A Study on the Determinant of Customer Experience among Supermarket Shoppers in Saudi Arabia

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Abstract
Creating a superior customer experience has been gaining increasing attention from the retailers globally. This research has tried to provide a complete picture of the customer experience and its determinants among supermarket customers in Saudi Arabia. The major objectives of the study were to measure the experience of the customers, examine the relationship between demographic characteristics and the customer experience and to suggest measures to improve customer experience for the supermarket in the Saudi Arabia. Convenient sampling was adopted for the purpose of the study. The collected data were coded in an SPSS spreadsheet and a simple statistical analysis such as One-way ANOVA, Linear regression and multiple regressions for better outcome. The effects of the various determinants namely social environment, service interface, retail atmosphere, assortment, price, and previous customer experience were examined. The model has a good fit as the p value is significant at 5% level and adjusted R2 value depicts that 51.972 % variation in the dependent variable. Finally a complete understanding of the various determinants that are used in this study would enable the retailers in Saudi Arabia to create a memorable experience among the supermarket customer while visiting their outlets.

Key Words: Supermarket customer experience, social environment, retail atmosphere, service interface.

INTRODUCTION
There is a growing focus on shopping as a form of entertainment in Saudi Arabia, among both those living in the country and incoming tourists. Saudi Arabia is a major global pilgrimage destination but a growing number of pilgrims to the country also take time to enjoy days out at the country’s increasingly famous shopping malls and supermarkets. The popularity of shopping as a form of entertainment also boosted some areas of non-store retailing. Home shopping for example benefited from consumers’ enjoyment of home shopping TV programs, while the social aspects of direct selling also attract many customers and sales representatives. With internet household penetration rising rapidly, internet retailing also benefited from browsing online being increasingly viewed as an enjoyable leisure pursuit towards the end of 2016. Again impact of social media especially Facebook, Whatsapp and Twitter on the marketing /promotion campaign of supermarkets and hypermarkets are highly significant in Saudi Arabia.

Retailing performance in Saudi Arabia in 2016-17 was very good, with growth being driven by a number of positive factors. Chief among these growth factors were economic growth and retail landscape development. Saudi Arabia’s economy proved resilient even during the global economic downturn seen in the middle of the review period, while disposable income levels were
The theoretical framework, or the conceptual basis, leading to the development of this study is based upon the Conceptual Model of Customer Experience Creation developed by Verhoef et al., (2009). There are several determinants or elements of the customer experience, including social environment, service interface, retail atmosphere, assortment, price and previous customer experience. Most of the studies on customer experience in grocery and electronic retailing are theoretical with focus on the outcomes or have talked about the influence of one single determinant on customer experience. In the present study a comprehensive model is used to investigate the effect of the various antecedents on grocery and electronic customer experience.

While reviewing literature, it can be seen that product assortment is of critical importance to customers who shop at modern retail format such as supermarket. Retailers should take care to understand what types of products their customers are looking for as well as ensuring that the right merchandise is available and well-stocked (Patricia et al., 2009).

Ruyter et al., (2009) pointed out that dissatisfaction has more negative effects on new customers than repeat customers. Findings stated that customer familiarity causes satisfaction to have a greater impact on subsequent loyalty. In other words, highly experienced individuals will be more satisfied and in turn will generate a strong commitment with the retailer (Bloemer and De Ruyter 1998).

Huddleston (2009) has drawn a comparison in customer perceptions related to satisfaction with conventional stores as compared to supermarket and specialty stores. The study examines store attributes of product assortment, price, quality, and service in order to determine which attributes have the greatest impact on store satisfaction for each store format. The phrase "positive customer experience" has become a slogan for companies large and small in their never-ending efforts to attract and retain business. The reason is obvious: a positive customer experience is a marketplace differential for any company seeking to distinguish itself from competitors. This is also true for the largest retailer Panda Supermarket in KSA. In a holistic approach to customer experiences, it is critical to recognize that a customer experience is not limited to the customer's interaction in the store alone. Rather it is impacted by a combination of experiences which evolve over time, including search, purchase, consumption and after-sales phases of the experience (Shajahan S 2005).

According to Jain and Badgare (2009) customer experience in the new format retail stores may be interesting, involving, absorbing, entertaining, satisfying, different, pleasurable, memorable or beyond expectations. These experiences also reshape the expectations and influence future purchase behavior. Positive customer experience in Supermarket has been found to be related to longer duration of stay, increased spending of different products, feeling to visit again and recommendation to other customers.

Understanding and recognizing the importance of customer experience in Supermarket is essential to withstand in this highly competitive and ever changing retail environment in Jizan. Knowledge of the various determinants of customer experience will give the Supermarket an edge over the competitors. The present research was carried out to identify and analyze the major determinants of customer experience in Supermarket in Jizan.

a). Relationship between the various determinants and the customer experience

In order to study the relationship between the various determinants and the customer experience in Supermarket, multi-item scales were used. A multi-item scale consists of a number of ratings combined into a single value. Multi-item 103 scales are used to represent complex psychological constructs that can't be summarized in a single question. Multi-item measures are more reliable and less volatile than single-item questions. As a result of this increased stability, multi-item scales make excellent benchmarks (Henning 2009).

The internal consistency of the scale items is an important test of reliability. Reliability test is used to assess the internal consistency of summated scale where
several items are summated to form total score. One measure of internal consistency is Cronbach alpha. Cronbach’s alpha accounts for all possible two-way splits (Nunnally 1967 & Shajahan 2012). The Cronbach alpha < 0.6 indicates poor reliability (Malhotra and Birks 2007). The Cronbach alpha > 0.7 indicates more reliability (Nunnally & Berstein 1994). Table 1 gives the Cronbach alpha values for the constructs. It seen that the values are in the range 0.706 to 0.896 which indicate that the instruments are reliable.

b). Significance of the study

Customer experience is a recent phenomenon in Arab market and there are not much studies focusing on this and it remains a fairly an underexplored area. Organized retailing is gaining a lot of importance since many large players are keen to setup their footprints in Middle East. This study can make a significant contribution to understand customer experience in the Middle East context.

The purpose of the study is to understand the determinants of customer experience for the Supermarket. Intense competition among the retailers offers a wide array of choices for the customer and hence there arises a need for studying the determinants of customer experience through which Supermarket can provide a superior customer experience thereby differentiating them self from the competitors.

Obtaining and sustaining a competitive advantage in retailing, specifically in Saudi retail environment today sets the challenge to determine one thing that will differentiate Panda Supermarket from another. Retail establishments worldwide are trying to find that sustainable competitive advantage and it currently seems possible by strategically focusing on customer experience and the various determinants in Supermarket.

c). Problem statement

A supermarket is defined as a form of self-service grocery store, offering a wide variety of food and household merchandise, organized into departments which are larger in size and has a wider selection than a traditional grocery store. Examples of supermarket that have a strong foot hold in Jizan are Panda Stores, Khusathi Bagala, Lulu supermarket and so on.

Creating superior customer experience in Supermarket is the focus and the central objectives of this research. Retailers around the globe have embraced the concept of customer experience management, with many incorporating the notion into their mission statements. Despite the recognition of the importance of customer experience by practitioners, the academic marketing literature investigating this topic has been limited. Only a limited number of articles explore customer experience in depth from a theoretical perspective. Gentile, Spiller and Noci (2007) empirically investigated the specific role of different experiential features in the success achieved by well-known products. Novak, Hoffman, and Yung (2000) investigated the impact of website design on the customer’s experience. The scarcity of scholarly research on customer experience construct and customer experience management calls for a theory-based framework to examine customer experience. The research problem, therefore, is to understand the contributors to customer experience in the retail industry in KSA.

d). Research questions

The following questions were formulated for the purpose of research:

1. Do demographic variables influence customer experience while shopping in the supermarket?
2. What are the key determinants of customer experience for a supermarket shopper?
3. What is the relationship between each of the determinants and the customer experience?
4. Is there a variation in the influence of the determinants on the customer experience in the chosen retail format namely Supermarket?

This study will, therefore, describe and analyze the concepts of customer experience among Supermarket.

### Table 1. Cronbach alpha values of the variables

<table>
<thead>
<tr>
<th>Sl no</th>
<th>Variable</th>
<th>Cronbach alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Social Environment</td>
<td>0.896</td>
</tr>
<tr>
<td>2</td>
<td>Service Interface</td>
<td>0.706</td>
</tr>
<tr>
<td>3</td>
<td>Retail Atmosphere</td>
<td>0.785</td>
</tr>
<tr>
<td>4</td>
<td>Assortment</td>
<td>0.883</td>
</tr>
<tr>
<td>5</td>
<td>Price</td>
<td>0.892</td>
</tr>
<tr>
<td>6</td>
<td>Previous Experience</td>
<td>0.796</td>
</tr>
</tbody>
</table>

Source: Sample Survey 2016
shoppers and their determinant individually.

e). Research objectives

On the research questions the following objectives are formulated:

1. To understand the demographic characteristics of the supermarket customers in Jizan.
2. To measure the experience of the supermarket customers in Jizan.
3. To examine the relationship between demographic characteristics and the customer experience among supermarket shoppers in Jizan.
4. To find out whether there is any significant difference in the determinants of customer’s experience among supermarket shoppers in Jizan.
5. To suggest measures to improve customer experience for chosen retail format namely supermarket in the Saudi Arabian context.

f). Scope of the study

The current study focuses exclusively on the organized retailing sector in KSA. The study is confined to the modern retail store format namely supermarket. The focus of the study was around Panda Stores in Jizan. The population of the study was confined only to present and past customers of Panda Stores in Jizan. The study is carried out in Jizan, which is one of the fast developing retail hubs of KSA during 2016-20.

DEFINITON OF VARIABLES

The definitions of the variables used in the study are given below:

a). Social environment

The social environment refers to how customers interact with their family, friends or other customers. A better social environment leads to a positive customer experience. In this research social environment is measured in terms of reference groups, customer to customer interaction and crowding (Shajahan, S 2011). The study is carried out with the premise that social environment influences customer experience.

b). Service interface

Refers to the interaction between the grocery and electronic customer and the service person and also the impact of technology (Verhoef et al., 2009). The study is carried out with the assumption that an excellent service interface would impact customer experience positively.

Service interface is measured in terms of influence of service person and technology.

c). Retail atmosphere

The atmosphere of the retailer can have a significant impact on the experience of the grocery and electronic customer. The retail atmosphere is measured in terms of design, temperature and music. According to a study by Ailawadi and Keller (2004) colour, music, and design influence intention to patronize a retail store and how much time and money is spent in the retail unit. The study is carried out with the premise that retail atmosphere influences customer experience.

d). Assortment

Assortment can be described as the ability of the grocery and electronic retailer to offer a wide array of products to the customer with variety, uniqueness, and quality (Verhoef et al., 2009). The study is carried out with the premise that Assortment influences customer experience.

e). Price

The factor of price in the concept of customer experience is defined by the way grocery and electronic customers perceive loyalty programs and discount policies. (Shajahan S 2004, 2005 &2010). The study is carried out with the premise that price influences customer experience.

f). Previous Customer experience

According to Velazquez et al (2010), customers with a positive experience of the product or service at a previous instant are more committed to the grocery and electronic retailer. The study is carried out with the premise that past experience influences customer experience.

RESEARCH PROCESS

Primary data were obtained from retail customers who visited the chosen retail store by means of administering the structured questionnaire. The survey questionnaire consists of two parts: part-A and part-B. Part-A consists of questions connected to respondent's socio-economic and demographic profile. The responses are measured using nominal scales. Part- B consists of the items for customer experience, each dimension of the determinants and the moderators. All items are measured on 5-point Likert scale (5 “strongly agree” to 1 “strongly disagree”).

Testing of the preliminary questionnaire was carried out
in September 2016 using convenience sample of 30 respondents. The internal consistency of the instrument was tested through reliability analysis using Cronbach’s alpha. All reliability results were in the range 0.70 to 0.92 which exceeds 0.70 limit of acceptability. The respondents who were part of the pilot study did not participate in the final survey. The population to be considered for this study consists of all Jizan customers between the age group of 19 and 60, who have shopped in supermarket within six month for the purpose of the study. Therefore, the population can be defined as active retail shoppers. Respondent for the study is a person who does shopping in the Panda supermarket chosen for the purpose of the study.

Convenience sampling, a method of non probability sampling is opted for this particular study. The respondents were approached at their home and asked to complete the questionnaire. The main survey was carried out with 350 respondents and 300questionnaires were found to be complete after applying Outliers. Final data collection was done in the month of October and November 2016. A Household survey was conducted across Jizan. The respondents approached at their homes and were asked to complete the questionnaire. Sufficient time was given and the completed questionnaire was collected at a convenient date/time as specified by the respondent.

Data that have to be collected from the retail customers are divided into two sections, data regarding the demographic profile of the respondents and data regarding the influence of the various determinants on customer experience. The collected data were coded in an SPSS spreadsheet and a simple statistical analysis such as frequency distribution and percentage was carried out along with multiple regression models. SPSS-16 was used for the analysis of data. Reliability, the degree of consistency between multiple measures of a particular construct is tested using Cronbach’s alpha coefficient. Large tolerance values and variance inflation factors were observed, indicating no issues with multicollinearity (Hair et al., 2006 & Shajahan S 2011)

a). Different multivariate statistical techniques are used to test the proposed hypotheses.

To examine the general characteristics of the customers one-way ANOVA was used. Analysis of variance is applied to test the equality of three or more sample means and thus make inferences as to whether the samples come from populations having the same mean (Shajahan S 2011).

i). Linear Regression

Using the step wise method was used. Significance tests and Beta estimates were used to evaluate the magnitude and direction of the effect(s) of each of the determinants and the customer experience for the various retail formats (Shajahan S 2012).

ii). Multiple regressions

Were used to test the relationship between dependent and independent variables and to check for the significance of the factors and the causal paths (Shajahan S 2012).

LIMITATIONS OF THE STUDY

Limitation of this study is the non-probability sampling technique used to collect data from the respondents. Usage of a non-probability sample compromises the external validity of a study to a large extent. Therefore, it is advisable to repeat this study with a probability sampling technique. The period of the study was only 8 weeks and with limited resources at disposal of the researchers also considered as one of the limitations.

DATA ANALYSIS AND INTERPRETATION

Following three subsections describes various analyses with research implications

Demographic Profile Of The Respondents

Gender wise, majority of the respondents were males (85%). A majority of the respondents were between the age group of 19-29 years (50%). Married respondents were more when compared to the other categories (65%). Respondents were reasonably educated since majority of them were diploma holders, graduates and above (70%). A majority of the respondents were drawing a salary of nearly SAR 10,000 per month (35%). Nearly 53 percent of the families had more than 6 members. Majority of the families (70%) had more than two earning members showing that the disposable income has increased. In the occupation category, majority of the respondents were employees in Government organizations (60%).

Consumer Demographics and Shopping Habits

Male customers predominantly visit branded retail stores and female customers visit general supermarkets, hypermarkets and specialty stores. Customers mainly in the age group of 20-39 years visit these organized formats and majority of them are married. They are relatively educated and belong to the upper middle class income greater than SAR 300,000 per year), with double income in a nuclear family setup.
Figure 1. Monthly income of sample population

MONTHLY INCOME OF THE SAMPLE

Source: Sample Survey 2016  Figures in '000 SAR and Per Cent only

It is implied from the figure-1 given above that respondents with monthly income up to SAR 10,000 dominated the sample with 35 per cent followed by respondents with SAR 10,001-20,000 (25 %).

Figure 2. Classification based on family size

CLASSIFICATION BASED ON FAMILY SIZE

Source: Sample Survey 2016  Figures in Per Cent only

It is implied from the figure 2 given above that respondents with family size more than 6 members dominated the sample with 53 per cent followed by respondents with family size up to 6 members (47 %)
Customers are employed mainly in Government organization with many of them visiting these formats at least once a week. The period of association with the organized format is longer (mainly nine months – five years). They prefer shopping with their friends and family members whenever it is necessary and usually spend nearly five hours at the outlets and food joints during weekends.

**Relationship Between the Various Determinants and the Customer Experience**

In order to study the relationship between the various determinants and the customer experience, multi-item scales were used. The descriptive characteristics of the data for the supermarket are given below in the Table 2.

### i). Regression Analysis

The generalized equation for regression is

$$CE = a + \beta_1 SE + \beta_2 SI + \beta_3 RA + \beta_4 AS + \beta_5 PR + \beta_6 PE$$

Where

- CE is Customer Experience in supermarket
- SE is Social Environment in supermarket
- SI is Service Interface in supermarket
- RA is Retail Atmosphere in supermarket
- AS is Assortment in supermarket
- PR Price & PE is previous experience in supermarket

The following hypotheses were tested:

- **H1A**: In supermarket Social environment will significantly influence the experience of the retail customers.
- **H2A**: In supermarket Service interface will significantly influence the experience of the retail customers.
- **H3A**: In supermarket Retail atmosphere will significantly influence the experience of the retail customers.
- **H4A**: In supermarket Assortment will significantly influence the experience of the retail customers.
- **H5A**: In supermarket Price will significantly influence the experience of the retail customers.
- **H6A**: In supermarket previous experience will significantly influence the experience of the retail customers.
Table 3. Summary of regression models for determinants with mean square residual values

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>144.005</td>
<td>8</td>
<td>18.001</td>
<td>51.972</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>84.856</td>
<td>245</td>
<td>.346</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>228.861</td>
<td>253</td>
<td>.346</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Sample Survey 2016

The result of the multiple regression using enter method as in Table 3 given above and table 4 given below, showed that overall model for supermarket yielded a significant statistic (F=51.972, p<0.000) and adjusted R^2=0.617, explained by social environment, service interface, retail atmosphere, assortment, price and previous customer experience.

Table 4. Summary of regression model for determinants and customer experience for supermarket

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.793</td>
<td>.629</td>
<td>.617</td>
<td>.58852</td>
</tr>
</tbody>
</table>

Source: Sample Survey 2016

a). Model significance for Supermarket

Supermarkets are the dominant format of organized retailing with a number of retailers operating in the environment. Thus competition is tough between the different players. Focusing on customer experience can give an edge to the retailer. Social environment, retail atmosphere, price and past experience are the significant antecedents of customer experience for the supermarket shoppers in Saudi Arabia.

As hypothesized social environment is significantly influencing customer experience (β =0.175, p<0.05) thus supporting the hypothesis H1A. Retail atmosphere is significantly influencing customer experience (β =0.320, p<0.05) thus supporting the hypothesis H3A and it is the strongest determinant of customer experience. Price is significantly influencing customer experience (β =0.147, p<0.05) thus supporting the hypothesis H5A. Past experience is significantly influencing customer experience (β =0.276, p<0.05) thus supporting the hypothesis H6A. The outcomes are summed up in Table 4.

Experience at the previous instant helps the customer to understand the retailer and form an opinion which impacts the current situation. The estimating equation for supermarkets can now be constructed as

\[ CE = 0.48 + 0.17 \text{SE} + 0.32 \text{RA} + 0.15 \text{PR} + 0.28 \text{PE} \]

Where

CE is Customer Experience, SE is Social Environment, RA is Retail Atmosphere, and PR is Price
And PE is Previous Experience

The regression residue distribution is checked for normality by using histogram and probability plot chart and found to be satisfactory as in Figure 3 and Figure 4. The regression variate is found to meet the assumption of normality.
Table 4. Predictor effects and $\beta$ estimates for determinants on customer experience for supermarket

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>.477</td>
<td>.230</td>
<td>2.078</td>
<td>.039</td>
</tr>
<tr>
<td>Past experience</td>
<td>.261</td>
<td>.052</td>
<td>5.041</td>
<td>.000</td>
</tr>
<tr>
<td>Atmosphere</td>
<td>.306</td>
<td>.058</td>
<td>5.274</td>
<td>.000</td>
</tr>
<tr>
<td>Assortment</td>
<td>-.038</td>
<td>.066</td>
<td>-.576</td>
<td>.565</td>
</tr>
<tr>
<td>Price</td>
<td>.135</td>
<td>.065</td>
<td>2.080</td>
<td>.039</td>
</tr>
<tr>
<td>Service interface</td>
<td>-.054</td>
<td>.063</td>
<td>-.853</td>
<td>.395</td>
</tr>
<tr>
<td>Social environment</td>
<td>.156</td>
<td>.057</td>
<td>2.750</td>
<td>.006</td>
</tr>
</tbody>
</table>

Source: Sample Survey 2016

Figure 3. Residue distributions for supermarket

Source: Sample Survey 2016
MAJOR FINDINGS AND CONCLUSION

Creating a superior customer experience has been gaining increasing attention from the retailers. However, there has been a shortage of academic research on this topic. This research has tried to provide a complete picture of the customer experience and its determinants among supermarket customers. The demographic profile shows that the retail store customers of chosen retail store is relatively younger, reasonably educated, with a good income at their disposal, this clearly paves the way for their exposure to the other alternate ways of shopping, namely the internet for gathering information and also for shopping.

The regression results for the various determinants on customer experience showed support for many hypotheses in supermarket. The effects of the various determinants namely social environment, service interface, retail atmosphere, assortment, price, and previous customer experience were examined using linear regression. The model has a good fit as the p value is significant at 5% level of significance. The adjusted R2 value 0.617 depicts that 51.972 % variation in the dependent variable, customer experience, is accounted by the determinants namely social environment, retail atmosphere, price and past experience.

IMPLICATIONS OF THE STUDY

The study will enable retailers, managers, salespersons and researchers to gain a better understanding of the factors that lead to creating a superior customer experience for the customers which in turn will create a positive business outcome in Saudi Arabian market. A complete understanding of the various determinants that are used in this study would enable the supermarket in Saudi Arabia to create a memorable experience for the customer. The study contributes to this volume of modern literature on determinant of customer experience for supermarket shoppers in the Middle East scenario.

The managerial contribution of the study provides a base for the modern retailers who want to understand what the key drivers of customer experience in Saudi retail outlet and modify their retail strategies accordingly to provide a better experience in the stores in Saudi Arabia.

SUMMARY AND RECOMMENDATIONS

The study focused only on studying in supermarket shopping experience of the customers. The study was conducted in Jizan and hence the study reflects the perceptions of the urban population. There may be variations in the perceptions of the customers belonging to other cities like Jeddah and Riyadh of KSA which are emerging as the favorable destinations for the supermarket. In summary, customers’ experiences resulting in positive emotional reactions are increasingly being seen as real and sustainable differentiators between competing retailers under study. Online retailing is a relatively new phenomenon in KSA and hence research is required to understand the determinants of e-retailing that would help the retailers to comprehend the customers and in turn would be beneficial for the
organizations also.

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