industries (Carù & Cova, 2003; Hirschman & Holbrook, 1982; Pine & Gilmore, 1999; Resciniti, 2004; Schmitt, 1999; Verhoef et al., 2009). In particular, creating a memorable customer experience is a strategic objective in the retailing business. As several authors have pointed out, to manage the customers’ experience, retailers should understand what the experience actually means to them and which marketing tools could be relevant to influence this experience (Grewal, Baker, Levy & Voss, 2003; Naylor, Kleiser, Baker & Yorkston, 2008). According to a recent study:

The customer experience construct is holistic in nature and involves the customer’s cognitive, affective, emotional, social and physical responses to the retailer. This experience is created not only by those elements which the retailer can control (e.g., service interface, retail atmosphere, assortment, price), but also by elements that are out of the retailer’s control (e.g., influence of others, purpose of shopping) (Verhoef et al., 2009, p. 32).

In this perspective, creating the customer experience could depend on different elements, such as the social environment (i.e., reference group, tribes, service personnel), service interface (i.e., service persons, technology supports), retail atmosphere (i.e., design, scents, temperature, music), assortment (i.e., quality, uniqueness, variety), price (i.e., level, promotions), retail brand, and previous customer experiences in the same or alternative channels. Situation moderators (type of store, location, season, competition) and consumer moderators (task orientation, goals, socio-demographic aspects, attitudes, and so on) could also affect customer experience (Verhoef et al., 2009). Despite acknowledging the customer experience in retail businesses, some studies have highlighted the risk that management techniques may incur when standardized and unnatural products are offered. This could contrast with the original idea that sees, in the “personal” dimension, the customer as an active co-creator of the same experience (Gentile, Spiller & Noci, 2007). In addition, in the managerial coffee shop literature scholars have emphasized the problem of competing brands offering an increasingly similar café experience and the threat of a “me too” perception (Agrawal, 2009). In summary, several authors pointed out the scarcity of research on the customer experience and agreed on the need for more studies on this topic (Gentile et al., 2007; Verhoef et al., 2009).

In this framework, the goal of this chapter is to improve understanding of the in-store customer experience by analyzing the specific retail context of U.S. coffee shops. In the chapter, after a brief overview of the existing managerial literature on coffee shops, the findings of a qualitative study, focused on American and Italian coffee chains, are presented. In particular, this chapter outlines the features of the U.S. coffee shop landscape and American consumers’ perception of the coffee shop experience by using nethnography. This study

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