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<https://doi.org/10.26366/PTE.ZG.2018.139>

Factors influencing shopping experience, according to the KPMG study

Abstract

The process of creating a positive shopping experience takes place at every stage of purchase. Enterprises, in order to be successful, should analyse the process of shopping experience. KPMG International is one of the largest consulting companies in the world. In 2017, they conducted a study in which customers were asked to evaluate shopping experience based on six factors, known as the six pillars of customer experience. The aim of this article is to analyse the findings of that study with reference to shopping experience and the factors that are at play. The paper is divided into two sections, the first of which addresses theoretical issues, while the second discusses in detail the results of the KPMG report on how to build positive customer experience. Findings indicate that credibility and keeping promises are the most important factors for Polish consumers, as they create trust in the other party to the purchase-and-sale transaction.

Key words: shopping experience, KPMG, loyalty, pillars of customer experience

JEL CODE: F10,L21.

Introduction

In the era of developing technology and dynamic digitization, consumers have broad access to information and various forms of commerce. The Internet makes it possible to compare sales offers and choose from a variety of competitive goods and services (Jaciow 2013, p. 113). Shopping, thus, is becoming more than just meeting one's needs on a daily basis. Consumers want to have unique products tailored specifically to their individual characteristics, at the same time expecting brands to keep their promises, convey reliable information about the elements of their offer, and act in the interest of the customer. The fierce competition in the market forces enterprises to provide the kind of shopping experience that will be remembered and will influence customer loyalty (Kacprzak 2017, p. 172).

Undertaking the subject of creating shopping experience is important for several reasons. First, it applies to the entire seller's offer, regardless of whether it concerns goods or services.

From the point of view of the market offer presented to customers, distinguishing between goods and services is becoming increasingly problematic for some, with similarities and connections between products and services remaining more important than the differences between them. Second, looking at experience from the customer's perspective allows realization that it is the customer who remains the stronger party in a purchase-and-sale transaction. In addition, the definition of experience includes a comprehensive perception of the offer and fulfillment of transactions, taking into account all the elements that create the final impression in customers. Aside from intangible and tangible components, contact or process, it also includes customers' affective states, previously perceived marginally and disregarded in the activities of sellers. Today, consumer purchasing decisions are less affected by the functional features of products and more by emotions which are shaped outside the product (e.g. image or advertising). Experience is a category that integrates rational and emotional elements, which make up the value offered to the customer as a concentrated whole, of which the customer themselves is an integral part (Boguszewicz-Kreft 2010, pp. 81-89).

The fierce market competition and constantly changing customer requirements prompt a situation in which ordinary and daily sales cease to be the sole need of the modern consumer. The public expects to experience products and draw entertainment from it, which implies emotional attachment to purchased goods. Due to the change in consumer behavior, businesses are forced to provide customers with unforgettable experiences, permanently associated with the purchase and use of the product. The indicated activities are aimed at evoking the desired emotions and providing a positive shopping experience, hopefully resulting in increased trust in the company and even in a specific industry.

The aim of the article is to analyze the findings of the KPMG study on how to build positive customer experience in relation to creating shopping experience and factors influencing them. In formulating the goal, as well as the scope of the study based on literature review and the KPMG report, the following research hypothesis was put forward: shopping experience is more important for customers in relations with companies offering complex goods and services, where interactions between the customer and the company is of complicated and long-term nature, rather than with companies offering everyday products. Consumers expect from enterprises to be credible and keep their promises, more than having a personalized offer.

The hypothesis could be verified, and the research goal achieved, thanks to a thorough analysis of the English and Polish literature retrievable from databases such as: BazEkon,

e-PublikacjeNaukiPolskiej and eJournals, as well as the KPMG report on how to build positive customer experience. The article was divided into two sections: the first reviews the literature in terms of shopping experience, while the second elaborates on the topic by indicating the most important guidelines for commercial enterprises in establishing relationships with customers through the creation of experience. To this extent, the research relies on the findings presented in the KPMG report, which outline guidelines for commercial enterprises that wish to create lasting relationships with customers and maintain their loyalty by providing a positive shopping experience.

Shopping experience in commerce

Experience, from the point of view of enterprises, is a derivative of all instances of contact with the customer. These include activities undertaken by an organization that target the customer's emotional and intellectual resources, as well as the resulting perception of these. Shaping shopping experience is created as a result of confronting the company's activities with customer expectations. It is important to build and provide experience that will be remembered by consumers. For this purpose, the seller must specify the type of emotions they want to trigger and adjust their sales activities accordingly.

In the literature, a number of definitions of shopping experience can be found. However, they all make reference to the interaction that occurs between the seller and the customer. Experience in commerce is also defined as a combination of the seller's activities and evoked feelings, which is intuitively confronted with subjective customer expectations, occurring at every stage of the transaction (Shaw 2005, p. 70). Initial definitions of experience proposed in the literature assumed that triggering specific stimuli in consumers causes learned reactions. Over time, however, it was noticed that experience has a unique character, which means that lessons learned from previous practices do not necessarily lead to a better understanding of consumer reactions. Due to continuous research on customer behavior, the definition of experience has seen a gradual transformation (Palmer 2010, p. 13).

Businesses should strive to create only a positive shopping experience, as it triggers the desired customer response. Such experiences become unforgettable because they are internal – they become engraved in memory and spring from the interaction of emotions, physicality and knowledge, which makes each of them unique. In the era of widespread competition, it is necessary to skillfully manage experiences through a well-thought-out strategy implemented by enterprises that should generate positive emotions in customers at every stage of purchase in a consistent and systematic way. Thanks to the effective process of shopping experience

management, companies can count on the customer's readiness to re-purchase and their tendency to issue recommendations (Dziewanowska, Skorek 2011, p. 279). Experience is triggered by specific marketing activities; it concerns authentic experiences related to direct observation and participation in both real and virtual events (Yang 2009, p. 208). The growing interest in online shopping enables businesses to offer modern and more advanced goods and services, as well as to use new forms of communication with the customer. This, in turn, provides an opportunity for sellers to create a unique shopping experience (Łodziana-Grabowska 2016, p. 29).

When analyzing the subject of experience, its complexity and multidimensionality should be emphasized (Ismail, Melewar, Lim, Woodside 2011, p. 10). Depending on the industry, different dimensions of sensations are indicated, e.g. feelings, fantasies, novelty, entertainment, security, education, aesthetics, hedonism, stimulation, comfort, interactivity, escapism, cognition, personal meaning, engagement, surprise (Dziewanowska, Kacprzak 2016, p. 19).

In the literature, the classification of experience dimensions is most often cited, which indicates the areas in which enterprises may influence the consumer (Gentile, Spiller, Noci 2007, p. 26). These are experiences directly related to lifestyle, cognitive, sensory, pragmatic, emotional, relational and behavioral. From the point of view of commerce, the division of experience into positive and negative should be used. Enterprises should strive to create the former, as this makes them more trustworthy. A customer who purchased a product from a given seller, and who is satisfied with the course of the transaction and the purchased goods, lives a positive shopping experience that makes them trust in the seller. In the event of a crisis or an issue related to the transaction, an opportunity for enterprises is to transform the negative experience into a positive one, e.g. by means of quick response (Brakus, Schmitt, Zarantonello 2009, p. 73). The process of creating shopping experience should stem from developing customer service patterns by improving all forms of communication, whether by phone, email or during meetings with sales representatives. Customer relations, meanwhile, should be designed on three levels, i.e. before purchase, during purchase and after purchase (Marciniak 2017, p. 1).

A positive shopping experience influences opinions (reviews) and recommendations about the company. In the indicated context, whisper marketing plays an important role, and it is largely uncontrolled by enterprises (Jóźwiakowski, 2015, p. 40). The atmosphere of trust created by the company is indispensable for consumers to relay positive and reliable information (Barska 2015, p. 66). The higher the level of trust in the community, the greater

the probability of cooperation, while the cooperation itself generates trust (Aleksandrovich Davydenko, Kaźmierczyk, Fatykhovna Romashkina, Vladimirov Andrianova 2018, p. 303).

Shopping experience is becoming increasingly important for consumers. According to the Customer 2020 report carried out by Walker, for an increasing number of people it is the experience, and not the price, that has a greater impact on purchasing decisions. In practice, this means that the marketing mix model, in which the price is the most important factor, is no longer effective (Customer 2020 Report 2015, p. 17).

"How to build positive customer experience" –study assumptions

In 2017, KPMG International conducted a survey on shopping experience among retail customers in Poland. The study was carried out in the first quarter of 2017, using the CAWI method (Computer-Assisted Web Interview) on a sample of 5,000 respondents, representative of Polish residents over the age of 16. Polish brands that provide services or conduct retail sales of products were invited to participate. The study includes sectors in which companies using a particular brand have a significant impact on building customer experience in the largest possible number of points in a relationship between the customer and the company. The study concerned the following sectors:

- leisure and entertainment,
- electricitysuppliers,
- food services,
- logistics,
- media and telecommunications,
- travels,
- non-food retailing,
- groceryretailing,
- financial services.

Respondents were asked to express their opinion on experience in the area of six pillars of customer experience, i.e. credibility, problem solving, empathy, personalization, time and effort, and expectations.

The first of the pillars is credibility. It is perceived by the customer as a trust in the brand that may result from the consistency of the supplier's behavior in relations with the customer. Credibility, in the eyes of customers, can only be built by creating the right image,

as well as gaining their trust. It is not a simple task, and it requires years of dedication. In order to achieve economic benefits, a key element is gaining consumer trust.

The problem-solving pillar was used by the customer to assess how the seller handles difficult situations in mutual relations, especially when specific complications arise. For the company, it is an opportunity to transform the negative experience into a positive one. The customer who builds emotions in this dimension takes into account the effectiveness of having their problem solved and the immediacy of relevant action, as well as the ability to admit to error and issue an apology by the seller.

The next pillar concerns empathy and expresses the customer's need to demonstrate to the supplier the understanding of the specific situation in which the buyer finds themselves. Empathy is necessary for the customer to cooperate with the seller, and is also perceived as the foundation for shaping the company's offer. Customers nowadays, apart from the value they receive when buying goods or services, expect exceptional relations and experiences.

Through the pillar of personalization, the customer indicates that they expect the supplier to adapt their activities to the customer's individual needs. From the point of view of the consumer, it is extremely important to feel that the seller understands their specific necessities, and therefore properly adapts the products and the manner of service, using to this end the available information and the history of previous relations.

The pillar of time and effort indicates that comfort remains a priority for customers. Therefore, it is important to minimize their efforts at every stage of the transaction. The indicated pillar in particular reflects the customer expectations regarding the elimination of bureaucracy at each point of contact between the buyer and the seller.

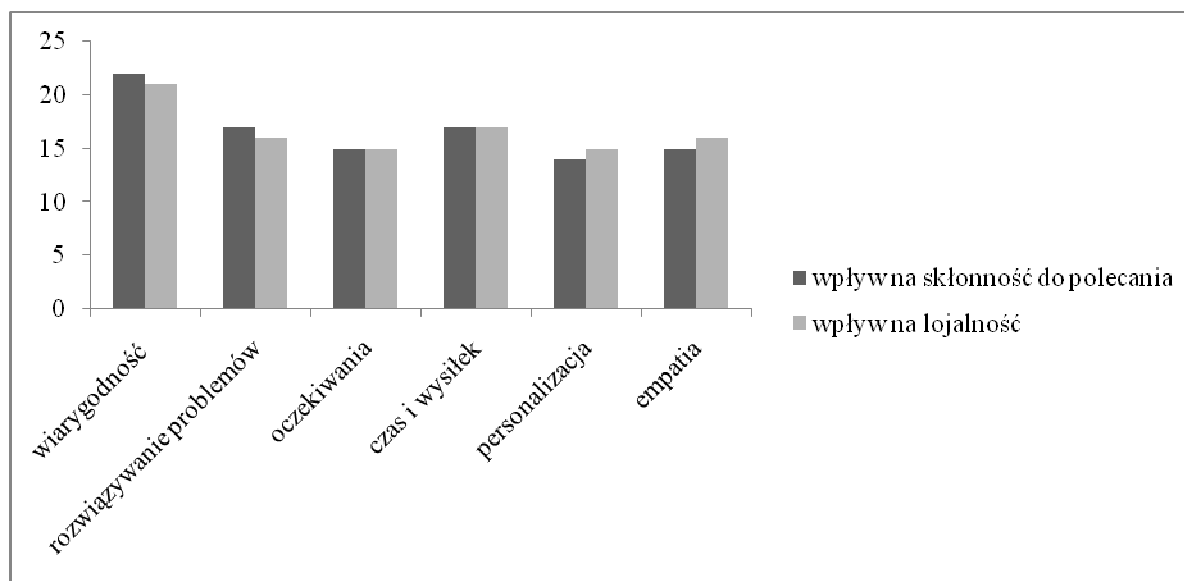
Expectations, as the last pillar, point out that the customer feels positive emotions in connection with the demonstration by the supplier of understanding their expectations by meeting them and going beyond them. Emotions are created by means of proper communication, thanks to which customer expect what they can expect in a given situation, e.g. product functionality, standard and time of service, the manner of handling complaints (KPMG Report, pp. 5-11).

"How to build positive customer experience" –study findings

The results of the study were presented in the report “*How to build a positive shopping experience. An analysis of leading customer experience management practices in the Polish market*”. The most important conclusions from the study are shown below.

Figure 1 presents the impact of the six pillars of customer experience among Polish consumers on the willingness to recommend (brands, sellers) and on loyalty.

Figure 1. The impact of the six pillars on the willingness to issue recommendations and on customer loyalty in Poland (in %)



Source: KPMG, 2017, *How to build a positive shopping experience. An analysis of leading customer experience management practices in the Polish market*. KPMG in Poland, Warsaw, p.15.

Considering the six pillars of customer experience, the credibility of the brand and its perception as trustworthy turned out to be the most important factor that encourages the respondents to recommend the company and, consequently, trigger a positive shopping experience. Keeping promises and transparency at every stage are the key elements necessary to build a valuable relationship with the customer. The KPMG analysis shows that credibility in the context of building trust and “keeping the word” is a key pillar for achieving customer satisfaction in Poland. Polish customers highly evaluate companies that keep their promises, reliably inform about important elements of their offer, as well as those acting in the real interest of the customer and not focusing solely on their own profits. The rationale of the key value, which is the brand's credibility, from the point of view of creating customer experience is the relatively low level of trust among Polish consumers in other people and entities. Credibility is, thus, the foundation of a positive shopping experience. In addition, in 22% of respondents, credibility encourages to issue recommendations and recommend offers, while it

influences the creation of loyalty in 21%. Overall, credibility is associated with keeping the word and generating trust. Developing and maintaining a credible and consistent image is a particular challenge in the age of progressing digitization. While increasingly more activities related to the purchase can be made online, as many as two in three respondents view the opportunity to have a direct conversation with the seller as the basis of the company's credibility (KPMG Report 2017, p. 15).

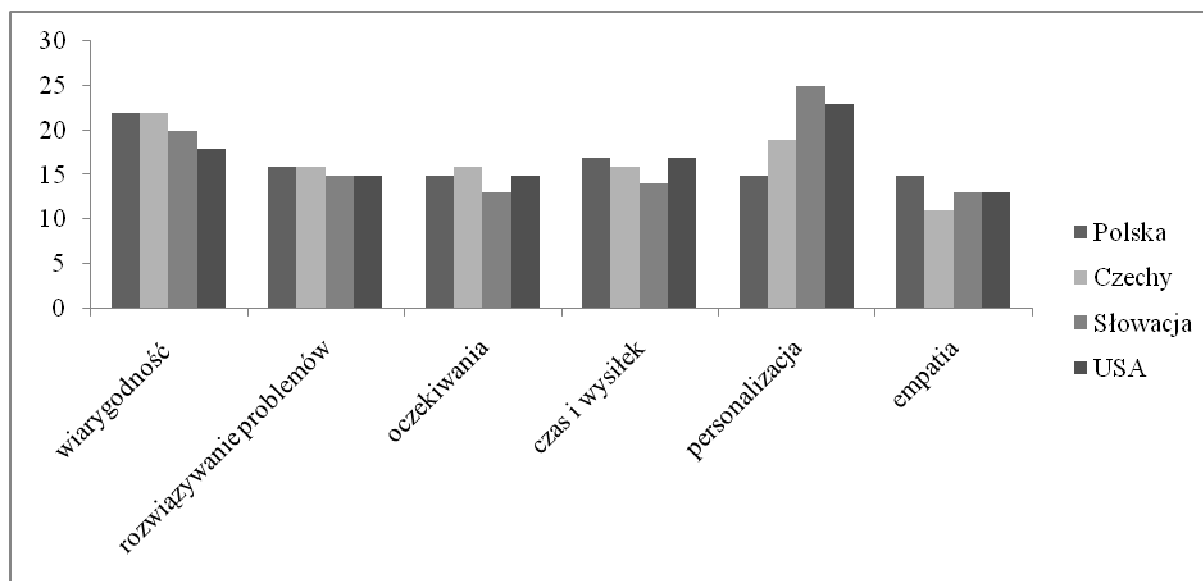
Polish consumers also value quick and trouble-free service and high efficiency in solving problems. Each factor is a 17% contribution to the willingness to recommend a given brand to friends and family. Customers expect that all activities related to the purchase and after-sales service will take place in a trouble-free, stress-free way, and will not take their valuable time. The study shows that, for 87% of respondents, convenience and time-saving are superior advantages when shopping via electronic channels. In this respect, the Internet creates ideal conditions for customer service to be handled in a convenient way. Solving problems in 16% affects the loyalty of respondents, while time and effort - in 17%. (KPMG Report 2017, p. 17). In case when the customer encounters problems when making a purchase or using the product, the appropriate solution of their problem is necessary for the brand to maintain its credible image. At the same time, it creates an opportunity for the company to turn negative experiences into positive ones. Customers can demonstrate a high degree of empathy if the company shows understanding of their problems and the negative situation will be solved in a satisfactory manner. As a result, their loyalty and satisfaction may be at a higher level than before the occurrence of an issue. The solution, however, must be arrived at quickly and effectively so that the customer can enjoy the full functionality of the product as soon as possible and so that it does not require too much effort on their part.

The remaining pillars of good experience, i.e. empathy and expectations, contribute to the willingness to recommend the brand only in 15% of respondents, while personalization – in only 14%. Personalization is an element that proved to have the least significant impact on the brand's assessment. Customers, however, pay attention to matching the offer and service to their own needs or expectations, an important aspect in the context of frequent and mass communication which is perceived by customers as low-value. In the era of progressing digitalization, personalization is an opportunity for enterprises to use technological solutions and advanced data analytics to better understand the customer, e.g. in relation to contact history or interaction with the company, profile of interest determined on the basis of online activity. For companies, it is an important piece of information which indicates that Polish

consumers expect the fulfillment of basic and at the same time fundamental criteria (KPMG Report 2017, p. 16).

Personalization plays a slightly smaller role among Polish customers compared to other countries investigated by KPMG. The same is true for significance of expectations (whether the customers knows what to expect) and empathy (how to empathize with the specific situation of the customer), which are also lower in Poland. The scenario is different in the U.S. market, for instance, where the key pillar is personalization, prompting as many as 23% of Americans to recommend the brand. This may be caused by the high competition in the United States, where customers expect companies to prepare tailor-made offers. Consumers in Central and Eastern Europe are also marked by a different preference than Polish customers in terms of personalization, where the way is led by Slovaks and then Czechs. Detailed data on the impact of six pillars of customer experience in Poland compared to its neighboring countries, i.e. the Czech Republic and Slovakia, is shown in Fig. 2. To compare preferences of customers in Central and Eastern Europe with those of U.S. customers, the chart also includes results reported for the United States.

Figure 2. The impact of the six pillars on customer experience in selected countries



Source: KPMG, 2017, *How to build a positive shopping experience. An analysis of leading customer experience management practices in the Polish market*. KPMG in Poland, Warsaw, p.16.

The last of the conclusions presented in the report is the statement that the highest ratings in Poland in terms of the six pillars of customer experience were obtained by the non-food retail industry. The indicated market branch turned out to report the highest values in terms of credibility and problem solving, the key pillars for Polish consumers. This may be

partly due to the very high competition in the industry and the dynamic development of competitively priced online store chains, which forces stationary stores to look for new sources of competitive advantage. One of the most important factors behind the good condition of the industry is the high level of competition that sets specific requirements for traders in terms of caring for a positive shopping experience. A large part of the non-food businesses, while observing the dynamic development of sales in the online channel, adapted to the expectations of customers by offering the functionality of online sales. Among the top hundred brands according to Polish consumers, construction brands are strongly represented, which indicates a tendency to appreciate domestic suppliers who are able to compete effectively in the area of consumer experience. The travel industry ranked second in the survey, scoring particularly high in personalization, expectations and empathy. The food service industry ranked third, with the highest ratings obtained in the time and effort pillar.

Three decades after the political transformation, Polish consumers can enjoy the benefits of the free market across all industries. Strong competition means that companies put the customer at the center of their activities, whereas high availability of goods and services enables comparing market offers and searching for products and brands that are best suited to individual needs, expectations and financial possibilities. The latter, although still a very important factor influencing the purchase decision, are not the only distinguishing feature taken into account by customers, as 40% of Polish consumers choose the seller based on non-price incentives, including good experience related to the previous purchase. The price is not a decisive component in all industries, such as in logistics companies or energy suppliers where it is difficult to create an offer that stands out among competitors. In turn, as many as two in three Polish customers consult their friends or social media whenever they have no first-person experience related to a given industry or enterprise (KPMG 2017, pp. 14-20).

Conclusions

The findings of the study prove that the most important from the point of view of creating a positive shopping experience is credibility, the seller's way of solving problems and the time and effort put in by the customer when making a purchase. These factors have the greatest impact on the customer, triggering in them the desired emotions and behaviors.

Brands that offer the best customer experience are organizations investing in new technologies and creating sources of competitive advantage from them. According to the KPMG study, over 60% of companies that effectively implement digital solutions achieve a higher annual revenue growth than the competition. By using machine learning solutions,

artificial intelligence, the Internet of Things, data analysis, augmented reality and virtual assistants, brands can create faster and simpler interactions with customers, and thus ones that are more reliable and personalized. Consequently, they are noticed and appreciated by consumers. The constant advancement of modern technologies is inseparable from the global trend, which is of strategic importance for active management of customer relations. Organizations creating products need to analyze current market participants belonging to different generations: Generation Z, millennials, and their parents. It is also necessary for them to understand the relationship linking all of these generations.

A challenge for enterprises is to learn efficiently analyze demographic behavior drivers of customers of particular generations, and develop a coherent and digital customer experience that will correspond to the values and worldviews of older and younger consumers alike. Most brands aim to accurately understand the customer and their needs. Leaders dealing with consumer experience must take into account the fact that traditional research methods, such as market analysis, demographic data and past customer behavior, are not currently sufficient to predict consumer decision-making processes. The combination of advanced quality methods with the quantitative data ecosystem becomes the strategy of the best enterprises, necessary for a thorough understanding of the customer and the decision criteria that they use.

The article accentuates the indication of the most important factors influencing the creation of shopping experience. The subject of further discussion may be the analysis of the process of managing the six pillars of customer experience by enterprises in terms of establishing long-term relations with customers and gaining their loyalty.

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