

# Chapter 12

## Customer Experience in the Coffee World: Qualitative Research on the US Market

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### ABSTRACT

*This chapter contributes to understanding the customer experience of the in-store environment by analyzing the business of coffee shops in the United States (U.S.) market. After a brief overview of the evolution of coffee shops and a short analysis of the management literature on coffee shops, in the last decade, the main findings of the qualitative research are presented. The chapter outlines the features of the U.S. coffee shop landscape and explores American consumers' perception of the coffee shop experience using the nethnographic research method. The results show a complex picture from the offer and the demand perspective that could also contribute to supporting coffee companies in managing customer experience strategy in the large and multicultural North American market.*

### INTRODUCTION

The world coffee market is constantly evolving in terms of both supply and demand (Boaventura, Abdallà, Araujò, & Arakelian, 2018; de Luca & Pegan, 2014; Morris, 2013; Samoggia & Riedel, 2018). Over time it has gone through several phases, known as “waves of coffee consumption” (Fischer, 2017).

Nowadays the coffee industry is passing through another transformation that is driven by shifting consumer values in a growing connected global landscape, where consumers are used to also deciding

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to support companies that reflect their values and need for novelty (National Coffee Association [NCA], 2019).

One of the most relevant trends is the growing development of out-of-home consumption, which determines new opportunities and consumption patterns for all food and beverages and therefore also for coffee, both in developed and emerging markets (Gilmore, 2004; IBISWorld, 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, 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. Nowadays, they are driving the coffee’s new reality (Agrawal, 2009; Euromonitor International, 2018; 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) emphasize, “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 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 retail 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 Verhoef et al. (2009):

*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) (p. 32).*

In this perspective, creating the customer experience could depend on different elements, such as the social environment (i.e., reference group, tribes, and service personnel), service interface (i.e., service personnel and technology support), retail atmosphere (i.e., design, scents, temperature, and music), assortment (i.e., quality, uniqueness, and variety), price (i.e., level and promotions), retail brand, and previous customer experiences in the same or alternative channels. Situation moderators (type of store, location, season, and 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

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