



## **How to Develop Retail Customer Experience in the Physical Specialty Store**

Katariina Iltanen-Puranen

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<p><b>Author(s)</b> Katariina Iltanen-Puranen</p>
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<p>This research-oriented thesis investigated the factors influencing customers' desire to visit the retail space. The overall purpose of the research was to contribute to the development of the retail customer experience with a review of the essential elements and development areas in the customer experience of the physical specialty store. The landscape of retail has changed during the past years due to changing customer shopping behaviour and expectations, digitalization, and the coronavirus. Specialty stores are competing for customers in the omnichannel environment, and companies with physical retail spaces still need to attract visitors regardless that actual shopping is perhaps done online. The declining customer satisfaction and the number of visits at Company X created the need to study the factors affecting customers' willingness to visit the store, focusing the research on customers who had not made purchases in the previous twelve months.</p> <p>The theory part of this thesis discusses customer experience and customer experience management, the role of the physical store, and brand loyalty. The research for this thesis was implemented as a multi-method qualitative study. Data collection was conducted with desktop research for the collection of secondary data from literature and commissioning company, together with collection of primary data with semi-structured interviews among a customer segment that had not made purchases in the last twelve months. The goal was to interview ten customers but eventually, five interviews were conducted. Interview data was studied using thematic analysis and compared to themes discovered from literature review and commissioning company's data.</p> <p>Even if an ever-larger part of purchases will be made online in the future, physical stores will have a role to play as they provide unique, engaging experiences, function as a showroom for products, and enable connection with the brand. Both this thesis and prior research in the field indicates that customers appreciate the ideas and inspiration offered by the physical store. Experientiality and interaction are key factors for a successful customer experience in the physical specialty store. Key findings show that the most significant factors influencing positively to customers' desire to visit the retail space are interaction with staff, store layout, display of products, product selection, prices, and atmosphere, followed by inspiration, sustainability, and product availability. The impact of changing shopping behaviour in general must also be considered when looking at the factors that affect the interest in visiting a store.</p> <p>Company X is recommended to improve the availability of products, waiting times, cleanliness, and atmosphere. Furthermore, the author suggests the company to strengthen the communication of the loyalty program benefits. Customer awareness of online shopping and different transaction options in an omnichannel environment could also be promoted. This development could solve the obstacle of customers not being able to visit the physical store, however enabling customer satisfaction, engagement, and contribution to the overall turnover. In general, the company is recommended to monitor even weak signals to ensure a proactive approach to problems that may arise in the customer experience.</p>
<p><b>Key words</b> Customer Experience Management, Customer Experience, Physical Specialty Store</p>

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# 1 Introduction

This is a research-based Bachelor's Thesis for the Degree Programme in International Business in the major specialization of Marketing and Customer Relationship Management in the Haaga-Helia University of Applied Sciences.

The purpose of this chapter is to introduce the reader with an overview of the thesis. The chapter is divided into six subchapters explaining the background to the thesis topic, research question and investigative questions, demarcation, benefits, key concepts, and information about the commissioning company.

## 1.1 Background

The landscape of retail has changed during the past years due to changing customer shopping behaviour and expectations, aided by digitalisation. The outspread of COVID-19 in 2020 accelerated the change. Specialty stores are competing for customers in the omnichannel environment. Companies that have a physical retail space still need to attract visitors regardless that actual shopping is perhaps done online. The new role of the retail space needs to be acknowledged in the management of retail customer experience. In the commissioning company, customer satisfaction score for the retail space has declined during the past year. Furthermore, company's data shows that customers visit the retail space less frequently. This information created an urgency to research the factors influencing customer's desire to visit the retail space.

## 1.2 Research question

This thesis aims to develop the retail customer experience by researching the factors that influence customers' desire to visit the retail space. The focus of the research is on customers who have not made purchases in the last twelve months. The outcome of the thesis is a review of the essential elements and development areas in the customer experience.

The research question (RQ) of this thesis is: Which factors influence customers' desire to visit the physical specialty store?

The research question was divided into investigative questions (IQ) as follows:

IQ 1. Which factors influence customers' desire to visit or not to visit the retail space?

IQ 2. What effect does brand loyalty have on visiting the retail space?

IQ 3. How can the company improve customer visits to the retail space?

Table 1 below presents the investigative questions, theoretical framework components, research methods used and results chapters for each investigative question.

Table 1. Overlay matrix

Investigative question	Theoretical Framework	Research Methods	Results (chapter)
IQ 1. Which factors influence customers' desire to visit or not to visit the retail space?	Customer expectations, customer experience	Literature review, semi-structured interviews, thematic analysis	4.1
IQ 2. What effect does brand loyalty have on visiting the retail space?	Brand management, customer behaviour	Literature review, semi-structured interviews, thematic analysis	4.2
IQ 3. How can the company improve customer visits to the retail space?	Customer experience management	Literature review, semi-structured interviews, thematic analysis	4.3

### 1.3 Demarcation

This thesis focuses on researching customer experience in the retail space, specifically on B2C customers of specialty stores of the Company X. The research is limited to the Company X's business in Finland. Information about customer satisfaction and lapsed customers is analysed from a period of one year, from July 2021 to June 2022. The concept of omnichannel, that is customer experience occurring within and across contact channels and touchpoints, is included in this thesis to elaborate on the discussion of the current retail landscape. However, this thesis focuses solely on the customer experience in the physical touchpoints and therefore research of the online customer experience is excluded.

### 1.4 Benefits

Benefits of this thesis for the commissioning company is an understanding of how the retail customer experience could be developed to fulfil customer expectations. With the help of the information obtained from this research, Company X can focus management development actions on specific areas and secure long lasting customer relationship and maintain brand loyalty. In general, the findings can be used by other companies operating specialty stores. Researching the factors influencing customer visits to the retail space benefits customers with an increased understanding of their expectations and therefore improved experience with the company.

The international aspect required by the degree programme of all theses is covered by commissioning company operating globally and hence the thesis findings can be used by the company on a global organisation level as well as locally in other countries where the company

operates. Furthermore, the findings can be used by other companies operating specialty stores. This topic is universal and can be observed from an international point of view. For the author, this is an opportunity to explore in more depth a topic of interest and a chance for professional growth. Additionally, insight of the topic can advance the author's career development.

## 1.5 Key concepts

**Brand loyalty** is the repeat purchasing behaviour reflecting the consumer's conscious decision to continue buying the same brand (Solomon 2020, 598).

**Customer experience (CX)** covers every aspect of a company's offering: advertising, packaging, product and service features, ease of use, reliability, and the quality of customer care. It is an internal and subjective response a customer has to a direct or indirect contact with a company (Meyer & Schwager 2007, 118).

**Customer experience management (CEM, CXM)** is monitoring and organising the customer sentiment about the company to fulfil gaps between expectations and experience (Meyer & Schwager 2007, 120).

**Customer interaction** is the event of customer communicating a need or requirement to an organisation and receiving a response. This interaction can also be initiated by the organisation. (Villani 2018, 248.)

**Customer journey** describes stages in the customer lifecycle. Each stage is divided into steps, describing the customer experience from start to finish from customer perspective, identifying the key interactions (Villani 2018, 83).

**Customer journey map (CJM)** is framework that maps out the stages of the customer's lifecycle (Villani, 248).

**Customer satisfaction score (CSAT)** measures the proportion of customers who indicate they are satisfied with a company's products or services (Villani 2018, 248).

**Omnichannel** is the concept of seamless and effortless customer experiences occurring within and across contact channels and touchpoints (Villani 2018, 251).

**Physical touchpoint** is a tangible interaction between customer and company (Corry 2017).

**Retail** is the sale of merchandise directly to a customer from a single point of purchase that could be a brick-and-mortar store, an internet shopping website, or a catalogue (Farfan 2020).

**Specialty store** is a type of retail store specialised in selling a particular category and brand-name products and are focused on high customer satisfaction (Farfan 2020).

## **1.6 Commissioning company**

Company X was established in the 1900s in Europe. The company operates in the retail industry, in the business of specialty goods. It has an annual turnover in the billions and employs hundreds of thousands of employees in tens of countries. This research is limited to the Finnish market, where the company has an online store in addition to physical meeting points.

The retail landscape has changed rapidly during the past years and therefore it is vital for businesses to understand customer expectations to create a successful customer experience. As mentioned in chapter 1.1, the business need for this research is to understand the factors influencing customer's desire to visit the retail space as both customer satisfaction score and the number of visitations in the physical stores have declined during the past year. Customer churn analysis from September to December in 2021 has showed that a 49 percent of customers were currently disengaged, as in they had not bought from Company X in the last twelve months and were not highly likely to purchase in the next twelve months. In addition, based on the company's analysis the average revenue per store visitor was more than ten times higher than for web visitors in the year 2021.

## 2 Management of customers' desire to visit the physical specialty store

This chapter discusses the theory of customer experience, how it can be successfully managed and how experiential learning can be used to develop customer experience. In addition, the role of the physical store and the aspect of brand loyalty in the customer experience is examined. Figure 1 below illustrates the theoretical part of this thesis, which consists of customer experience management, customer experience, experiential learning, role of the physical store, and brand loyalty.

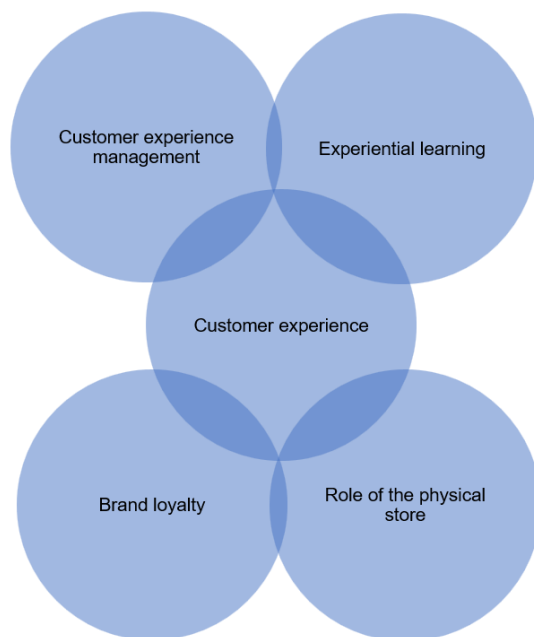


Figure 1. Chapter model for management of customers' desire to visit the physical specialty store

### 2.1 Customer experience management

Customer experience management is the monitoring and organising of the customer sentiment about the company. The information is collected in different touchpoints of customer interaction by surveys, studies and “voice of customer” research. Business leaders use this information to create fulfillable expectations and improve experience with products and services. For the future, this process indicates the needed offering to fulfil the gaps between expectations and experience. (Meyer & Schwager 2007, 120.) According to Customer Experience Professional’s Association (2022), genuine customer experience management involves four key interrelated elements: culture of customer-centricity in which every aspect of the corporate culture is focused on the customer; holistic alignment of systems and structures in which every department and employee is pursuing together customer experience excellence; every customer experience gain contributes to positive business results in terms of financial, social, operational and organisational performance and the

development of business practices through a focus on customer needs and engagement, where every thought and action is significant, improve customers' lives and show that the company cares. The four interrelated key elements of customer experience management are illustrated in figure 2 below.

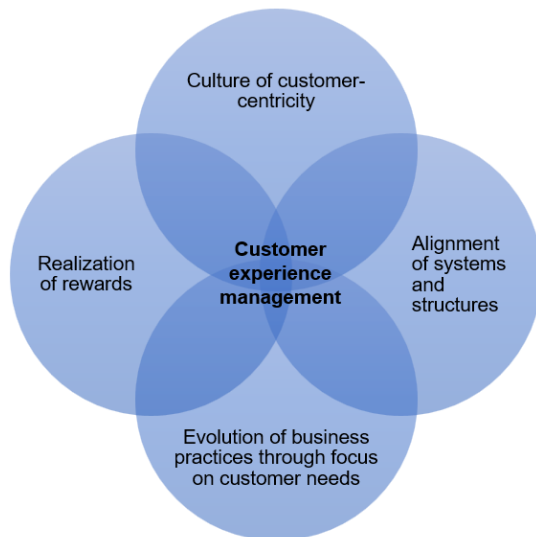


Figure 2. Key elements of customer experience management (adaptive from CXPA 2022).

COVID-19 pandemic has had an impact on customer expectations and therefore companies need to adapt to meet the changed customer behaviour and expectations, as their future success is dependent on the ability to create shopping experiences that engage and delight. (Standish, Rau, Little, Garg & Jensen 2021.) Creating a high-level customer experience is the strategic goal of the company (Lemon & Verhoef 2016) and companies will have to become more customer-oriented by following customers' wants and expectations (Aliekperov 2021, 3). Customer experience is one of the most significant differentiators in the marketplace today and having a customer-first approach is essential to maintain a successful brand. To stay on top of the customer's perception of the brand as well as frictions in the customer experience, companies should identify distinct stages in the customer journey when they can repeatedly ask for feedback from customers. (Ranjan 2021.) Company must be guided by the voice of the customer, the realization of the factors that have a positive impact on customer's desire to cooperate with the company (Fritz 2018). Continuous observing of customer behaviour and attitudes support retailers in managing and developing the customer experience (Standish & al. 2021). Companies that monitor customer experience systematically are also able to take improvement measures, subsequently affecting the bottom line (Meyer & Schwager 2007, 118–19).

To be able to stay competitive with online retailers, brick-and-mortar stores need to enhance their customer experience by offering a unique experience that cannot be found when shopping online.

In-store customer experience can be elevated by unique display of merchandise and having a selection of items available for a limited time only. Doing this will satisfy customers' need to find unexpected items and urges to buy them, as the products might not be available the next time, they come to visit the store. Another way to elevate the in-store experience is to inspire customers and establish emotional connection between customers and the retailer by using for example virtual reality equipment or video content. Furthermore, by creating a memorable shopping experience customers will want to share with their family and friends, such as offering a free drink or having staff greeting customers when they enter the store. Finally, as the main advantage of online shopping is saving time, stores can save their customers' time too, by offering in-store solutions such as a possibility to order online and pick up in-store. (Marendra 2022.) In today's environment people's social needs, such as feeling a sense of community, impact their buying habits and therefore companies need to consider how in-store shopping fits into the overall customer journey. While the shift to online shopping is likely to remain, the desire for social interaction post-pandemic will presumably drive people back to stores that offer great experiences. (Gramling, Orschell & Chernoff 2021.) Based on the findings in EY's Future Consumer Index, it is essential for businesses to explore new ways to reach consumers. It can be done by ensuring that every potential channel to engage or be visible to the consumer is explored and can be easily integrated into the brand experience and that they are present at the point of need. In the physical store, this could be for example a personalized, in-store consultation. (Rogers 2022.)

Companies should also contextualize their brand experience by having the digital capabilities to understand the growing range of consumer needs based on contextual indicators and to quickly respond with the right offering. Furthermore, as consumers expect a frictionless experience, companies should focus on eliminating consumer pain points and enabling an easy access. Ensuring consumers spend right amount of time in each phase of the customer journey drives stickiness, however, the actual moment of purchasing needs to be quick and simple. Additionally, it may be useful to explore partnerships that create collective value. As consumers are seeking out flexible solutions that work for multiple needs rather than individual products that serve a specific one, working with other brands and other sectors and industries can enable the company to fulfil consumer needs. (Rogers 2022.)

## **2.2 Customer experience**

Customer experience, CX, is the experience obtained by a customer with interacting with a company either directly or indirectly. Direct contact usually happens amid purchase, use and service, and is commonly initiated by the customer. Indirect contact generally involves unplanned interactions with products, services, or brands, in the form of word-of-mouth, criticism, advertising, news reports, or reviews. (Meyer & Schwager 2007, 118–119.)

Customers' expectations are partly based on their previous experience with the company. Customers compare each new experience with the previous one and evaluate it accordingly. Market conditions, competition, and the customer's personal situation also influence expectations. Even when the company's own brand sets expectations, the customer can be disappointed. (Meyer & Schwager 2007, 120.) Moreover, customer experience encompasses the customer's cognitive, affective, emotional, social, and physical responses to the retailer. The experience is created by elements which can be controlled by the retailer - such as service, atmosphere, assortment, and price – as well as elements outside of retailer's control including influence of others and purpose of shopping. The total experience includes different phases such as search, purchase, consumption and after sales, possibly in different channels. (Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger 2009, 32.) In the current environment, customer journeys are more complex as customers interact with companies via various touch points in multiple channels and media (Lemon & Verhoef 2016, 69). In general, the experienced interaction with the company must be valuable in some way and leave such an impression that the customer will come back to do business again. Customer experience affects brand perceptions and impacts business performance. It is stated that a good customer experience makes a person five times more likely to recommend a company as well as more likely to purchase in the future. (Yohn 2019.)

The pandemic and uncertainty about the future have had an impact on customers' shopping behaviour as well as their expectations towards the companies they interact with. In general, customer expectations have increased, and companies should respond to the need by making customer interactions more human and relatable. This can be resolved by conversing with customers more naturally, aiming to understand their pain points and resolving issues by siding with the customer. Additionally, customers expect simple and fast service. If a company can deliver fast support, they have a chance to create a delightful customer experience instead of a mediocre one. Furthermore, customers are more likely to trust recommendations from their family and friends and they share more, especially negative, experiences and have lower tolerance if something goes wrong. (Ranjan 2021.) EY's Future Consumer Index predicts that consumers are looking to simplify their lives. Especially with inflation rising faster, people will not waste time and money on things they no longer value. In addition, consumers do not want to travel far from home, but increasingly crave a sense of escapism. As consumers are focusing on simple needs, reaching them will be even more complex for brands that are not able to adapt. Inflation is causing consumers at all income levels to change their shopping behaviour and purchase decisions such as buying fewer physical goods because they do not need them, buying more second-hand products or just buying the essentials. The index also shows that consumers are increasingly leaning to more sustainable choices as they want to pay more attention to the environmental and social impacts of what they purchase. (Rogers 2022.)

## 2.3 Experiential learning

A company can improve customer experience by building on existing experience and knowledge and using Lewin's experiential learning cycle (Kolb 2015; Aliekperov 2021, 7). This cycle shows which stages should be passed to create new knowledge and approaches to solving issues based on the experience obtained (Figure 3).

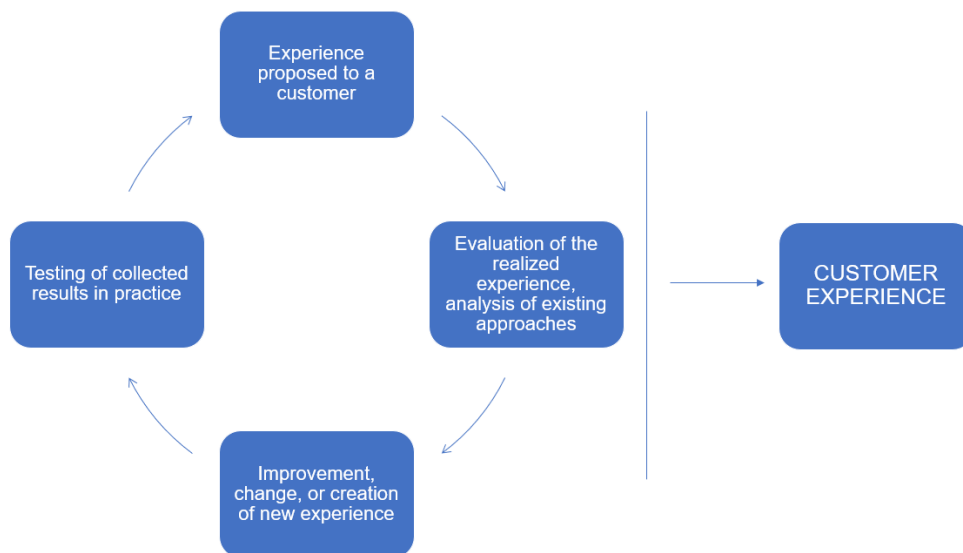


Figure 3. The application of Lewin's experiential learning cycle for the improvement of customer experience (adaptive from Aliekperov 2021, 7).

The experiential learning cycle consists of concrete experience, observation and reflection, formation of abstract concept and generalisation and testing implication of concept in new situation. In the context of customer experience, these components can be interpreted as follows

- Concrete experience is the customer experience proposed to a customer.
- Observation and reflection are the evaluation of the obtained customer experience, the analysis of existing approaches to creating and developing it.
- Formation of abstract concept and generalization is the improvement, change, or creation of the new customer experience.
- Testing implication of concept in a new situation is the testing of collected results in practice.

The creation of customer experience, based on prior knowledge and experience, with the use of Lewin's experiential learning cycle allows to determine which elements from the previous experience can be applied in the future and which of the company's actions managed or failed to create value for customers, to define areas needing further improvement or a complete change and to adjust the existing or to create a new customer experience. (Aliekperov 2021, 7–8.)

## 2.4 Role of the physical store

Traditional shopping in brick-and-mortar stores has been affected by other shopping channels and competition, especially from online retailers utilizing technological innovations. In addition, because of the COVID-19 pandemic, more customers have abandoned physical visits to retail stores. To gain an advantage over other channels, brick-and-mortar retailers should engage customers in a delightful and entertaining store environment. (Terblanch & Kidd 2021, 1.)

A recent study explored the customer journey activated by value-generating experiences that led to intentions to revisit an outdoor clothing retailer. Based on information obtained from literature review and insights from focus groups, the study determines four in-store experience factors: interaction with frontline staff, interaction and communication with other customers, layout and environment, and variety of merchandise on display. First, interaction with frontline staff proved to be valuable as the staff were knowledgeable about the product features and shared feedback from other customers, which created a sense of belonging to a larger group. Second, the exchange of experiences, ideas, and suggestions with other customers, perceived to be similar, gave the participants confidence about the considered product. Third, the layout and design of the store affect how the products are presented to the customers, and this in turn improves the customers' chances of reaching or exceeding their purchase goals. The focus group participants thought that the layout of the store was convenient, which made it comfortable to move between the goods and displays. Fourth, the participants of the focus group expressed that the variety of merchandise on display affects the interest to visit the store. Focus group participants referred to experienced shopping trip values and identified themes such as making customers aware of new products and services, their prices, and seeing and hearing new ideas. It is thus hypothesised that there is a positive relationship between the shopping trip value experienced by customers and the intention to revisit. (Terblanch & Kidd 2021, 4–6.)

The pandemic has changed customer expectations and therefore the physical retail space needs to reposition its place in the customer's life. The physical store can best serve the customers and elevate brand presence by offering unique experiences that cannot be fulfilled digitally. The strength of the physical retail experience over digital is precisely that customers can engage more intimately within a physical environment, and they can engage in all their senses. However, the physical and digital storefronts should not compete against, but to complement each other. (Standish & al. 2021.) Online channels offer convenience, whereas offline channels provide opportunities for engagement and brand building. (Adhi, Hough, Calais, Lange & Lenzen 2021.) A physical store also offers the engagement needed for buying deep products – those demanding deep inspection before customer's purchase decision. Buying deep products in the physical store enhances long-term customer value and customers that have purchased deep products in-store,

are subsequently more likely buy the same and adjacent deep product categories online. Consequently, online retailers can increase customer profitability by offering customers tangible, multisensory experience in the store. (Zhang, Chang & Neslin 2022, 166–168.)

The perception is that people still want to visit the physical stores for shopping. According to the research conducted in 2021 by the Finnish Retail Research Foundation, the willingness of Finns to shop in physical stores has increased as three out of four say they like to visit the store, while only 44 percent of respondents held this opinion the year before. (Finnish Commerce Federation 2022.)

## **2.5 Brand loyalty**

Brands provide benefits to both companies and consumers but although companies invest in brand creation in various activities such as marketing, the brand exists in the minds of consumers. Branding creates mental structures for consumers to organize their knowledge about products or services and therefore has a significant role in the decision making. Furthermore, consumers perceive differences, either attributes of benefits of the product or service or more intangible factors, between brands in a product category. (Keller 2013, 35–36.)

A strong brand has a high brand equity, the distinguishing factor that a brand has in terms of the customer's reaction to the product and its marketing. It measures a brand's ability to capture consumer preferences and loyalty. Brand equity is positive when consumers react more positively to it than to a generic or unbranded version of the same product. (Armstrong & Kotler 2022, 251.) Brand equity thus appears as brand loyalty: among all the brands, there is one that creates an emotional connection which in turn affects the purchase decision. It can be argued that people who are loyal to a certain brand, will probably buy it but there could be factors that steer the customer to buy another brand after all.

According to Kaufman (2022), “Exceeding expectations is where satisfaction ends and loyalty begins”. When a product or service satisfies a customer’s specific need or desire, the customer rewards it with years of brand loyalty, a connection between product and consumer. (Solomon 2019, 22). To create brand loyalty, customers’ experience should at the very least meet, but preferably exceed their expectations and create unique associations and meanings that differentiate the brand from others. (Keller 2013, 112.) It is however argued that brand loyalty is a part of normal purchasing behaviour, and it is divided and driven by opportunity. In the terms of divided loyalty, no brand should expect its buyers to be one hundred percent loyal. People tend to buy more than one brand and the more purchases they do, the more brands they buy. Consequently, categories that are bought less frequently have higher levels of absolute loyalty. (Sharp 2010, 92–95.) To further specify the topic, the term ‘loyalty at parity’ refers to a tendency to choose a specific brand when everything else is equal, for example in the supermarket where the

exact same product from different brands is displayed side by side, at the same price. However, there are often other factors influencing on the purchase decision, such as promotion, outstanding display, or better availability of the other product. (Snijders 2018, 199.)

Brand loyalty is perhaps strongest when customers are committed or are ready to spend time, energy, money, or other resources on the brand in addition to what is spent on buying or consuming the brand. For example, customers can join a club focused on the brand, receive updates and exchange messages with other users of the brand as well as official or unofficial representatives of the brand itself. (Keller 2013, 123.) The modern digital landscape has a great impact not only on how companies and brands interact with customers but also how customers influence each other in relation to brands. Many companies have loyalty rewards programs to enhance their customers' brand experience. Through customer engagement marketing, companies promote direct and continuous customer involvement in shaping brand conversations, experiences, and community, making the brand a significant part of customers' discussions and lives. (Armstrong & Kotler 2022, 41.)

### 3 Research Methods

This chapter introduces the research design and methods used in this thesis with justifications for the chosen methods. The research question is “Which factors influence customers’ desire to visit the physical specialty store?” and it is investigated and analysed through three investigative questions listed in chapter 1.2.

#### 3.1 Research design

Research design is the framework for the collection and analysis of data to answer research questions and meet research objectives. It provides justifications for choice of data sources, collection methods and analysis techniques. This thesis uses qualitative research methods to collect secondary data from literature and the commissioning company’s database and to collect primary data with research interviews. For studying the data, this thesis uses thematic analysis, a technique for analysing qualitative data by searching themes or patterns within a data set. As this thesis uses more than one qualitative data collection method and corresponding qualitative analysis technique, it is described as a multi-method qualitative study. (Saunders, Thornhill & Lewis 2020, 179.)

For investigative questions 1 and 2, this thesis uses desktop research for collection of secondary data from literature and commissioning company’s database, together with collection of primary data with semi-structured interviews among a specific customer segment. Investigative question 2 involves the collection of primary data with semi-structured interviews. For all the investigative questions, the data is studied using thematic analysis, justified by the need to search for re-occurring themes or patterns to explain customer behaviour and give answers to declining customer satisfaction and number of visitations. Research design is visualised in figure 4. below.

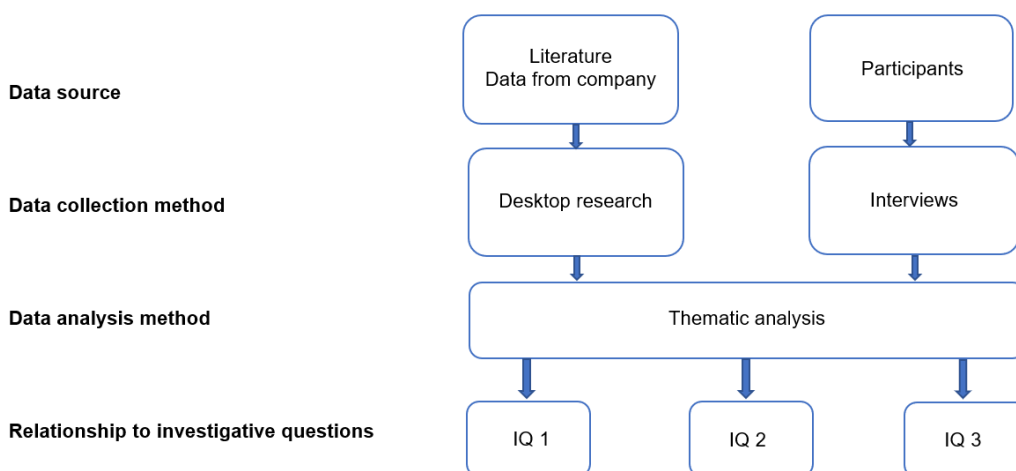


Figure 4. Research design

### 3.2 Qualitative research

Qualitative research is defined as the collecting and analysing of data that is non-numerical or non-quantified, aiming to understand concepts, opinions, or experiences. Qualitative research can be used in collecting in-depth insights into a problem or create current ideas for research (Saunders & al. 2020, 813; Bhandari 2020) and therefore was chosen as the type of research for this thesis. Characteristics of qualitative research are described below in table 2.

Table 2. Characteristics of qualitative research (adapted from Saunders & al. 2020, 180).

It is generally recognized that the researcher is not independent from the researched.
Participants are called participants or informants.
Designed to explore participants' meanings and related relationships.
Usually uses non-probability sampling techniques.
Based on meanings expressed through words (spoken and text) and pictures.
The methods used to collect data are unstructured or semi-structured.
As a result of the collection, non-standardized data is obtained, which usually requires classification into categories
The analysis is conducted with the help of conceptualization.
Meaning derived from words (spoken or text) and images.

A decision must be made to use one or more research strategies, related to the nature of the research question and objectives and to establish coherence with the other elements of the research design. Research strategy is a plan of how the researcher is going to answer the research questions. In this research the strategy is case study, in which a phenomenon is investigated within its real-life context, using multiple sources or techniques. The focus of this thesis is exploratory, that is, aiming to seek new insights into phenomena, to ask questions and bring new interpretations to the phenomenon. Furthermore, this research combines inductive and deductive approaches. While inductive approach aims at developing a theory, the deductive approach aims at evaluating an existing theory. (Saunders & al. 2020, 220; 797-818; Streefkerk 2022)

### 3.3 Desktop research

Desktop research, also called secondary research, is a research method involving the use of existing data from different channels (Qualtrics 2022). Secondary data is originally collected for some other purpose, possibly processed, and later stored. It can be further analysed to provide additional or different knowledge, interpretations, or conclusions. Three main types of secondary data include survey, document (including text, audio and visual) and multiple source data. To answer the research question and meet the objectives, many research projects require

combination of primary and secondary research. Secondary data can be used for providing main data set, longitudinal data, area-based data as well as compare with or set in context with findings in the research project being undertaken. Secondary data are often less current than any data that is collected for a specific research project. Suitability for research question and objectives, measurement validity and coverage of the data should be assessed. However, even if the secondary data is not completely reliable, it is still useful if enables partially answer a research question. (Saunders & al. 2020, 368.) Secondary data used in this thesis include literature review and data from the case company.

The case company collects customer feedback, inter alia, by sending out surveys to customers after purchase. After having completed the default post-purchase survey, customers are prompted to fill in the add-on survey to provide additional information about their interaction with the company, demographic details, and consumption preferences. Data collection from the case company was done by examining data from post-purchase surveys. The feedback collected with the post-purchase survey is analysed by a text analytics tool categorising the data according to pre-set attributes, such as affordability or availability. Data includes drivers, sub-drivers, customer satisfaction (CSAT) score, and shows the recurrence of different topics. Data set used for this research was collected between February and July 2022 and contained 106 173 customer satisfaction ratings. The data was imported from the company database to an Excel file and then organized by including only topics that had received more than one hundred responses with the aim of focusing on topics that occur more often. The remaining data was then filtered to show which topics had the highest volumes in both high and low CSAT scores. The purpose was to discover the primary positive and negative drivers for customer satisfaction.

### **3.4 Interviews**

The research interview is a conversation between two or more people, during which the interviewer asks succinct and explicit questions and listens attentively to the interviewee's response. Said interviews build on establishing some level of understanding between the interviewer and the interviewee. By listening carefully to an interviewee, an interviewer will be able to explore points of interest and clarify and confirm meanings. The use of research interviews can aid in collecting valid and reliable data to contribute research questions and objectives. (Saunders & al. 2020, 434–436.) The research interview is a collective term for different types of interviews. The chosen type of interview should be consistent with research question and objective, purpose, and strategy. Based on their nature, research interviews can be divided to types of structured, semi-structured and unstructured interviews. Structured interviews are conducted using researcher-completed questionnaires, based on a predetermined set of identical questions. Unstructured interviews are loosely structured, informally conducted interviews with one or more themes and without a

predetermined list of questions. Semi-structured interviews start with a predetermined list of themes, and possibly some key questions related to these themes, to steer the course of the interview. The interviewer can however vary the order in which the questions are asked and ask new questions. (Saunders & al. 2020, 434–436; 816; 820.) Talking to customers and asking open-ended questions produces better results than questionnaires, and in most cases only a few such interviews are needed to form a complete picture of customer needs and preferences. (Kenny 2019). The data collection for this thesis was done by conducting semi-structured interviews, with a consistent approach by exploring each theme with every participant, allowing comparison, and identifying possible common topics.

The advice to indicate sample size depends on research strategies and the nature of the selected population. It is often recommended to continue collecting data until data saturation, the point at which no new themes or information is discovered. However, for research design purposes it is necessary to define the number of interviews to be conducted. Saunders suggests that an appropriate sample size for semi structured interviews is 5–25 participants. (Saunders 2012, 44–46.) Moreover, based on a mathematical model by Nielsen and Landauer built for user interface testing, with a qualitative test with five participants, 85% of the issues are identified (Budiu 2021). In qualitative research, instead of a sample, it is customary to speak of a discretionary sample. Instead of statistical generalizations, the aim is to gain a deeper understanding of an event, information about a local phenomenon, or to look for new theoretical perspectives on events and phenomena. Significant information can be obtained by interviewing a few people as it gives opportunities to study details, for example to find out the connection of specific activities to conditions and situations. (Hirsjärvi & Hurme 2009, 58–59). Based on the aforementioned information and the purpose of this research, a sample size of ten was decided. Population was the number of customers who had not made purchases during the previous twelve months and had given their consent for Company X to send newsletters to them. An invitation to take part in the research was sent out in two Company X's customer email newsletters in July 2022. The first newsletter had 293 556 recipients and second 294 880 recipients.

An invitation to take part in the research was sent out in two of Company X's customer email newsletter in July 2022. The interview invitation segment of the newsletter was visible only for those recipients who at the time did not have any activity on their membership profile within the preceding twelve months. The email contained a link to a survey in Webropol (a web-based survey and reporting tool), in which the customers were able to sign up for an interview. Thesis author then contacted each of the participants individually to set up an interview time. Ten people had signed up, seven of them were reached and five of the interviews took place as agreed. Interviews were conducted during August 2022 using Teams application and the meeting was recorded and

transcribed. The meeting transcript was then transferred to a text file for analysis. Communication between author and participants as well as the interviews were conducted in Finnish.

### 3.5 Thematic analysis

Thematic analysis is a technique for analysing qualitative data, in a systematic way, by searching themes or patterns in a data set. This technique can be used to analyse either large or small qualitative data sets resulting in descriptions, explanations, and hypotheses. More specifically, it can help to comprehend often large and diverse amounts of qualitative data, integrate information from different transcripts and notes, identify key themes or patterns in a data set for further investigation, create a thematic description of these data, and/or develop and test explanations and theories based on apparent thematic patterns or relationships as well as draw and verify conclusions. Thematic analysis can be used regardless of research philosophy and approach and is a flexible and accessible approach to analyse qualitative data. The process of thematic analysis consists of four elements which progress most often not linearly but in a recursive manner. (Saunders & al. 2020, 651.) These elements are illustrated in figure 5 below and described in more detail further on in this chapter.

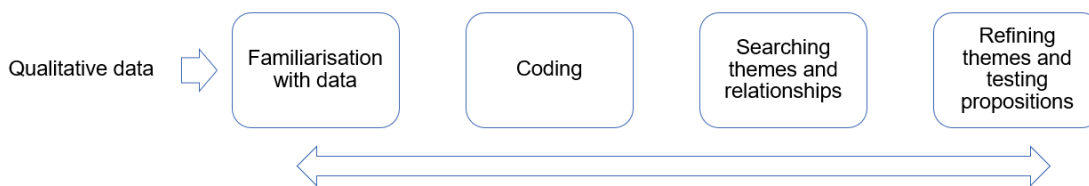


Figure 5. Procedure of thematic analysis according to Saunders & al. 2020, 652–655.

The first element is familiarisation with the data before starting to analyse individual items, by producing transcripts of the interviews or observations or reading through documents or reviewing visual images. Transcribing data items contributes to developing familiarity with the data and prompts to generate notes or summaries to aid further analysis. Familiarity with data aids in looking for meanings, recurring themes and patterns and assists to engage in the following analytical procedures and is therefore an important element in the process of thematical analysis. (Caulfield 2022; Saunders & al. 2020, 652–657.)

The second element is coding, which is used to categorise data with similar meanings. Coding involves labelling each unit of data within a data item with a code that summarises its meaning and makes it accessible for further analysis. The amount of data to be coded depends on research approach and research question. An inductive approach and a defined research question should help to decide which data to code. Although all the data may be potentially interesting, research question will help focus on which data to code. There are three main sources of codes which can

be used on their own or in combination, depending on your approach to theory development. Sources and types of codes (figure 6) include actual terms used by participants and recorded in the data, referred to as 'in vivo' codes; labels developed from data; and labels derived from existing theory and the literature, referred to as 'a priori' codes.

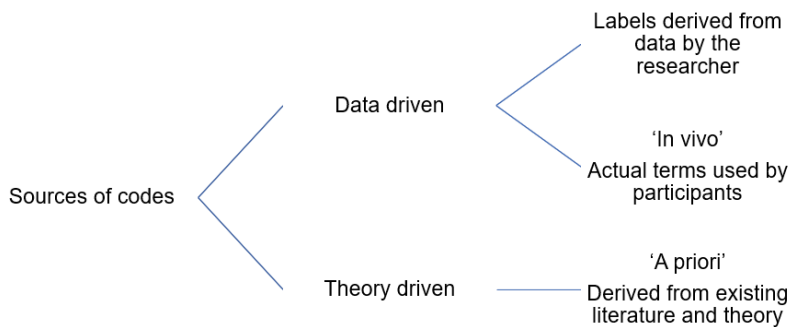


Figure 6. Sources and types of code (adapted from Saunders & al. 2020, 655)

The process of coding allows the researcher to link units of data that refer to the same aspect or meaning, or to link aspects or meanings for comparison and rearrange original data into groupings for the next stage of analysis. Codes show the occurrence or non-occurrence of a phenomenon and enable an overview of the main points and common meanings that recurring throughout the data. (Caulfield 2022; Saunders & al. 2020, 652.)

The third element is the search of themes and relationships. Searching for themes is part of the overall process of condensing the raw data, firstly by coding them and then grouping these coded data into analytic categories. This phase of analysis involves searching for patterns and relationships in the list of codes to create a list of themes that relate to the research question. A theme is a broad category incorporating several codes that appear to be related to one another and which indicates an idea that is important to the research question. A theme may also be a single code which indicates an idea that assumes general importance to the research question and is therefore elevated to become a theme. Searching for themes involves looking for key concepts, recurring topics, important ideas and evident patterns or trends together with codes that might be related. While developing themes, the coded data extracts should be organised under the relevant theme or sub-theme. After deciding on the possible themes, the researcher should look what is the essence of each theme, how might themes be related to each other, which themes appear to be main themes, and which appear to be sub-themes. Next phase to produce a thematic map to represent the relationship between themes. At this point the coded data might need to be revised and some themes refined, discarded, or newly introduced after which the thematic representation could be modified to represent the data better. (Caulfield 2022; Saunders & al. 2020, 658.)

The fourth element is refining themes and testing propositions. The constructed themes need to be a consistent set to create a well-structured analytical framework for further analysis. The refining of themes is conducted by re-reading the coded data under each relevant theme and revising the relationships between them. When trying to find patterns in the data and identify relationships between themes, testable propositions can be developed. The presence of an apparent relationship or connection between themes must be tested to conclude that such a relationship exists. It is important to test claims that arise inductively from data by looking for alternative explanations and negative cases that do not match the relationship being tested. Testing propositions against the data, looking for alternative explanations and seeking to explain why negative cases occur, moves the research towards the development of valid, credible, and well-grounded conclusions. (Saunders & al. 2020, 658.)

In this thesis, the data set was processed manually due to its small size. The record transcript was converted to text file and then imported to Excel for further editing. The interviews were numbered, and the answers were placed each in their own row and the questions and answers in their own columns. The data was then reviewed and coded to separate columns using keywords. In any point a new theme or sub-theme emerged, it was added to a list of themes. The codes were then grouped under themes. Next, codes and themes were compiled to a table, and reviewed. This process required back and forth movement between the steps, as is described in figure 5 illustrating the procedure of thematic analysis. To ensure a thorough analysis, the author continuously made notes throughout the process. In this stage the codes and themes were translated from Finnish to English with the help of Dictionary.com, Thesaurus.com and Google Translate to ensure accurate translations. Finally, themes from interview data were compared to themes from desktop research to find possible recurring themes or topics.

### **3.6 Reliability, validity, and relevance**

Reliability refers to the extent to which the data collection technique or techniques produce consistent findings, similar observations would be made, conclusions made by other researchers, or to what extent there is transparency in how conclusions have been drawn from the raw data. (Saunders & al. 2020, 814.). The concept of reliability in qualitative research can be understood in a way that the research must still aim to reveal the concepts of the researched and their views, as well as possible. However, this should be done with the awareness that the researcher affects the information obtained already during the data collection and that it is about the researcher's interpretations, trying to reconcile his conceptualization with those of the researched. The researcher should be able to document how the world of the researched has ended up being classified and described in a certain way. In qualitative data analysis, the closest to the traditional concept of reliability is in those areas that concern the quality of the material. Reliability then

concerns the researcher's actions rather than the answers of the interviewees or how reliable the researcher's analysis of the material is. Reliability concerns whether all available material has been considered and whether the information has been transcribed correctly. It is also important that the results, as far as possible, reflect the world of thought of the researched. However, it must be understood that the result of an interview is always the result of the cooperation of the interviewer and the interviewee. (Hirsjärvi & Hurme 2009, 186–189.)

Validation is the process of verifying research data, analysis, and interpretation to establish their validity, credibility, or authenticity. When a consensus is reached, it can be considered that the person's perception or interpretation of the data has been confirmed. However, it must be considered that people's perceptions of the same object really vary within a fairly short period of time. (Saunders & al. 2020, 218; Hirsjärvi & Hurme 2009, 189.). For validation, this thesis applies triangulation technique, in which the data collected by one source is compared to data collected from other sources.

Relevance of this research based on the problem statement, factors influencing customers' desire to visit the physical specialty store, is to gain understanding of how the retail customer experience could be developed to fulfil customer expectations and thus focus development actions on specific areas to secure long lasting customer relationship and to maintain brand loyalty. Researching the factors influencing customer visits to the retail space benefits by offering an increased understanding of customer expectations. This information is produced by inquiring current, first-hand insights from customers, aiming to find recurring themes.

## 4 Data and results

This chapter presents the research data and results from desktop research and interviews, divided in sub-chapters according to the investigative questions. Key results are illustrated using tables. The interview data was collected by conducting semi-structured interviews which had predetermined list of themes and key questions related to these themes to steer the course of the interview. The interview included open-ended questions for the purpose of giving the participants a chance to speak and express their opinions freely, without the interviewer leading. An invitation to take part in the research was sent out in two Company X's customer email newsletters in July 2022. The first newsletter had 293 556 recipients and the link engagement was 34. The second newsletter had 294 880 recipients and the link engagement was 493. The newsletter contained a link to a Webropol survey in which the customers were able to sign up for an interview. Thesis author then contacted each of the participants individually to set up an interview time. Ten people had signed up, seven of them were reached and five of the interviews took place as agreed. The objective was to interview customers who, according to the loyal customer register, had not made purchases in the previous twelve months and to discover the factors that had led to the customers in question supposedly abandoning the company. The interviews revealed that all participants had in fact visited Company X store in the last twelve months and four out of five had made purchases. Those who had made purchases had shopped together with a spouse or a friend who had used their own loyalty card at the checkout. The one participant who had not done any shopping said that in general they want to consume less and preferably buy second-hand.

### 4.1 IQ 1. Which factors influence customers' desire to visit or not to visit the retail space?

Based on literature review, the in-store experience factors include interaction with frontline staff, interaction and communication with other customers, layout and environment, and variety of merchandise on display. Physical stores can offer experiences that cannot be fulfilled digitally, as customers can engage more intimately within a physical environment, and they can engage in all their senses. Factors such as service, atmosphere, assortment, and price are controlled by the retailer whereas influence of others and purpose of shopping are outside of the retailer's control. Getting fast support and recommendations from family and friends are factors influencing the customer's willingness to do business with a retailer. Due to inflation, consumer shopping behaviour and purchase decisions are changing in terms of buying less, buying more second-hand products, or just buying the essentials. Consumers want more sustainable choices, as they want to pay more attention to the environmental and social impact of their purchases.

Company X has identified the distinct stages in the customer journey and is asking feedback in different stages of to discover the factors that have a positive effect on customer's desire to

cooperate with the company. Customer behaviour and attitudes are observed continuously to manage and develop the customer experience. Based on the data the company had collected via post-purchase surveys (see 3.3), the primary positive and negative drivers for customer satisfaction in the were identified for the period being studied. For the highest CSAT scores, the drivers were

- activities
- using the products
- staff friendliness
- appearance
- getting support
- atmosphere (cleanliness)
- comfort
- usefulness of products
- quality of products (durability) and
- service offer (using services).

Most frequently occurring low CSAT scores were driven by availability of products, waiting time, findability, payment (checkout), ease of placing an order, product offering (variety of range), getting things done right at the first time, affordability (price), eating options, and staff interaction.

The interviews sought to identify the factors that positively and negatively affect customer experience in Company X store. When asked which factors positively affect the customer experience, the participants described the following things: the company offers a good selection of products that are affordable, and that they are available for purchase, the products are pleasantly displayed, customers can get ideas and inspiration, sustainability has been taken into account in the products and in the store, it is easy and convenient to visit, there is a nice atmosphere and the staff is helpful. Special offers, campaigns and activities built around different themes were also mentioned. A summary of the positive factors is presented in table 3. Excerpts from the interviews are presented below:

“There you can find pretty much everything you need and affordably.”

“The presentation is so pleasant that it's nice to go around there.”

“The examples are great, they give good ideas.”

“The selection always changes enough so there is always something new.”

“You can move forward in the aisles, find the goods and also move forward at the checkout.”

“Even if there are more people there, it is easy to move around.”

“Good service of course.”

“Products are very well available there.”

“- - Themed events, that kind of marketing I like.”

“In marketing - - Halloween stuff, they're funny. More of that!”

When asked about the negative factors to customer experience, the interviewees mentioned noise, crowds, waiting times, poor level of cleanliness, poor availability of products and the long distance to store from where they lived. A summary of the negative factors is presented in table 3. The following excerpts are from the interviews:

“I have a long distance to the nearest one, so going there requires a bit longer planning.”

“If there are lot of screaming kids. In the aisles. In the cafeteria. I personally hate crowds.”

“It's annoying that if you can't find the item you are looking for.”

“Especially if there are small purchases and there is a terrible queue at the checkout.”

“The noise and the sound level.”

“If it's really crowded and dirty.”

Table 3. Positive and negative factors influencing customer experience

<b>Effect</b>	<b>Factor</b>
Positive	Affordability Selection Good availability Ideas Inspiration Display of products Sustainability Brand Easiness of visiting Atmosphere (soundscape, scents) Helpful staff Special offers Campaigns Activities
Negative	Distance to store Atmosphere (noise, crowds) Poor availability Waiting times Cleanliness

In addition, some of the interviewees mentioned that they have heard that Company X is a good place to work and that the employees seem to enjoy themselves.

Data from literature review, case company and interviews were combined to identify similarities between the data sources. The objective was to identify main factors influencing customers' desire to visit the retail space. The data shows that common themes, emerging in all data sources used in the study, are interaction with staff, store layout, display of products, product selection, prices, and atmosphere, followed by inspiration, sustainability, and product availability.

#### 4.2 IQ 2. What effect does brand loyalty have on visiting the retail space?

Brand loyalty occurs when among all the brands, there is one that creates an emotional connection and affects the purchase decision. People who are loyal to a certain brand, will probably buy it but there could be factors that steer the customer to choose another brand. To create brand loyalty, customer experience should at least meet or preferably exceed expectations and create uniqueness that differentiates the brand from others.

When the interviewees were asked how the brand affects their willingness to visit the store, the following themes were mentioned: modern, sustainable, concept, affordable, value for money, quality, convenient, brand image, staff, and selection. Keywords extracted from interviews and themes derived from them are presented in table 4.

Table 4. How the brand affects visitation to the store

<b>Keywords from interviews</b>	<b>Theme</b>
up to date	Modern
considers the environment	Sustainable
going there for the brand same products everywhere, you know what you are getting	Concept
durable products affordable but good quality	Affordable/quality/value for money
easy to visit	Convenient
nothing negative to say positive image strong brand	Image
helpful staff nice place to work smile	Staff
changing product selection also premium, not only the cheapest	Selection

All the interviewees said that they have an overall positive image about the brand and one interviewee stated that they go shopping at company X specifically because of the brand.

"- - I don't think there's anything negative about that brand - - taking the environment into account in the packaging and everything and keeping up to date - -"

"I personally like - - the way they advertise things and the products have been durable, so I am very satisfied with the fact that even though it's affordable, the quality is still good. "

"Great service - - A smile on your face. You can always get help if you ask for advice there in the store."

"I'm going to [X] store to pick up [X] specifically."

"It has a good reputation. And you know what you're getting, and you get it affordably."

"- - I have a somewhat positive image of [X] and the brand"

Interview participants were also asked if a similar product were available at the same price from company X and from a competitor, from which they would rather buy it from. They were also asked to justify their answers. One participant said that they would buy it from company X, as they have been using those products for years and are familiar with the store. Other participants said that it would depend on the product, if the competitor were closer in distance, if they had a positive image about the competitor, or if possible other shopping could be done in the same place. Reasons for choosing company X or competitor are presented in Table 5 below.

Table 5. Reasons for choosing company X or competitor

Interview participant	Would rather buy the product from company X	Reasoning for why they would buy from company X or from a competitor	Theme
P1	Yes	Familiar store Family has been using company X products for years	Brand familiarity
P2	Maybe	It depends on the product, if it's a large one then it is easier to pick up somewhere closer Take advantage of the offers at company X	Distance to store Offers
P3	Maybe	Depends on the product If it's easier to pick up somewhere closer Image of the competitor, if it's reliable will buy from there if it's easier to do business with	Distance to store Competitor brand image

P4	Maybe	It's not worth leaving because of a small product unless it's much cheaper than what the competitor has	Distance to store Price
P5	Maybe	Whichever is closer, easier to do business with  Are there other products needed that could be bought from the same place	Distance to store Product selection

### 4.3 IQ 3. How can the company improve customer visits to the retail space?

As presented in chapter 4.1., the information obtained from the interviews shows that improvement potential is related to distance to the nearest store, store atmosphere in terms of noise and crowds, poor availability of products, waiting times and poor level of cleanliness. Based on the data collected by the company via the post purchase surveys, there is improvement potential in availability of products, waiting time, findability, payment, ease of placing an order, product offering, getting things done right at the first time, affordability, eating options, and staff interaction.

In the end of the interviews, the participants were asked for development suggestions, more specifically, what they think Company X could do better and what would have to happen for the interviewee to return to Company X store. Interviewees told that in general they were satisfied with Company X. They gave some specific development suggestions, which are not presented in this thesis due to the purpose of maintaining the company's anonymity. For the question about what would need to happen for the customer return to the store, there were not any answers because none of the interviewed customers had not in fact stopped doing business with the company, as was discovered in the beginning of the interviews.

## 5 Key findings

This chapter presents the key findings for each investigative question and where applicable, the findings are reflected on by referring to the theoretical framework in chapter 2, striving to either validate or invalidate the findings compared to previously conducted research.

### 5.1 Which factors influence customers' desire to visit or not to visit the retail space?

The in-store experience factors were investigated in this thesis through literature review, interviews and supporting insight from the case company. The themes that appeared in all the data sources of this study were considered as important factors influencing visits to the retail space, however other factors that emerged in the study were also considered.

Based on the interviews, elements that positively affect the customer experience, are affordable prices, selection, and availability of products, how the products are displayed, and the ideas and inspiration generated by the store space, atmosphere in terms of soundscape and scents, sustainability, easiness of visiting and helpful staff. Special offers and campaigns can attract customers to visit more often, and activities created on different themes can surprise, delight, and exceed the customer's expectations regarding the visit. Elements that negatively affect the customer experience include distance to store, atmosphere in terms of noise and crowds, poor availability of products, waiting times, and poor level of cleanliness. According to literature review, a successful in-store experience consists of interactions that delight as well as interaction with frontline staff and interaction with other customers, a convenient layout and environment and merchandise that inspires and meets the customer's needs. Customers' willingness to do business with a retailer is also influenced by getting fast support and recommendations from family and friends. In general, consumer shopping behaviour is changing towards buying only the necessary and purchasing decisions are more influenced by sustainability. The aspect of changing shopping behaviour was also observed in the interview responses. Themes that emerged in the interviews were comparable to themes observed in previous studies and therefore this study validates the information from prior research.

In summary, most significant factors influencing positively to customers desire to visit the retail space are interaction with staff, store layout, display of products, product selection, prices, and atmosphere, followed by inspiration, sustainability, and product availability. Reciprocally, the non-fulfilment or weak performance of the aforementioned factors has an unfavourable influence on customers' desire to visit the retail space. The impact of changing shopping behaviour in general must also be considered when looking at the factors that affect willingness to visit a store.

## **5.2 What effect does brand loyalty have on visiting the retail space?**

When examining the general impact of the brand on customers' willingness to visit the department store, themes of modern, sustainable, concept, affordable, value for money, quality, convenient, brand image, staff, and selection emerged from the interview material. Main themes defining brand loyalty were brand familiarity, offers, price, selection, distance to store and competitor brand image.

Brand loyalty on visiting the retail space exists, but the level is defined by different factors. Interviews revealed different levels of brand loyalty from unequivocally choosing company X to different factors influencing the choice of place of purchase. This finding reinforces previous research on brand loyalty: people who are loyal to a certain brand, will probably buy it but there could be factors that steer the customer to choose another brand. Another finding was that even though the interviewees had sometimes experienced negative factors in the store, they were willing to visit there again. This finding may indicate brand loyalty and that unpleasant experiences do not negate positive experiences and that positive experiences have a longer lasting effect.

## **5.3 How can the company improve customer visits to the retail space?**

The premise for this study was the declining visitation and customer satisfaction in the physical specialty store. Based on this, customers who had not made purchases during the previous year were invited to an interview. The inactivity was based on the data in the loyal customer register. However, the interviews revealed that the participants had indeed visited the store and made purchases but had not registered their membership at the time of payment. Some of the respondents were not aware that the company's loyalty customer program, in addition to changing product discounts, offers ongoing benefits and thus did not see the need to register their membership at the checkout each time they made purchases. Consequently, one of the key findings is that customers that based on the loyalty data were inactive, were not in fact disengaged. This finding suggests that there is potential to improve customer awareness of the benefits of the loyalty program.

As recommended in the literature regarding customer experience management, Company X has identified distinct stages in the customer journey and is continuously collecting information in different touchpoints of customer interaction. This process is needed to indicate gaps between customer expectations and experience. A systematic monitoring of customer experience enables the company to take improvement actions.

The interviews provided up-to-date information on customers' opinions regarding the customer experience but did not offer a complete and explicit answer on how to improve customer visits to the retail space. Even though major topics or areas for improvement did not emerge, the factors

that either positively or negatively affect the customer experience in the store can be examined to develop the customer experience. Interview findings indicate that Company X can improve customer visits to the retail space by improving availability of products, waiting times, cleanliness, atmosphere, and the accessibility to the stores.

## 6 Conclusions

This chapter addresses the reliability, validity, and relevance of the of the research, draws conclusions based on the findings, discusses recommendations and further research, and reflects learning for the thesis author. The objective of this thesis was to contribute to the development of the retail customer experience by researching the factors that influence customers' desire to visit the retail space. A review of essential elements and development areas in the customer experience were set as the outcome of the thesis. The research question was: Which factors influence customers' desire to visit the physical specialty store? The research question was divided into investigative questions (IQ) as follows:

IQ 1. Which factors influence customers' desire to visit or not to visit the retail space?

IQ 2. What effect does brand loyalty have on visiting the retail space?

IQ 3. How can the company improve customer visits to the retail space?

### 6.1 Conclusions

Even if an ever-larger part of purchases will be made online in the future, physical stores will have a role to play as they provide unique, engaging experiences, function as a showroom for products and enable connection with the brand. Both this thesis and prior research in the field indicate that customers appreciate the ideas and inspiration offered by the physical store. Experientiality and interaction are key factors for a successful customer experience in the physical specialty store.

As inflation and other external factors are impacting consumer shopping behaviour and specialty stores compete from customers in the omnichannel environment, effective customer experience management is needed. Companies that have a genuine customer focus embedded in the company culture, are listening to customers, and proactively working with emerging problems, are more likely to succeed.

Company X can develop customer visits to the retail space by improving availability of products, waiting times, cleanliness, and atmosphere. When these even self-evident factors are in order, the customer is likely to pay little or no attention to them. However, if one or more of these factors do not meet the customer expectations, it could have an unfavourable effect on the customer experience and thus the desire to visit the store again. Undoubtedly special offers and campaigns can attract customers to visit, and activities created on different themes enable a memorable interaction with the company. Such events that differ from the usual, everyday interactions can also make the brand stand out from competitors and thus strengthen brand loyalty.

In this context it is also worth mentioning that in the interviews, the distance to the nearest store was repeated as an obstacle to visit, so for these customers online shopping could be an alternative. However, the interviewees did not emphasize online shopping or mention anything about omnichannel. It can be concluded that customer awareness of the possibilities of online shopping and omnichannel interaction could be further developed.

## **6.2 Recommendations**

Based on the key observations and conclusions of this thesis, recommendations are presented to the company for developing the customer experience. The author primarily recommends Company X to improve the availability of products, waiting times, cleanliness, and atmosphere. Furthermore, the author suggests the company to strengthen communication of the loyalty program benefits as this improvement could impact engagement, sales, and visitation. Company could also promote the customer awareness of online shopping and different transaction options in an omnichannel environment. This development could solve the obstacle of customers not being able to visit the physical store, however enabling customer satisfaction, engagement, and contribution to the overall turnover. Other development ideas include interviewing customers on a regular basis, for example in the form of customer panel from whom the company repeatedly asks for feedback and ideas. This idea could also be extended to Business-to-Business customers. In addition, the company is suggested to consider if busy and less busy times in the store could be communicated to customers as it would allow customers to visit the store in a time that is most suitable for their preferences. In general, the company is recommended to monitor even weak signals to ensure a proactive approach to issues that may arise in the customer experience.

## **6.3 Reliability, validity, and relevance**

The factors that have influenced the results are to be addressed and considered critically. First, in terms of the representativeness of the interviews, it must be noticed that there were fewer respondents than planned. A larger number of interviews could possibly have provided more versatile information. Second, the purpose of the interviews was to talk to presumably disengaged customers, those who no longer wanted to do business with the company. The interviews revealed that these customers were in fact still engaged at least to some degree. In terms of fulfilling the research objective, it might have been more fruitful to interview customers that were disengaged and not interested in doing business with the company. Third, it should be noted that this research is a snapshot of a moment, and the interviews show a subjective, albeit surprisingly consistent picture of the customers' perceptions of the company at a given moment. Considering the factors mentioned above, it can be stated that the objectives for this study were partially achieved. Nonetheless, the research has not been irrelevant as the interviews provided direct, up-to-date

notions from customers, which is valuable and a significant component in the development of customer experience.

#### **6.4 Further research**

Ideas for future research are presented based on the topics which emerged in the thesis process and leaning on the conclusions and recommendations. As this thesis researched one specific customer segment with a small sample size, exploring perceptions from other customer segments would produce more extensive and in-depth understanding of factors influencing the desire to visit a retail space. In addition, exploring the latest trends for retail space to upscale the store experience regarding store design and visual solutions could be a topic for future research. Finally, in the phenomena of brand loyalty and its effect on the customer experience in the physical specialty store could be further examined.

#### **6.5 Reflection of learning**

This thesis process was rewarding, although difficult at times. The author acquired skills and knowledge that are certainly valuable for the future, whether it is about future career or further studies. A particularly interesting part of the thesis process was conducting the interviews and then analysing the data. In addition, it was rewarding to see how the information obtained through the author's research could be compared to previous research and thereby validate the thesis findings.

The author participated in a thesis planning course, which took place between March and April in 2022. She started writing this thesis after the summer break in September 2022 and finished it in November 2022. The author was on study leave from September 2022 so originally there was enough time for completing the thesis along with other studies and engagements. Despite the author having quite a flexible schedule, she had a thorough thesis writing plan to ensure that the work progressed in schedule, along with remaining studies. However, the author experienced some unexpected health issues which prolonged the finalisation of the thesis.

Overall, the author enjoyed the thesis process and is grateful for all the support she received during the journey.

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## Appendices

### Appendix 1. Interview frame

Interview frame has been translated from Finnish and edited by replacing the commissioning company's name with an X.

Theme	Question number	Question	Subquestion number	Subquestion
Background questions	1	Gender		
	2	Age		
	3	Location		
Visitation to X store	4	Have you visited X store in the last 12 months?		
	5	Have you shopped at X store in the last 12 months?		
	6	Based on the previous answer:	6.1	If you answered 'No' to the previous question: Would you like to tell us why you haven't shopped?
			6.2	If you answered 'Yes' to the previous question: Would you like to tell us why you haven't registered your loyalty program membership at the time of purchase?
Factors affecting customer experience	7	What do you think positively affects the customer experience in X stores?		
	8	What do you think negatively affects the customer experience in X stores?		
Brand	9	Does X's brand affect your willingness to visit a department store? If yes, then how?		
	10	If a similar product were available at the same price from X and a competitor, would you rather buy it from X?		
	11	As a continuation of the previous question: would you like to tell us why you chose this way?		
Development suggestions	12	What do you think X could do better?		
	13	What should happen for you to return X to the store?		
	14	Would you still like to add something?		

## Appendix 2. Factors positively influencing the customer experience

	Data source		
	Literature	Company X	Interviews
<b>Factors with a positive influence on customer experience</b>	Interaction with staff	Activities	Affordability
	Interaction with other customers	Using the products	Selection
	Layout and environment	Staff friendliness	Availability
	Variety of merchandise	Appearance	Ideas
	Atmosphere	Getting support	Inspiration
	Price	Atmosphere	Display of products
	Fast support	Comfort	Sustainability
	Recommendations	Usefulness of products	Brand
	Sustainability	Quality of products	Easiness of visiting
	Consuming less	Service offer	Atmosphere
	Inspiration		Helpful staff
		Special offers	
		Campaigns	
		Activities	