

# Managing Consumer Loyalty: An Expanded Model of Consumer Experience Management and Consumer Loyalty

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## ABSTRACT

A growing body of academic and practitioner literature has highlighted the role of consumer experience management in maintaining long-term relationships with consumers. However, related studies are still divergent and there is little empirical evidence available to support the positive effect of consumer experience management on attitudinal and behavioural loyalty. The present study aims to fill this gap by investigating the direct and indirect impacts of consumer experience efforts on attitudinal and behavioural loyalty. To conduct an empirical study, data was collected from consumers of three service firms: health, retail, and wellness. By means of AMOS17.0, using CFA and SEM techniques, the measurement and comparison of structural models was carried out to test the invariance across three service groups. This article has significant implications for academicians well as marketers of service firms.

## KEYWORDS

Asia, Attitudinal Loyalty, Behavioural Loyalty, Commitment, Customer Relationship Management, Satisfaction, Services, Trust

## INTRODUCTION

Consumers do not buy goods or services; rather, they buy the benefits and experiences that goods and services deliver to them (Grönroos, 2001).

In the light of above statement, managing superior consumer experiences seems to be an important focus of a firm. Consumer Experience Management (CEM) is emerging as a strong strategic weapon to maintain long-term relationships with the profitable consumers. Facing new forms of competition, service firms are striving hard to deliver superior consumer experiences. The delivery of superior consumer experiences has become an important concern to develop consumer loyalty, which can be one of the competitive advantages for a firm (Berry & Carbone, 2007; Singh & Saini, 2016). A consumer often recalls their past experiences to make repurchases and spread positive word-of-mouth publicity (Yi & La, 2004; Dhananjayan, 2007).

In service industry, consumers frequently face uncertainty issues due to intangibility, unawareness, perishability, and complexity in service outputs (Crosby, Evans, & Cowles 1990). Prior literature suggests that consumer's evaluation (satisfaction), confidence and reliability (trust), and enduring

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desire to attach (commitment) with a service provider influence them to continue their journey with a brand/firm. Therefore, consumer satisfaction, trust, and commitment reflect their assessment about the depth of consumer-firm relationship (Crosby et al., 1990; Hennig-Thurau Gwinner, & Gremler, 2002; Gwinner, Gremler, & Bitner, 1998).

Though there are large number of studies on managing consumer experiences and consumer loyalty, yet it lacks empirical substantiation to the impact of consumer experience management in building consumer loyalty. The present study aims at investigating the impact of CEM on both forms of consumer loyalty. The study also examines whether CEM directly influences loyalty or there needs to be a pre-requisite psychological state in the transition for developing loyalty.

This paper has been organized as follows. First, theoretical background, an integrated conceptual framework, and related hypotheses have been presented. The next section presents the methodology and reliability/validity of proposed constructs. Thereafter, the results under Confirmatory Factor Analysis (CFA) and Structural Equation Modeling (SEM) using multiple group analysis in AMOS17.0 have been followed by discussion and implications. Finally, limitations and future research directions have been discussed.

## **THEORETICAL BACKGROUND AND HYPOTHESES**

### **Consumer Experience Management**

Although the significance of consumer experience management is widely recognized, yet research about consumer experience management is quite fragmented and there is no single definition. Early studies on CEM have explained experience on two perspectives; utilitarian and hedonic (Palmer, 2010). The utilitarian aspect refers to consumer's perception of value proposition in terms of functional benefits whereas; hedonic aspect promotes it as positive emotional responses such as surprise, delight, and excitement (Oliver, Rust, & Varki, 1997). The hedonic definition suggests the significance of relational values above the functional values (Schmitt, 1999). The results suggest that positive experiences can be derived from both rational and emotional values. Consumer experiences can be enhanced by managing consumer interactions at various direct and indirect touch points (Verhoef et al., 2009). To the authors such as Jüttner, Schaffner, Windler, and Maklan (2012), Sequential Incident Laddering Technique (SILT) is a new mode to measure the consumers' service experiences. The use of SILT highlights those cognitive and emotional aspects of consumer behaviour, which might be difficult for the consumers to express. While authors Følstad and Kvale (2018) have suggested strong links between terms customer journey and customer experience.

Many other researchers (Gentile, Spiller, & Noci, 2007; Schmitt, 1999; Verhoef et al., 2009) have quantified consumer experience into different components and proposed a holistic conceptual framework. An effective experience can be interpreted as a unique, memorable, and sustainable dealing of a brand with a consumer (Pine & Gilmore, 1998). These experiences (impressions) can be multidimensional (Gentile et al., 2007). Bagdare and Jain (2013) emphasized multi-dimensional nature of consumer experience into four dimensions; joy, mood, leisure, and distinctive. The understanding of enjoyable/engaged (joy), pleasant (mood), relaxing/delightful (leisure), and unique/memorable (distinctive) experiences according to consumer's perspective is essential to design positive retail consumer experiences. Kim, Cha, Knutson, and Beck (2011) considered environment, benefits, convenience, accessibility, utility, incentive, and trust as seven important factors to measures consumer experiences.

The authors Garg, Rahman, and Qureshi (2014) have developed sector-specific (Indian Banking sector) scales to measure the consumer experiences. They have highlighted the convenience, service-scape, employees, online functional elements, presence of other customers, online aesthetics, customization, value addition, speed, core service, marketing-mix, service process, online hedonic elements, and customer interaction as important factors to focus on consumer experiences.

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