

Investigating the Customer Journey and the Impact of Online and Offline Touchpoints on Brand Loyalty in the Context of a UK Retailer

Abstract

Improving the customer experience has recently gained the attention of both scholars and practitioners. However, there has been limited research to date identifying how different touchpoints throughout the customer journey contribute to the overall experience and generate brand loyalty. Using a retail setting and adopting a mixed method research approach, this study will explore this journey and measure the impact of the touchpoints. The research is structured into two phases. Phase 1 involves focus group discussions, which will explore the customer touchpoints across a retailer's in-store and online channels and identify how the experiences along the touchpoints influence customer loyalty to the retailer brand. The second phase will measure the importance of the touchpoints. The initial findings from Phase 1 revealed that in an in-store setting, characteristics such as atmospherics, staff, and store signposting create a positive customer experience, while coherent content and navigation create experience online. These early findings suggest that a seamless shopping experience, both from channel to channel and within the specific channel, is key to driving customer loyalty.

Keyword: *Customer experience, loyalty, Touchpoints, Mixed method*

Introduction

Customer experience is now a central discussion in customer relationship management. However, despite the extensive use of the term 'customer experience', the research scope has never expanded beyond the core 'experience'. Indeed, the increasing complexity of the customer journey now involves interaction with organisations through multiple touchpoints and channels, which has raised the need to understand and measure the impact of service encounters both offline and online, on customer experience and subsequent brand loyalty. This study will address this knowledge gap and respond to the call for further research in this field (Voorhees *et al.* 2017).

The rationale for this study lies in the growing need for retailers to create positive customer experiences and in the acknowledgement that there is limited research on the importance of the different touchpoints in the customer journey across multiple channels (Lemon and Verhoef 2016; Voorhees *et al.* 2017). The ability to identify and manage customer experience is key to building brand loyalty (Crosby and Johnson 2007) and loyalty is the key measure of referral and repurchase intentions (Reicheld and Sasser 1990). Using a leading UK retailer as the context for this study, the key objectives of the research are to identify the touchpoints of the customer journey both online and offline, and measure the importance of the touchpoints on customer experience. A secondary objective is to evaluate the impact of customer experience on brand loyalty. To address these objectives, a two-phase research design is proposed. The first phase explores the customers' understanding of service experience and touchpoints. The second phase will measure the contribution of touchpoints to the overall customer experience and brand loyalty.

This paper has been structured into three parts: firstly, a literature review and underpinning theories of customer experience will be presented. Secondly, the context and research design are discussed, and finally initial findings from Phase 1 are identified and a conclusion drawn.

Relevant literature and underpinning theories

Customer Experience

Existing research on the customer experience has traditionally focused on measurements of satisfaction and service quality (Holbrook and Hirschman 1982). However, the topic area has broadened to acknowledge that consumption has experiential qualities, therefore the 'service experience' has become an important area of study (Pine and Gilmore 1998). Customer experience is a concept, defined as a process for enabling hedonic consumption, which can result in holistic customer value or experiences (McColl-Kennedy *et al.* 2015; Jain *et al.* 2017). It encompasses cognitive, affective, and emotional responses and involves the whole customer-purchasing journey across different touchpoints and multiple channels (Verhoef *et al.* 2009). Indeed, the use of multiple channels for customer shopping, aided by the availability of internet enabled smartphones and other devices is fast becoming the mainstream shopping model (Beck and Rygl 2015). Voorhees *et al.* (2017) have emphasised the importance of a holistic view in discussion about customer experience and defined service experience as "*the period during which all service encounters relevant to a core service offering may occur*" (Voorhees *et al.* 2017: 270). This most recent conceptualisation of service experience, which includes all service encounters, has expanded the scope of potential research. By adopting this definition, it enables researchers to take a *holistic* view of the customer experience to evaluate the impact of different service encounters on customer experience and possible outcomes such as brand loyalty.

Verhoef and Lemon (2009) highlighted the holistic nature of customer experience, that it is a multi-dimensional concept incorporating five customer experience dimensions; cognitive, affective, emotional, social and physical responses. In addition, the experience can be created by elements such as peer influence. Therefore, the customer experience results in the total experience, including the search, purchase, consumption, and after-sale phases of the experience. Moreover, Berry *et al.* (2002) suggest that, in order for organisations to compete

by providing customers with satisfactory experiences, they must manage all the “cues” that people detect in the buying process. Customer experience has also been identified as an important factor to create loyal customers (Badgett *et al.* 2007) as it is the key measure of referral and repurchase intentions (Reicheld and Sasser 1990). In addition, the extant literature highlights that satisfaction with each encounter influences the customer-related outcomes such as loyalty (Bitner 1990; Bolton and Drew 1992; Bitner and Wang 2014).

Brand Loyalty

The concept of brand loyalty is a complex and multifaceted construct (Chahal and Bala 2010; Huang *et al.* 2016; Keller and Lehmann 2006). Despite advancement of research in this area, there remains no universal definition of brand loyalty (Huang *et al.* 2016; Nikhashemi and Valaei 2017; Uncles *et al.* 2003) but it has been broadly defined as the relationship between the consumer and brand reflected in the consumer’s actions, interactions and activities with the brand (Chahal and Bala 2010; Keller 1993; Keller and Lehmann 2006; Lin and Lin 2008). More specifically, brand loyalty can be conceptualised via two key constructs namely *attitudinal* loyalty and *behavioural* loyalty (Fung *et al.* 2013; Huang *et al.* 2016). Attitudinal loyalty focuses on the psychological components of brand loyalty and involves dimensions such as preferential attitudes, perceptions and imagery associated with the brand (Chahal and Bala 2010; Fung *et al.* 2013). Behavioural loyalty focuses on the pre and post purchase activities of the individual and highlights the commitment and relationship between the consumer and brand (Fung *et al.* 2013; Nikhashemi and Valaei 2017). Existing research has tended to focus on behavioural *or* attitudinal loyalty constructs rather than investigate both conceptualisations (Chahal and Bala 2010; Huang *et al.* 2016; Keller and Lehmann 2006). This is despite research that considers behavioural *and* attitudinal constructs has the potential to highlight deeper insight and provide greater understanding of brand loyalty particularly in terms of the emotive, cognitive and behaviouristic relationship between the consumer and brand (Fung *et al.* 2013; Nikhashemi and Valaei 2017). This is consistent with explicit calls

for further research on brand loyalty including the application of both attitudinal *and* behavioural constructs (Huang *et al.* 2016; Keller and Lehmann 2006; Nikhashemi and Valaei 2017; Uncles *et al.* 2003) and within different settings and contexts. Therefore, both attitudinal and behavioural constructs will be considered as a mechanism to conceptualise brand loyalty within this study and provide deeper understanding into the relationship between the consumer and brand (Lin and Lin 2008; Nikhashemi and Valaei 2017; Uncles *et al.* 2003). Understanding the customer experience of online and offline touchpoints within different service context will enable organisations to create and deliver brand loyalty therefore this study focuses on a leading UK retailer as the research setting.

Context - Retail Sector

The UK is the sixth largest retail sector in the world with sales of £358 billion and employing £2.8 million people (Retail Economics 2017). Multi-channel retailing continues to grow and is a model whereby retailers use a combination of two or more integrated channels to sell products and services to customers (Lewis *et al.* 2014). Further, the growth of multi-channel retailing has emphasised the need for organisations to generate deeper understanding into the customer experience of their retail brand across channels. This in turn will enable retailers to differentiate their offering, and strengthen the identification and loyalty of customers (Kumar and Anjaly 2017). Indeed, a leading UK retailer has recently adopted this strategy and is the context for our exploration of the customer journey. This retailer is a chain of 52 high-end department stores operating throughout the UK. It has a policy of "never knowingly undersold" and is synonymous with quality and customer service. It is a leading retailer in the UK for online shopping with a well-developed 'click and collect' system which drives shopping across different channels. It has invested heavily on improving customer experience across online and in-store presence including dedicated 'customer experience hubs' in-stores, designed as a focal point for all online and offline touchpoints.

Method

As this study aims to identify the customer journey touchpoints and then quantify their importance therefore a mixed method approach will be adopted, which will be designed to allow researchers to explore an identified phenomenon and examine the relationships between the uncovered themes (Dunning *et al.* 2008; McKim 2017). In addition, the approach has the potential to strengthen the trustworthiness and credibility of the findings given the ability to investigate a topic from multiple standpoints (McKim 2017; O’Cathain *et al.* 2010). As part of our mixed method approach, this study includes two phases and this paper reports on progress to date on Phase 1.

Phase 1

This phase involved focus group discussions, which explored the customer touchpoints across the retailer’s both in-store and online channels, the customer experiences of these touchpoints, their integration across channels, and how the experiences along the touchpoints influence customer loyalty to the retailer brand. A purposive sample frame for the focus group discussions was used in that only customers of the retail brand who had used both in-store and online channels were selected. The focus group discussions included 6-8 participants and were mixed gender participants aged 18 -70 years who had shopped the retailer either in-store or online in the last six months. Recruitment of participants was through contacts who fitted the sample criteria. All participants were asked to visit the retailer store 1-2 weeks before the date of the focus group meeting. Anonymity was given to all participants; identifiable features were disguised, and participants were coded.

The focus group sessions were conducted January-February 2019. Each group discussion was of 1.5 hours duration and recorded. Following a discussion of around 45 minutes of participant experiences around their in store visit, participants were asked to move to a computer and browse the retailer website for 10 minutes of whatever category of the site they wished, place items in a basket if they so desire, but were instructed not to buy. After

browsing the web site, further discussions took place around the online shopping experience. The focus group discussions were enhanced with the use of qualitative projective techniques. Qualitative projective techniques can be defined as a series of activities or exercises incorporated into focus groups or interviews used to enable participants to express deeper insight than standalone data collection methods or direct questioning (Barbour 2007; Boddy 2005; Levin-Rozalis 2006). These activities can include sentence completion, word association, role-playing or illustrations expressed by participants (Bond and Ramsey 2010; Hofstede *et al.* 2007; Pich *et al.* 2018). This study incorporated three projective techniques into the focus group schedule. The first 'construction' projective technique instructed participants to illustrate the perceived shopper or target market of the retailer. The second 'association' projective technique involved participants revealing three words they ascribed to the retailer. The final 'association' projective technique instructed participants to highlight three key words that represented their perceptions of their online and offline experience of the retailer. Therefore, the inclusion of the qualitative projective techniques provided researchers with a deeper understanding of perceptions, attitudes and experiences associated with the retailer (Boddy 2005; Bond and Ramsey 2010; Pich *et al.* 2018).

Analysis

Following transcription of the focus group discussions, researchers analysed the transcripts using thematic analysis (Arora and Lodhia 2016; Warren and Karner 2005). This involves a systematic method of uncovering dominant themes and key patterns embedded in the findings, which in turn address the overall objectives of the study (Arora and Lodhia 2016; Bowen 2009). More specifically, this study adopted a two-stage process of thematic analysis; *coarse-grained* followed by *fine-grained* (Butler-Kisber 2010; Hofstede *et al.* 2007; Warren and Karner 2005). The coarse-grained stage included familiarisation of all findings and assessing emerging themes. The fine-grained stage was more focused and involved reviewing formulated categories, analysing for hidden meaning, cross-checking illustrations

across techniques and reviewing echoic probing and revisiting themes identified from the coarse-grained stage (Butler-Kisber 2010; Hofstede *et al.* 2007; Pich and Dean 2015; Warren and Karner 2005).

Initial Findings

Phase one of this study aims to identify the touchpoints of the customer journey both online and offline. This will support the development for phase two, which aims to evaluate the impact of the online and offline touchpoints of customer experience on brand loyalty. The key characteristics and touchpoints of the customer journey related to the online-offline platforms are set out in Table 1.

[Table 1 near here]

Superior Experience

The initial findings also suggest that the online and offline touchpoints were complimentary and integrated, which in turn provided a ‘quality’, ‘premium’ and ‘consistent’ customer experience. For example, the majority of participants revealed that their in-store experience could be characterised as a pleasurable ‘expedition’ whereby departments ‘seamlessly’ merged which represented a continuous ‘exciting journey’ with surprises around every corner. Indeed, this ‘superior experience’ signified an endless ‘curiosity’ in the minds of participants. These physical and intangible indicators, which highlighted the start and end of each department, served as symbolic monuments/markers.

[Figure 1 near here]

Coherent Online and Offline Touchpoints

The initial findings reveal that there are numerous offline [in-store] and online touchpoints, which contribute to the customer experience. Further, table 1 and figure 1 highlight key characteristics related to the retailer, which form part of the customer journey. For example, the findings reveal the presence of consistent aesthetically pleasing in-store atmospherics, the

importance of in-store markers-indicators guiding consumers seamlessly from department to department and the approach used by staff to offer support yet freedom to shop unchallenged. It was also highlighted that there were several differentiating factors such as the quality of products in-store and exceptional warranties, which signified as unique selling points or indirect touchpoints. Nevertheless, there was little awareness, recognition, confusion or knowledge of the customer experience 'hub', which was recently rolled out across the retailer. Likewise, there was limited knowledge of the retailer's 'price match' strategy. Therefore, several touchpoints appeared to have little impact on the participant's journey-experience. [Figure 2 near here]

Table 1 also highlights key characteristics related to the online touchpoints, which also form part of the customer journey. For example, the retailer website was considered aesthetically pleasing in terms of visuals, imagery, simplicity and content. In addition, the online journey revealed positive experiences such as clear, leisurely, sleek navigation qualities, topical and informative content not to mention supporting features such as the 'search' and 'filtering' functions. However, very few participants utilised the 'interactive chat' feature. Nevertheless, the majority of participants revealed coherency between offline [in-store] and online touchpoints such as superior, premium, tranquil shopping experience guided by indicators-markers to guide consumers both online and offline. In addition, participants highlighted consistency in terms of tangible elements such as font, visuals, signage, lighting and layout and intangible elements such as retailer values, tone and the brand's position-reputation. Subsequently, the finding from phase one will support the development of a quantitative survey for the *second phase* of the study. In addition, the findings from focus groups will be used to identify potential mediators and/or moderators that might impact the relationship between primary variables (satisfaction with touchpoints and brand loyalty).

Summary

This study will contribute to advancement of theory and practice. Firstly, this study will contribute to theory by addressing explicit calls for academic research to identify and measure customer journey touchpoints as little has been done in this field to date especially across channels (Lemon and Verhoef 2016; Voorhees *et al.* 2017). In addition, this study will also answer the explicit calls for further research on brand loyalty including the application of both attitudinal and behavioural constructs in different settings and contexts within the service sector (Uncles *et al.* 2003; Keller and Lehmann 2006; Huang *et al.* 2016; Nikhashemi and Valaei 2017). This in turn will develop and advance research dedicated to the concept of brand loyalty (Chahal and Bala 2010; Fung *et al.* 2013; Huang *et al.* 2016) and the customer experience (Lemon and Verhoef 2016; Voorhees *et al.* 2017). Secondly, this study will contribute to practice, as it will offer practitioners a guide of how to investigate the effects of different touchpoints on customer experience and brand loyalty on the multi-channel phases of the customer journey. Once investigated, practitioners will be able to develop, refine or maintain the different online and offline touchpoints to strengthen the loyalty between customer and brand and improve the customer journey-experience.

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| Customer Journey | Characteristics | Touchpoints |
|------------------------------|--|---|
| <i>Offline- In-store</i> | <ul style="list-style-type: none"> - Consistent Aesthetically Pleasing Store Atmospherics | <ul style="list-style-type: none"> - Spacious Store Layout - Calm, Tranquil Experience [No Pressure] - Soothing Lighting - Freedom to Browse - Welcoming Atmosphere - Nice Ambience - Clear Navigation, signposting and Consistent Flow - Clean, Tidy, Well-Presented Store |
| | <ul style="list-style-type: none"> - In-store Markers-Indicators | <ul style="list-style-type: none"> - High Quality Displays [Merchandise] - Products Well Presented - Variety of Products - Products Categorised around Themes/Departments - Markers indicate department well before arrival |
| | <ul style="list-style-type: none"> - Staff | <ul style="list-style-type: none"> - Helpful, Polite, Efficient - Friendly, Happy, Supportive - Engaging - Approachable - Interactive if Desired - Presence - Integrated with Online |
| | <ul style="list-style-type: none"> - Customer Experience Hub | <ul style="list-style-type: none"> - Limited Awareness - Unsure of What the Hub Represented - Different Interpretations |
| | <ul style="list-style-type: none"> - Differentiating Factors | <ul style="list-style-type: none"> - Guarantees/Warrantees - Range of Products [electronic, home or gifts] - In-store Experience - Limited Recognition of 'Price Match' Guarantee |
| <i>Online</i> | <ul style="list-style-type: none"> - Aesthetically Pleasing | <ul style="list-style-type: none"> - Impactful Visuals/Imagery - Sleek, Clean and Clear - Professional - Straight Forward - Clever Design - Uncrowded, Not Busy |
| | <ul style="list-style-type: none"> - Navigation | <ul style="list-style-type: none"> - Filtering [Shop Room by Room or Gifts for Him/Her] - Clear 'Search' Function - Calm Leisurely Experience - Clear Functions such as 'Quick View' or 'Wish List' |

| | | |
|--|------------|--|
| | | <ul style="list-style-type: none"> - Very Easy to Use - However, Clearer linkage-return to Homepage |
| | - Content | <ul style="list-style-type: none"> - On-trend - Hints and Tips [Covert Upselling-Suggestions] - Informative [Out of Stock Items] - Inclusion of many Brands - Unaware of 'Interactive Chat' |
| | - Coherent | <ul style="list-style-type: none"> - Offline-In-store - Signage, Visuals, Font - Streamlined |

Table 1 Characteristics of Customer Experience of Online-Offline Platforms

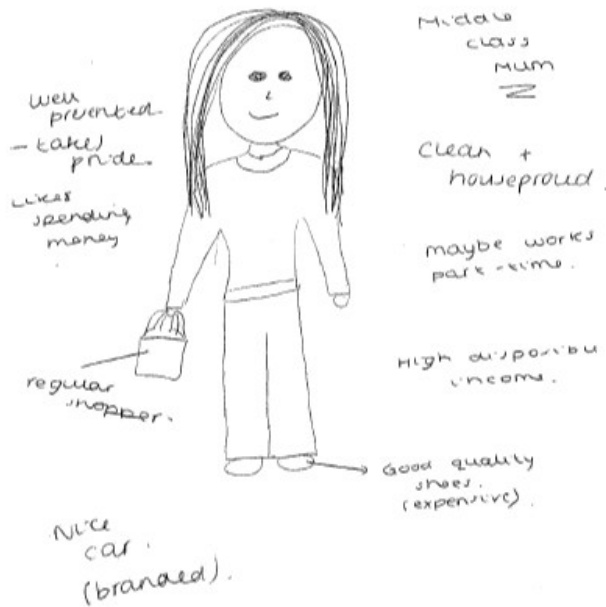


Figure 1 An illustration generated from a constructive projective technique in relation to the case



Figure 2 Key Themes identified from the word association projective technique in relation to online and offline-in-store experience