Equity Drivers, Service Quality, And In-Store Experience of Shoppers

Jerlyn Joy D. Lumapac[1] and Joseph Elmer G. Noval[2]

[1] Faculty, Daniel R. Aguinaldo High School, Philippines
[2] Faculty, Graduate School
University of the Immaculate Conception, Philippines

ABSTRACT

Poor in-store experiences can have a negative impact on customer retention and can lead to negative social media reviews, customer walkouts, and a propensity to purchase products from competitor stores. The study aims to measure the influence of equity drivers and service quality to in-store experience of shoppers in Region XI, Philippines. A five-point Likert scale questionnaire instrument was adapted in the study among 320 shoppers in the five cities of the region including Davao City, Digos City, Panabo City, Tagum City, and Mati City. Purposive sampling with snowball sampling were used in the selection of survey participants. The data were analyzed using Mean, Standard Deviation, Pearson r, and Regression Analysis. The study revealed that the levels of equity drivers, service quality, and in-store experience of shoppers are high, which means that these are evident as experienced by the respondents. Results further showed that equity drivers and service quality in their combined capacity significantly influence in-store experience. Moreover, the findings indicated that service quality was the best predictor of in-store experience. The data revealed a high rating in all the indicators of in- store experience.

KEYWORDS: Business management, service level, retail industry, quantitative design,

INTRODUCTION

Every interaction and experience a customer have with a certain business impacts their desire to continue with or move on from that business. As such, shoppers have an overwhelming amount of choice, so if they had a disappointing experience, they might never go back to that store. Accordingly, they might even tell their friends about the bad experience so that they stop shopping there (Deshwal, 2016). Additionally, poor in-store experiences can have a negative impact on customer retention and can lead to negative social media reviews, customer walkouts and propensity to purchase products from competitor stores. After walking out on a retailer, most customers would not return and would switch to another company after a poor experience. This will result to retailers' financial detriment that affects the success of the business (Garaus & Wagner, 2019). Similarly, the study of Soomro and Kaimkhani (2017) revealed that one of the biggest challenges retailers face is that customers are now more than ever, more demanding and impatient. With more options now available to the modern consumer, they are more likely to find another store if they have an unsatisfactory experience.

On the other hand, the importance of strong customer experience plays a vital role in retailing industry, as best in-store experience has repeatedly been associated with customer commitment and customer engagement behaviors (Roy, et al., 2020). In addition, proper management of in-store experience can turn customers into advocates, upon which long-term competitive can turn customers into advocates, upon which long-term competitive advantage and profitability can be achieved.

Today, more companies are realizing that competitive advantage lies in creating an engaging customer experience (Martinez & Casielles, 2017). These factors may affect customer's shopping time, willingness to pay more for the same product, and loyalty to the retailer are without a doubt, the backbone on which retail businesses survive (Jain, et al., 2017). Surviving in the competitive retail industry means increasing employment stability, more job offerings and incentives to the employees.

Service quality represents a critical part of the retail industry. If perceived service matches or exceeds customer expectations, the customer is satisfied with the service delivery. Further, the current factors necessary to continually exceed consumer expectations are the total in-store experience. It can be achieved by improving the retail store environment to exceed customers' needs by providing a pleasant and exciting in-store experience (Ogruk, 2018). As such, study results indicate that customers' positive perception of in-store service is the main determinant of the in-store customer experience, more so than ambience cues and store display. Moreover, Beidenbach and Marell (2010) also mentioned that when customers perceive that sales personnel are friendly, knowledgeable, conversing, interacting and providing suitable assistance, that is, when sales team performance exceeds expectations, this leads to the creation of a positive and memorable shopping experience.

The researcher focused on the study of in-store experiences of shoppers with equity drivers and service quality as independent variables and uses correlational research method as the research design. Furthermore, the researcher has not come across a similar study that is based specifically on the retail store shoppers in Region XI. On the other hand, the findings of the study will be shared with various groups and organizations most especially with the retail store's management during business forums. The copies of the study will be disseminated to local, national, and international conferences for publication. In addition, the results of the study will be shared with the SME's business owners and managers. A copy of the study will also be given to the library of the University of Immaculate Conception. Further, the findings of the study will be relevant to the retail stores to find strategies that will address issues and challenges. Best in-store experience of shoppers will result to higher profit for retail stores and create to more job opportunities.

METHODS

Research Design. This research is a quantitative study using correlational research design. A correlational research method was used to determine if there is relationship between equity drivers and in-store experience and between service quality and in-store experience. As such, Creswell, (2013) indicated that correlational research design has used a correlation statistical test to describe and measure the degree of association between two or more variables or sets of scores.

Research Locale. The study was conducted in key cities in Davao region specifically Davao City, Digos City, Panabo City, Tagum City and Mati City. Those cities were considered premier cities in terms of the most number small and medium scale retail stores. The researcher has chosen the five big cities since they have the large number of populations among other cities in the Davao Region. Specifically, this study was conducted to 6 stores in Davao City, Panabo City, Tagum City, Digos City, and Mati City which were chosen based on the following criteria: duly DTI registered, operating for more than three years, and considered small-medium scale enterprise as per DTI index, and offers patronage card to its customers.

Research Respondents and Sampling. 320 shoppers in Region XI rated the survey questionnaire equity drivers, service quality and the in-store experience of shoppers. As cited by Hair, et. al (2013), business studies with population of 300 individuals as participants are acceptable. Moreover, these participants were considered as regular shoppers that possesses patronage card in the retail store. Furthermore, purposive sampling with snowball sampling were used in the selection of survey participants.

Research Instrument. in collecting the data to determine the correlation between equity drivers, service quality, in-store experience, this study administered a survey questionnaire which was distributed by the researcher personally and some thru Google form. The equity drivers questionnaire was adapted from Allaway, Whipple, and Ellinger (2016) and from Alauddin (2016) for the service quality. Additionally, the questionnaire on in-store experience was adapted from the study of Terblanche and Boshoff (2004).

The questionnaire was administered to the shoppers of retailing stores. Information about the demographic profile of the participants was asked. The profile of the participants includes the name of the retail stores where they shopped, sex, age, and educational level.

Part 1 was designed to rate equity drivers which measured by service level, product quality and assortment, programs for rewarding patronage, effort expended in keeping customers, prices, layout, location, and community involvement. Part II focused on the service quality which measured by reliability, responsiveness, assurance, empathy, and tangibles. Part III concentrated on in- store experience which measured by merchandise value, internal store environment, personal interaction, merchandise variety, and complaint handling.

The adapted survey instrument that was used to gather information from the participants was subjected for reliability and validity tests. Survey instrument was validated by internal and external validators for refinement and to ensure that all the items in the questionnaire are appropriate. Further, survey questionnaire underwent pilot testing to ensure its reliability and validity.

Data Collection. the procedure of collecting data started from getting an approval from the University of Immaculate Conception Graduate School Dean. After which sought approval from the University of Immaculate Conception Research, Publication, and Innovative Center. Then, sent letter to DTI to ask for the confirmation that five selected places of the study were considered premier cities in terms of the number of retail stores and list of the medium and large- scale retail stores. Afterwards, consent letters were sent by the researcher to the retail stores management to ask permission to include them in her study. Additionally, the researcher tapped gatekeepers or enumerators in every city to help her identify respondents. Enumerators used snowball sampling as an approach to help them in the data collection. Further, the researcher sent letter of request to the respondents through email to participate in this study by answering the questionnaire in google form. The respondents answered the four (4) parts of the survey questionnaire to measure the influence of equity drivers and service quality to in-store experience of shoppers in Davao region. There were three weeks period considering that the questionnaires were sent through email since its pandemic and the internet connectivity was also be given a consideration. Further, after the survey was completed the data from the respondents were forwarded to the statistician for the data analysis. However, personal distribution of the questionnaires was done following the proper protocol to respondents within Davao City. For the Face-to-Face data gathering, the researcher provided alcohols and ballpens to the participants to avoid the spread of the virus. Also, the researcher made sure to follow the Inter Agency Task Force protocols including the proper wearing of face masks and social distancing to avoid the risk of the Covid 19. Additionally, any questions or clarifications on the questionnaires were entertained. The answered questionnaires were retrieved, collated, tabulated, and subjected to statistical treatment.

RESULTS AND DISCUSSION

This section dealt with the result of the quantitative data gathered from the survey administered among retail store customers. These includes the presentation of the levels of equity drivers, service quality, and in-store experience of shoppers in retail stores, correlation of the variables and regression analysis results.

STATUS OF EQUITY DRIVERS, SERVICE QUALITY, AND IN-STORE EXPERIENCE

Presented in Table 1 is the status of equity drivers, service quality, and in- store experience of shoppers in Davao region. The table shows that the overall mean of equity drivers, service quality, and in-store experience are 4.08, 4.01, and 4.05, respectively with a descriptive level of high.

Table 1. Status of Equity Drivers, Service Quality, and In-store Experience

Table 1

Status of Equity Drivers, Service Quality, and In-store Experience

Latent Variables / Observed Variables	Standard Deviation	Mean	Descriptive Level
Equity Drivers	**0.50**	**4.08**	**High**
Service Level	0.59	4.14	High
Product Quality and Assortment	0.56	4.07	High
Programs for Rewarding Patronage	0.54	4.13	High
Effort Expended in Keeping Customers	0.80	4.14	High
Prices	0.64	4.11	High
Layout	0.67	4.00	High
Location	0.65	4.27	Very High
Community Involvement	0.79	3.76	High
Service Quality	**0.54**	**4.01**	**High**
Reliability	0.64	3.95	High
Responsiveness	0.60	4.03	High
Assurance	0.58	4.09	High
Empathy	0.67	4.02	High
Tangibles	0.57	3.95	High
In-store Experience	**0.56**	**4.05**	**High**
Merchandise Value	0.60	4.15	High
Internal Store Environment	0.65	3.90	High
Personal Interaction	0.66	4.01	High
Merchandise Variety	0.65	4.11	High
Complaint Handling	0.68	4.09	High

All had a descriptive level of high and had a standard deviation ranging from 0.50 to 0.80 which means less than 1, the typical standard deviation for Likert scale and denotes consistency of responses among 320 respondents.

For the first independent variable which is equity drivers, location has obtained the highest mean rating of 4.27 which means equity drivers are evident at all times. Further, other indicators service

level, effort expended in keeping customers, programs for rewarding patronage, prices, product quality and assortment, layout, and community involvement have incurred means of 4.14,

4.14, 4.13, 4.11, 4.07, 4.00, and 3.76 respectively, and are rated as high which implies that equity drivers are evident most of the times.

Moreover, in the second independent variable which is service quality, assurance has obtained the highest rating of 4.09 among the five domains which connotes that service quality is often manifested. Additionally, the indicators responsiveness, empathy, reliability, and tangibles have gained a mean rating of 4.03, 4.02, 3.95, and 3.95 respectively which is interpreted as service quality is often times manifested.

Further, for the dependent variable which focuses on the in-store experience of shoppers, the indicator merchandise value has the highest mean of 4.15 and is rated as high which connotes that in-store experience is often satisfactory. Hence, all of the indicators internal store environment, personal interaction, merchandise variety, and complaint handling have a mean rating of 4.11, 4.09, 4.01, and 3.90 respectively which are identified as high which implies that in- store experience is often satisfactory.

In addition, the findings of the study shows a very high level of equity drivers in terms of location which means that equity drivers are evident at all times. As such, indicators service level, product quality and assortment, programs for rewarding patronage, effort expended in keeping customers, prices, layout, and community involvement got a high level which implies that these strategies are evident most of the times when shoppers go to retail stores.

Moreover, for service quality, the result shows an overall high level of service quality in terms of reliability, responsiveness, assurance, empathy, and tangibles which implies that service quality is often times manifested when shoppers go to retail store.

Further, the findings of the study show an overall high level of in-store experience in terms of merchandise value, internal store environment, personal interaction, merchandise variety, and complaint handling which implies that in-store experience is often satisfactory when shoppers go to retail store.

SIGNIFICANCE ON SINGULAR AND COMBINED INFLUENCE OF EQUITY DRIVERS AND SERVICE QUALITY ON IN-STORE EXPERIENCE

The influence of equity drivers and service quality of retail stores is obtained through the regression analysis. However, before the conduct of regression analysis, the need for the correlation analysis is mandatory; hence the correlation is reflected in Table 2. Based on the results, there is a significant relationship between equity drivers and in-store experience of shoppers ($r = 0.873$, $p<0.05$).

Table 2

Correlations between Variables

Variables	r-value	p-value	Sig. Level
Equity Drivers & In-Store Experience	.873*	.000	Significant
Service Quality & In-Store Experience	.885*	.000	Significant
Equity Drivers & Service Quality	.853*	.000	Significant

Subsequently, service quality is significantly related to in-store experience of shoppers as in its r – vale 0.885 ($p<0.05$).

The significance of the relationship of equity drivers and service quality to in-store experience allow the use of regression analysis.

Influencers of In-Store Experience

Shown in table 3 the multiple regression analysis on the influence of the independent variables: equity drivers and service quality on in-experience of shoppers in retail stores in Davao region. The overall p-value ($p<0.05$) denotes that both equity drivers and service quality can influence of in-store experience of shoppers. The B value of the independent variable: equity drivers and service quality are 0.485 and 0.540 respectively. This means that if the equity drivers and service quality increases to one point, in-store experience also increases by 0.485 and 0.540 beta regression analysis respectively. Between the two, service quality indicate a higher influence on in- store experience compared to equity drivers.

Lastly, the coefficient of determination of r-squared value is also shown in the table which is 0.835 or 83.50% of the in-store experience is explained by the independent variables, equity drivers and service quality.

Table 3

Regression Analysis on the Influence of Equity Drivers and Service Quality on In-Store Experience

	In-Store Experience			
(Indicators)	***B***	***p***	***T***	***Sig.***
(Constant)	-.092		-.878	.380
Equity Drivers	.485	.033	.061	.000
Service Quality	.540	.516	.981	.000
R.	.914			
R^2	.835			
F	825.215			
p	*.000*			

**p<.05*

The study revealed that service quality is the better predictor of in-store experience as evidenced by the statistical results. This indicates that service quality affects the in-store experience of shoppers in retail stores. The studies of Beidenbach and Marell (2010) stated that customers' positive

perception of in- store service is the main determinant of the in-store customer experience, more so than ambience cues and store display. Additionally, when customers perceive that sales personnel are friendly, knowledgeable, conversing, interacting and providing suitable assistance, that is, when sales team performance exceeds expectations, this leads to the creation of a positive and memorable shopping experience (Ogruk, et al., 2018). Furthermore, Motwani (2013) stressed that service quality has long been accepted as the most basic marketing tool for retailers to differentiate their retail offers, create competitive advantage and to enhance the customers' shopping experience.

CONCLUSIONS

All the domains of equity drivers, service quality, and in-store experience are evident in the retail stores. This is evidence on a high rating for the equity drivers, service quality, and in- store experience obtained from the respondents.

Statistical results have also revealed that service quality is the domain that better influence in-store experience as supported by high beta coefficient value. Additionally, all the domains: service level, product quality and assortment, programs for rewarding patronage, effort expended in keeping customers, prices, layout, location, and community involvement have a significant relationship with all the domains in in-store experience. It can be concluded that the service quality provided by the store employees are relevant to enhance the in-store experience of shoppers.

On the link of equity drivers and service quality with in-store experience, the shoppers revealed the importance of equity drivers and service quality that shape in-store experience. The participants were affirmative on the influence of their equity drivers and service quality experiences on in-store experience. They verbalized the importance of the two variables in shaping the in-store experience.

Finally, the researcher concludes that the theory and propositions are supported by the results of the study. The Service Quality Theory of Hirogaki (2014) revealed that level of customer service has been observed to significantly influence store loyalty and customer satisfaction. Consequently, Azhagan and Napoleon, (2017) mentioned that it also intricate set of factors that results in how the customers feel about the store. It is built through the experience of the customers that was obtained while shopping in a retail store. This image motivates the customers to buy or even make them enter a store. As such, studies have shown that an increase or the existence of good service quality have positively affected the retail store.

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