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The Millennial Customer Experience in Traditional Retail Environments

A Swedish Perspective

by

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Abstract

Title: The Millennial Customer Experience in Traditional Retail Environments: A Swedish Perspective

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Key Words: Customer experience, in-store customer experience retail, marketing, millennials, cognitive, affective, social, physical, store environment, service interface, atmospherics, assortment, channels, past experiences

Purpose: The purpose of this study is to explore the in-store customer experience from a millennial consumers' perspective. Specifically, the authors of this thesis intend to carry-out a comprehensive study that addresses how these customer experiences are manifested within the different retail stores in Sweden.

Methodology: The researchers considered the philosophies of epistemology and ontology, and respectively employed the interpretivist and constructivist stance since the main focus was to understand how the millennial consumer perceives the physical retail store. Furthermore, the researchers followed a deductive approach and applied qualitative methods for data collection. Specifically, these choices were justified by the need to utilize existing theory on the customer experience of traditional retail formats. This, in turn, could then be inductively analysed based on empirical insights collected with the use of semi-structured solicited diary forms: participant observations. Lastly, the study adopted a grounded analysis strategy to answer the research and sub-research questions.

Theoretical Perspective: This study focused on reviewing the areas of literature that were of value to the research purpose. The authors examined studies including the areas of emergence of customer experience (CX) and its evolution as an independent discipline leading up to the dimensions and determinants that shape its perception. Moreover, an examination of millennial consumers and their attitudes towards experiences is put forward in order to develop the initial theoretical framework.

Empirical Data: The researchers applied a single-method procedure for the data collection. A total of 22 millennial consumers completed the diary forms through in-store observation of a single retail format located in Sweden. The method of data collection documented individual participants personal reflection upon their cognitive, affective, social and physical dimensions to acquire a holistic view of what drivers and inhibitors of the physical store resonate with the millennial consumer.

Conclusion: The purpose of the physical retail store can no longer be solely driven by sales per-square-foot, but must incorporate experiences into how the retailer strategizes, designs, constructs and manages their physical spaces in order to attract the millennial consumer. Experiences will, in essence, become the product and the primary category retailers trade in closely followed by products.

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1. Introduction

The first chapter aims to provide the reader with a historical backdrop leading up to today's retail experience as the background of this study. It is followed by the problem statement ushering the need for change within retail in order to meet the demands of the modern consumer. As a consequence, the research purpose is presented alongside the theoretical contribution and previous research. Lastly, relevant research delimitations are expressed, and the main chapters of this thesis outlined.

1.1 Background

The recent transition to an experience-based economy has attracted a vast amount of academic interest in recent years. In particular, the implications of this transition for the traditional brick and mortar retail industry are of particular significance to scholars, business executives and marketing practitioners. Pine and Gilmore (1998) attribute this recent transition to a *progression in economic value* where experiences are viewed as a distinct economic offering. The latter has been brought about by the unquestionable increase in desire for consumers to engage in experiences (Pine & Gilmore, 1998). In light of this development, the authors have called for an evolution in company's' value proposition, shifting the focus from selling services to staging and selling experiences. In an effort to inspire taking action, the Marketing Science Institute (2014, 2016) has encouraged placing customer experience as a top priority for researchers in the coming years (Lemon & Verhoef, 2016), therefore underlining the importance of the implications that the experience-based economy represents for the retail trade.
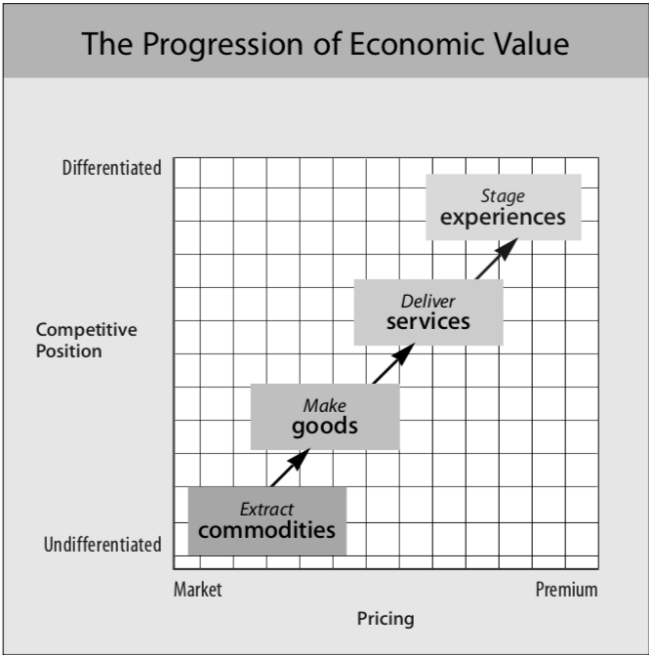
Figure 1: The progression in Economic Value (Pine & Gilmore, 1998)

Today, the retail industry has been subject to a dramatic increase in competition caused by globalization. "Nowadays competing in a global market has become increasingly difficult and only the creation of long-lasting competitive advantages seems to offer an avenue for survival" (Gentile, Spiller & Noci, 2007, p. 395) According to Pine and Gilmore (1998), the next battleground that global market-leading companies will be competing in will be that of staged experiences. To support this claim, a recent study conducted by Gentile, Spiller and Noci (2007) found that 85 percent of senior managers believe differentiation can no longer occur along the traditional dimensions of product, quality and price. While these still hold a certain level of value in consumers' minds, they are no longer enough to sustain a significant long-term competitive advantage given that they are easily replicable by competitors (Gopalani & Shick, 2011). Furthermore, these approaches represent the traditional 'company-centric' market approach that do not include the consumer in the process of value creation (Prahalad & Ramaswamy, 2004). The key to unlocking new sources of competitive advantage lies in the company's ability to engage in high-quality interactions with its customers, enabling each individual to co-create unique experiences (Prahalad & Ramaswamy, 2004). Consequently, the managerial field has started to look at customer experience as the next arena in which businesses will need to compete in order to stay relevant (Gentile, Spiller & Noci, 2007; Pine & Gilmore, 1998). Baker, Parasuraman, Grewal and Voss (2002) support this claim by sustaining that creating a superior in-store shopping experience is of the utmost importance and could provide competitive ammunition for brick and mortar retailers that are increasingly put under pressure by the threat of online retail.

The retail landscape has also seen a significant shift towards digital shopping, resulting in a shift in consumer buying behavior. Consumers today are said to possess low attention spans, have a tendency to shop on mobile platforms first, give weight to recommendations by peers and carry-out research on most products or services before committing to a purchase decision (Calines, Carmel-Gilfilen & Portillo, 2016). This evolution in the retail landscape serves only to reinforce the need for traditional brick and mortar stores to invest in customer experiences in order to differentiate from their competitors and win over the attention of an ever-more demanding and online-based customer segment.

Not all hope is lost though. While the revolution of e-commerce - established during the doc.com boom in the late 90's - continues to grow rapidly year-on-year, conventional brick and mortar stores still account for over 95% of the total retail sales in the United States of America (Kacen, Hess & Kevin Chiang, 2013). Consequently, the amount of e-commerce retail sales conducted in the same year represented just under 5 percent of total sales. Therefore, brick and mortar stores are still the most important multi-channel outlet in the retail industry (Lihra & Graf, 2007) and therefore will be the main focus of this study.

1.2 Problem Area

The prospect that either retail is dead or that online simply becomes another channel in an omni-channel retail environment are too simplistic. The arrival of the connected age brings with it constant advancements in retail innovation, social media, social networks, mobile technology and the concept of anytime/anyplace (Robins, 1999). This concept makes individuals believe that time and space are no longer constraints for instances when one wishes to consume. The convergence of the physical and digital realm has a significant impact on consumer behavior and expectations of these are largely being formed and developed by a new age of consumers that have come to dominate the market. The emerging trends are being driven by the millennials (also commonly known as generation Y) - born between 1982 and 2000 - who are currently the largest consumer cohort and therefore are the most influential due to its purchasing power (Fromm & Garton, 2013; Mirrlees, 2015). When it comes to retail, the majority will express that millennials have no need or interest in, physical shopping experiences. They cling to their phones, avoiding trips to the store and prefer ordering everything online. It is as if they have become the fabricators of the physical retail spaces demise.

This consumer group moves effortlessly between both online and offline realms, and for a retailer setting strategies between now and the coming years, it requires a better understanding of how this generation sees the brick and mortar stores (Calines, Carmel-Gilfilen & Portillo, 2016). In order for brick and mortar retailers to stay relevant and prevent decreasing performance numbers, they must capitalize on customer data and proceed with efficient and effective transformation into personalized and predictive customer experiences or risk being overrun by new technology-driven innovators. Hence, today's challenge for the traditional retailers to adapt, overcome, survive and remain profitable is evident and discerning. It is not only important to understand how these new age consumers experience the retail servicescape, but how the shopping environment could be designed accordingly to provide increased engagement and alignment with the next generation consumer (Parment, 2013). It will depend upon a shift of moving from the traditional product-centric approach, to a more customer-centric, experience focused and relationship managing business ethos (Shah, Rust, Parasuraman, Staelin & Day, 2006).

To-date, few attempts have been made to validate what constitutes an attractive customer experience (Bäckström & Johansson, 2006), particularly for this influential generation that will likely shape the future of retail for the traditional brick and mortar stores. More importantly, there is a gap in the current understanding of what elements of the customer experience are beneficial or harmful to the store's overall customer experience approach. A further contribution to research would involve exploring how experiences can originate from different facets of the customer journey, specifically that of the in-store experience and how these differ from experiences merely derived by products (Gentile, Spiller & Noci, 2007).

1.3 Research Purpose

Customer empowerment is continuously increasing, and, in a world of fleeting and fragmented attention, retail spaces present an opportunity for consumers to be fully cognitively, affectively, socially, and physically engaged in an experience that cannot be replicated online. The purpose of this study is to explore the in-store customer experience from a millennial consumers' perspective. Specifically, the authors of this thesis intend to carry-out a comprehensive study that addresses how these customer experiences are manifested within the different retail stores in Sweden.

1.4 Research Question

The research purpose outlined above is fulfilled by the following research question:

How do millennials experience the physical retail store environment?

The following sub questions will guide the process of answering our main question:

- What are the main drivers and inhibitors that contribute towards development of an engaging customer experience for millennials in the context of the physical retail store?
- How can retailers create meaningful and valuable engagements with the physical store while acting as an interactive portal to the entire ecosystem of products, servicescape and purchase options?

1.5 Intended Contributions

The expected contribution of this study is the implementation of a theoretical framework in relation to the customer experience of millennials in the retail environment by applying the existing theory in practice, making the ideas tangible, showing what effect the work in practice brings forth and where its weaknesses lie.

Within the realm of retail literature, both researchers and practitioners alike have beckoned for more scholarly research to deepen the understanding of the customer experience construct, effectiveness and integration within the retail store setting (e.g. Baker et al. 2002; Grewal, Levy & Kumar 2009; Puccinelli, Goodstein, Grewal, Price, Raghubir & Stewart, 2009; Verhoef, Lemon, Parasuraman, Roggeveen, Tsiros & Schlesinger, 2009; Lemon & Verhoef, 2016). Literature has shown growing importance to provide enhanced in-store shopping experiences for consumers (e.g. Bagdare, 2013; Sachdeva & Goel, 2015; Spence, Puccinelli, Grewal & Roggeveen, 2014; Stein & Ramaseshan, 2016).

As mentioned earlier, millennials form the largest and most influential generation of consumers (Fromm & Garton, 2013; Mirrlees, 2015). Previous research has tried to better understand the preferences and behaviours of the millennial shopper by looking at their educational learning

styles (Wilson & Gerber, 2008), their working styles (Tolbize, 2008; Twenge, 2013) or their preferences towards certain design elements and advertising forms (Calienes, Carmel-Gilfilen & Portillo, 2016; Henley, Fowler, Yuan, Stout, & Goh, 2011; Syrett & Lamminman, 2004). Also, the level of brand loyalty (Ordun, 2015), preferred shopping experiences (Lachman & Brett, 2013; Zhang, Carpenter, & Brosdahl, 2011) and use of technology in their daily lives (Seppanen & Gualtieri, 2012). However, researchers have acknowledged the need for future research to continue exploration of intangible, emotional responses between tangible and intangible aspects of the in-store customer experience from a consumer perspective with specifically millennials in mind (Bäckström & Johansson, 2017; Calienes, Carmel-Gilfilen, & Portillo, 2016).

This study aims to better understand and analyze the internal processes (cognitive, affective, social and physical dimensions) in which millennials consumers engage as they experience service encounters that bestow meaning on their specific reality or lifeworld – in this case, on the physical store. These processes take place as the consumer responds internally and subjectively to customer experience determinants inside the physical store, such as social environment, service interface, atmospherics, assortment, price, promotions and channels. The current study has adapted Bustamante and Rubio (2017) theoretical framework and its applicability in a different country, namely Sweden. However, their validity of the customer experience measurement scale will be altered by applying a solely qualitative perspective instead of a mixed methods approach and focus exclusively on the millennial consumer. The former is supported by Bustamante and Rubio (2017) who sustain that the customer experience construct lends itself best to a more qualitative approach.

The findings of this research will be beneficial to marketing scholars and practitioners because in today's retail service environment customers have more control than ever. Furthermore, customer experience is a key element by which stores can maintain a competitive advantage to capture the engagement of consumers and drive traffic into their physical retail stores. Through identification of what speaks to the millennials shopper, retail stores will be able to shape their environments to reflect engaging experiences that resonate with this generation. This study adds to existing literature and puts forward a holistic construct built on an empirics-driven proposition that will benefit managers by allowing them to better understand, achieve, and evaluate the in-store customer experience, in order to create meaningful and valuable engagements with millennials.

1.6 Thesis Outline

The first chapter, outlined above, acted as a general introduction and provided the reader with a background on the research topic by elaborating on the state of consumer experiences in a modern retail context. The second chapter includes a literature review which will provide a more in-depth elaboration of the topic in discussion. The third chapter describes the research design, philosophy, strategy and overall methodology used to answer the central question of this study. Chapter four presents the empirical findings of the research, while chapter five provides an analysis of these findings. The sixth and final chapter is dedicated to the

conclusions drawn from the research, followed by the theoretical contributions, practical implications and potential avenues for future research.

2. Literature Review

The second chapter introduces the literature that relates to the research question and purpose of this study. The literature review will be presented and will follow the rationale as outlined in Figure 2. Starting with the emergence of customer experience (CX) and its evolution as an independent discipline leading up to the dimensions and determinants that shape its perception. Lastly, an examination of millennial consumers and their attitudes towards experiences is put forward.
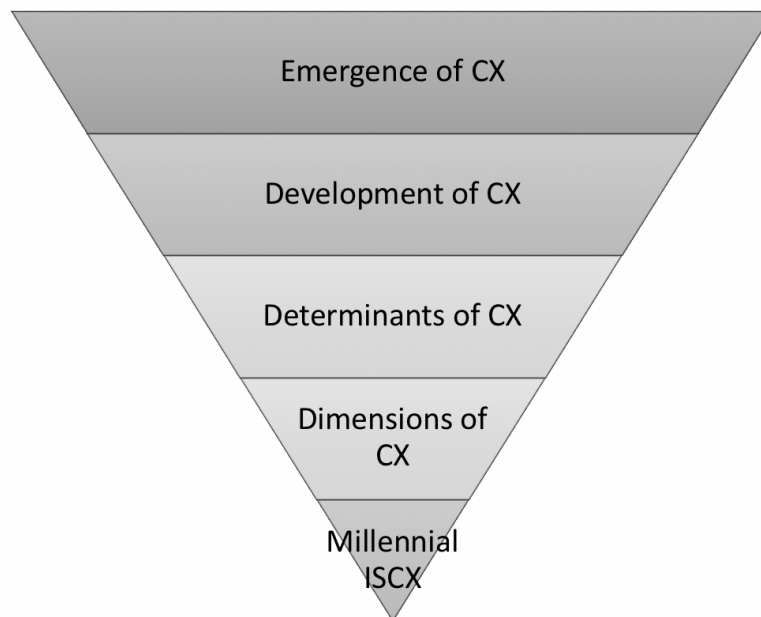
Figure 2: Areas covered in the Literature Review

2.1 Customer Experience

2.1.1 Understanding the Customer Experience

Customer experience (CX) has not always been given full recognition as its own separate construct by scholars and marketing practitioners in the retail sphere (Verhoef et al. 2009). In fact, according to Bagdare and Jain (2013) the concept of customer experience only started to become a topic of interest for academics and marketers towards the mid-late 1980's. It is during

this period of time that customer experience started to be acknowledged as its own separate marketing practice, breaking off from the disciplines of customer satisfaction and service quality, to which it had previously been attributed to (Verhoef et al. 2009).

In order to fully grasp the concept of customer experience and how it is put into practice in the modern retail context, first a thorough exploration of its definition and development is required. Customer experience is widely acknowledged to be a complex and multi-layered concept that has been studied, measured and defined in many different perspectives and contexts (Bustamante & Rubio, 2017).

One of the earliest and most academically significant papers written on customer experience is that of Pine and Gilmore (1998). The authors introduce the concept of experience as a memorable event that registers in the customers memory when the experience provider (i.e. the physical store) successfully connects with customers, creating a feeling of immersion in the environment, resulting in active participation in the overall shopping experience. In this context, experiences can be seen as "economic offerings" (p.99) which are "inherently personal responses occurring only in the mind of an individual who has been engaged on an emotional, physical, intellectual, or even spiritual level" (Pine & Gilmore 1998, p.99). In their study on the experiential aspects of consumption, Holbrook and Hirschman (1982) pointed out consumers desires to engage in playful leisure activities that stimulated sensory pleasures through aesthetic enjoyment, evoking emotional responses when participating in consumption-related activities. They labelled it the "experiential perspective" (p.132) and defined it as "phenomenological in spirit and regards consumption as a primarily subjective state of consciousness with a variety of symbolic meanings, hedonic responses, and esthetic criteria" (Holbrook & Hirschman, 1982; p.132). Similarly, Bustamante & Rubio (2017) also describe experiences as physical states that an individual achieves in response to a stimulus that has both a cause and a purpose. Furthermore, these states are profoundly interconnected, feeding back into each other as the customer experience unfolds and evolves. Meyer and Schwager (2007) examined customer experience in terms of the level of engagement between consumers and companies. In their work on understanding the customer experience, they provided the following definition: "Customer experience is the internal and subjective response customers have to any direct or indirect contact with a company" (Meyer & Schwager, 2007, p.2). According to the authors, direct contact is viewed as the purchase, use and service phase of the customer experience and indirect contact consists of any unplanned interactions with a brand or its product and services. The latter usually consists in recommendations or criticisms that are expressed via word-of-mouth, reviews, advertisements or news reports (Meyer & Schwager, 2007).

Of all the theoretical classifications of customer experience, the researchers propose that the most comprehensive and practical definition is provided by Gentil, Spiller and Noci (2007). In their study on how to sustain the customer experience, the authors provided the following definition:

> *''The Customer Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction. This experience is strictly personal and implies the customer's involvement at different*

levels. Its evaluation depends on the comparison between a customer's expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact or touch-points." (Gentil, Spiller & Noci, 2007, p.397)

2.1.2 The Ambidexterity of Customer Experience

The rich and diverse selection of literature on customer experience has led to multiple interpretations of what it encompasses, through what medium it manifests itself and how it relates to the retail industry. Due to the ambiguity of its meaning, the following section will serve as a brief insight into its various connotations according to the context in which it is applied.

First and foremost, customer experience has been represented both as an outcome (noun) and as a process (verb) in academic literature (Bagdare & Jain, 2013). The authors sustain that, when viewed as a verb, experience can be thought of as learning process that yields a "learned response" (p.791) from the customer. A number of studies have explored the customer experience concept as a *process* of value of co-creation between the company and the consumer (Gentile, Spiller & Noci, 2007; Prahalad & Ramaswamy, 2004; Russo Spena, Caridà, Colurcio & Melia, 2012). The co-creation approach strives to cater to modern consumers' desire to be immersed in the consumption experience and not just participate in the purchase of a good or service (Schmitt, 1999). Entertainment can play a significant role in this context. When executed incorrectly, entertainment can cause the consumer to feel like a passive spectator, rather than a meaningful contributor to the experience formation process (Russo Spena, Caridà, Colurcio & Melia, 2012). Conversely, when implemented correctly, entertainment can be viewed as a vehicle for consumers to achieving a feeling fulfilment in their quest for gratification and personal pleasure (Russo Spena, Caridà, Colurcio & Melia, 2012). The co-creation customer experience theory therefore proposes that consumers are not only driven by rational considerations when making purchase decisions but are also influenced by the emotional involvement in the process itself (Russo Spena, Caridà, Colurcio & Melia, 2012). Moreover, it acknowledges the hedonic facets of consumption that were first introduced by Holbrook and Hirschman (1982), who stated that consumers purchasing decisions are equally motivated by symbolic and aesthetic goals as they are by the pragmatic solutions they offer.

When viewed as a noun, on the other hand, experience takes on a meaning whereby the customer acquires a certain knowledge, attitude, skill, sensation or emotion (Bagdare & Jain, 2013). Contemporary retailing is being shaped by the emergence and development of Experience Stores (Verhoef et al. 2009) that function as *retail theatres* or *experience factories* with the objective of devising pleasant shopping experiences and increased customer satisfaction (Baron, Harris & Harris, 2001). In their seminal paper, Pine and Gilmore (1998) perfectly embody this principle by stating "An experience occurs when a company intentionally uses services as the stage, and goods as props, to engage individual customers in a way that creates a memorable event" (Pine & Gilmore, 1998; p.98). Terblanche and Boshoff

(2001) further elaborate on this conceptualization of experience by sustaining that customer experience is defined by of all the aspects that encourage or inhibit customers during their interaction with retailers. It is evident that consumers engage in a variety of activities centered around the retail store; from selecting the desired store to the shopping and post-shopping stages of the experience (Bagdare & Jain, 2013). There is a large body of evidence to support that these activities that revolve around the retail customer experience have a significant impact on sales, customer satisfaction, loyalty and store profitability (Bagdare & Jain, 2013). The *total* customer experience encompasses the search, purchase, consumption and after-sale stages and can comprise multiple retail channels (Verhoef et al.,2009). The segment of retail store-related activities that focuses exclusively on the shopping stage is known as in-store customer experience (ISCX). The in-store customer experience can be thought of as a subjective internal response to the physical retail environment by means of interaction (Bagdare & Jain, 2013; Verhoef et al. 2009). The physical retail store engages with customers via marketing stimuli that is perceived and interpreted through internal cognitive, emotional, physical and social processes (Bustamante & Rubio, 2017). These internal and social responses that are triggered in the store by the marketing stimuli breathe life into the servicescape, thus guiding customer perceptions of the physical store as a result of the experience outcomes (Bustamante & Rubio, 2017).

For the purposes of this thesis, the researchers recognize both interpretations of customer experience, as a learned process (verb) and as a subjective state of being (noun) induced by its emotional and sense-based components. Furthermore, the internal cognitive, emotional, physical and social processes described above have been adapted to the theoretical framework proposed by Bustamante & Rubio (2017) in their study outlining the four dimensions of customer experience as: *Cognitive, Affective, Physical and Social*.

2.1.3 The importance of emotions in Customer Experience

There is a large body of research that outlines the crucial role that emotions play in the creation of customer experience (Bagdare & Jain, 2013; Berry, Carbone & Haeckel, 2002; Gentile, Spiller & Noci, 2007; Palmer, 2010). Palmer (2010) sustains that emotional displays are true indicators of what customers consider to be important and should be treated as a valuable source of information for gauging their responses to the stores' marketing stimuli. Moreover, the emotional bond that forms between the customer and the service provider is said to carry more weight in dictating future purchasing behaviour than the cognitive perceptions of quality or satisfaction for services rendered (Palmer, 2010). Thus, an emotionally invested customer is more likely to continue to purchase goods and services from a certain retailer, even when faced with fluctuations in product quality or customer satisfaction.

Emotions have the ability to play a dominant role in influencing customers and guiding their experiences while engaging with the physical retail store (Bagdare & Jain, 2013). So much so that Berry, Carbone and Haeckel (2002) have called for companies to adopt the use of certain analytical tools that allow for the customer experience to be examined exclusively through the emotional states that customers transition in and out of during their time in the retail store.

According to Berry, Carbone and Haeckel (2002) retailers need to dedicate the same amount of attention to managing the emotional and intrinsic part of experience as they dedicate to managing the functionality of their product and services. Through the process that has been coined by the authors as the "experience audit" (p.86), retailers command the resources to study their customers and pick-up on the key indicators that suggest pleasant, indifferent or unenjoyable experiences as they navigate through the physical store (Berry, Carbone & Haeckel, 2002). A prime example of an analytical tool utilized by retailers is the static video camera which enables their administrators to gain invaluable insights into the reactions of customers through their body language, facial expressions and gestures which all relate to the emotional state that is being experienced in that instant (Berry, Carbone & Haeckel, 2002).

2.2 Determinants of Customer Experience

The retailing format refers to the overall appearance and feel of the selected retailing operations coherently processed to fulfill the customer experience (Sorescu, Frambach, Singh, Rangaswamy & Bridge, 2011). Retail research has presented several determinants that influence the customer experience within the retail environment: social environment, service interface, atmospherics, assortment, pricing, channels and past customer experience (Verhoef et al. 2009). The following segments will provide further insight into each of these determinants.

2.2.1 Social Environment

The structural and dynamic qualities of consumer-environment interaction have placed the consumer at its core, with that world being perceived by the consumer as being "me" (Everett, Pieters & Titus, 1994, p.89). As shown in the figure 3 below, its core is divided in both the internal or cognitive-affective attributes and the external or conative attributes depicted as behavior. A sphere surrounds the consumers signifying the environment believed by the consumers as "not me" (Everett, Pieters & Titus, 1994, p.99).

Intangible Environment

Micro
Meso
Macro

Cognition
Behavior

Physical-Tangible Environment
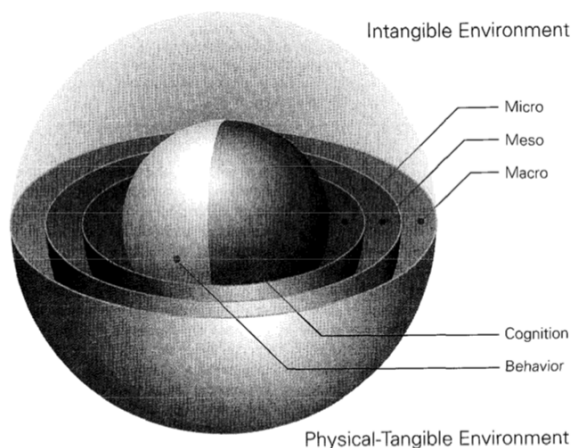
Fig. 1. The structure of consumer–environment interactions.

Figure 3: Physical-Tangible Environment (Everett, Pieters & Titus, 1994, p.99)

There is a clear contrast between the lower physical and tangible part of the sphere upholding the purely physical environment with natural and built characteristics. On the other hand, the upper and intangible transparent half contains an environment holds technological, social, political, economic and regulatory realms (Everett, Pieters & Tinus, 1994). Both the tangible and intangible environments are interrelated as changes in intangible environment (e.g. economic market fluctuations) may flow over into the tangible environment in the form of (e.g. higher consumer product prices or lower wages).

The consumer experience environment ranges from micro via the meso to the macro social environment. Each of the three environments have external conditions that can be viewed in a geographical context in relation to the individual, with the micro social environment closest to the individual consumer like tangible clothing items. (Saarinen, 1976). The social component of in-store customer experience is reliant on the quality and intensity of the relationships that take place between the individual and other people who interact in a social environment. It includes intangible face-to-face social interaction with employees (Baker et al. 2002). It provides the opportunity to provide a sense of community in store where customers do not only visit to purchase, but also to voice opinions, give advice, provide suggestions, and interact with others involved in the service environment (Bustamante & Rubio, 2017). Customers have shown to experience positive relations with a brand that carries a sense of community (Carlson, Suter & Brown, 2008). It has been shown that direct social interaction can substantially influence consumer decision making and provides them with new or additional knowledge, changing their impressions of a product, store and the brand (Tsiros & Parasuraman, 2006). This increase in consumer knowledge can provide benefits for the company as interaction between customers may increase and cater to better a shopping experience in store (Verhoef et al. 2009). The behavior of the personnel in store holds significant importance according to the consumers as it is their skills, attitude, level of customer service and product knowledge are drivers providing both positive and negative experiences (Bäckström & Johansson, 2017). Employee's positive affective has shown to positively contribute to consumers emotion and satisfaction (Lin & Liang, 2011). This positive perception in turn will create an enjoyable

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shared experience while resulting in a better service experience overall (Martin & Pranter, 1989).

Customer-customer interactions involve actions such as giving/receiving to advice/opinions to engagements through interaction (Moore, Moore & Capella, 2005; Parker & Ward, 2000; Yoo, Todd & Frankwick, 2012). Consumers individual purchases while shopping with others is relevant determinant on the presence of the which other individuals are involved, the level of group cohesiveness, and to what extent the individual's sensitivity can be influenced. The study shows, that with the presence of peers the urge to make a purchase significantly increases, however with the presence of family or relatives this decreases (Luo, 2005). Interestingly, when the group (peers or family) is cohesive and the individual is easily persuaded by social influence the difference tends to be greater. (Luo, 2005).

The Meso environment provides the infrastructure for where the consumer can consume such as stores, shopping malls and shopping areas (Saarinen, 1976). The macro social environment refers to the basic values and beliefs of a group of people by indirect interaction and it includes culture, sub-culture and social class. Differences that occur in the macro social environment are useful for segmenting the market (Everett, Pieters & Titus, 1994). Also, the state of the economy may affect the consumer experience, as Fornell, Rust, and Dekimpe (2010) have found it to more than a "zero-sum game" (p.33) in which customer-oriented companies gain by defeating their competitors. Although, when the overall quality of products advances, and customer satisfaction grows, the accumulated level of consumer spending increases as well, unless consumers have a limited budget due to an existing debt sum (Fornell, Rust & Dekimpe, 2010). The impact of major events (e.g., economic crises) within the retail industry can damage a strong customer experience as the duration of these crises can have both short- and long-term effects. This affects the consumer well-being and general trust in societies has to regained (Ma, Ailawadi, Gauri & Grewal, 2011). It is important to keep in mind that the three mentioned environments, micro, meso and macro are fluid as the consumer moves between one another when practicing consumer behavior (Everett, Pieters & Titus, 1994).

2.2.2 The Service Interface

Purchase decisions of customers often rely on the physical attributes or tangible cues of a company or its services. In previous research the servicescape has been referred to as the physical environment (Baker, 1987), marketing environment (Turley & Milliman, 2000) or the store environment (Roy & Tai, 2003). The servicescape represents the physical surroundings of a service company, it encompasses the exterior design (e.g. signage, parking, location, environment) and interior design (e.g. store layout, showrooms, signage, music, lighting, displays and communication materials) and effects the in-store customer experience (Zeithaml, Bitner & Gremler, 2009). Retailers want to keep customers in the store as the more time spent increases the likelihood of more purchases. A well-designed store layout, can increase or decrease the time spent in store significantly and influence their willingness to return to the store in the future (Wakefield & Blodgett, 1996).

Three dimensions that influence the holistic perception of the consumer's physical environment and their internal/external responses are: ambient conditions (e.g. music, noise, lighting and color), space/function, symbols and artifacts (e.g. visual communication) (Bitner, 1992). In a study conducted by Lin and Liang (2011), findings showed that both social and physical environment can positively influence the customer experience, however between the two it was the physical environment that showed a greater effect in service environments. Furthermore, the study also highlighted that ambient and design factors have more impact on customer emotion and their level of satisfaction than service-employees and the customer climate (Lin & Liang, 2011).

2.2.2.1 Visual Communication (Signs, Symbols and Displays)

Visual communication can be thought of as the system and methods used for creating an inspiring and commercial shopping environment in the given retail store. It is everything communicated throughout the store that aims to create a successful meeting between the store product range and its consumers (Schmitt, 1999). It takes an understanding of what drives people's behaviour and emotions to make for an enjoyable shopping experience. By use of communications, traditional/digital displays of visual and verbal identity, co-branding, product presence and spatial environments that combine aesthetics (visually appealing and functional) with commerciality to make people buy (Schmitt, 1999).

2.2.2.2 Space/Function Conditions

Retailers in the past and present have designed store environments that support both planned and unplanned shopping behaviour by enabling consumers to explore the product range and to find specific items they are looking for or discover great offers along the way. This ensures that shoppers experience the total width and depth of the product range aiming for a higher willingness to purchase or stay longer in the store (Mano, 1999). This is done by creating hot spots and hooks along the main aisle by using the prolongation of the main aisle efficiently. Hot spots can be used for many different purposes, such as sales steering, strategic messages, focus on store specific priorities, presenting new products or lowest price (Arnese, Dhiri, Tripodo & Willemo, 2014). The store layout provides a flow for the range presentation in the order the retailer wants the store visitors to meet the range, while at the same time creating efficient customer flow, goods flow, co-worker flow, emergency flow and waste flow. An exciting and stimulating shopping environment can generate a positive return on investment for retailers (Kaltcheva & Weitz, 2006).

2.2.2.3 The retail atmosphere

The atmosphere within a store has been consciously designed to awaken a desire effect among its visitors and drive bottom-line (Kotler, 1973). Within consumers, it psychologically stimulates or inhibits two emotional states, namely: "pleasure and arousal" (Donovan & Rossiter, 1982, p.56). In addition, Turley and Milliman (2000) state that the cause of consumer evaluation and behavioristic responses in the environment are the effects of store atmospheric stimuli. However, there is a distinct distance between the desired atmosphere and perceived

environment (Kotler, 1973). The former invokes a set of sensory qualities devised for the artificial environment aiming to achieve a specific "ambiance" (Farias, Aguiar & Melo, 2014, p.89). Whereas the latter is unique to the individual and their response to color, sound, noise and temperature is dependent on their earlier development as a human being making it very difficult to be fully controlled by companies (Zomerdijk & Voss, 2010). The optimal configuration of specific sensory components within the instore environment whilst acknowledging areas that have the propensity to attract, distort or retain one's attention can lead to an enhanced customer experience and, in turn, pushes the competitive advantage of the organization (Farias, Aguiar & Melo, 2014; Kaltcheva & Weitz, 2006).

2.2.3 Atmospherics

Music influences consumers behavioral and affective responses and previous studies have shown that the optimal sound environment evaluation of a store space is strongly dependent on the social characteristics of the users, such as gender, age, income, occupation, and education (Jain & Bagdare, 2011; Morrison, Gan, Dubelaar & Oppewal, 2011; Zeimer & Ellermeier, 1999). On the contrary, when music is perceived as noise or any other activity taking place in store (e.g. intercom, construction) it can have a negative experience on the customer experience in the form of tension, irritability and loss of concentration (Osada, 1988). Lighting allows for products to be presented more visibly, emphasizing its attractiveness (Quartier, Christiaans & van Cleempoel, 2008). More specifically soft lighting is recommended to reduce over-stimulation, slow the pace and thus increase time spent in store (Areni & Kim, 1994). Also, color usage within the retail store is mostly used to grab the shopper's attention and its choice may influence customer evaluation-related affect (mood) as well as activation-related in the form of arousal (Bellizzi & Hite, 1992). Another study found that warmer, more vibrant colors have a greater success rate of grabbing a shopper's attention but are perceived as less attractive and less pleasant than environments with cool-colors (Babin, Hardesty & Suter, 2003).

The use of scents in the retail store environment has also featured heavily in literature on retail atmospherics. According to Chebat and Michon (2003), the use of ambient scents in the physical retail environment can work in a store's favour on the condition that it integrates itself successfully with the overall environment. However, studies have shown that there are no distinguishable correlations between scents and customers mood levels (Chebat & Michon, 2003).

2.2.4 The price and promotions

Imagine that every Saturday morning, a consumer heads to grocery store A or B to get their favorite brand of coffee. Upon observation the consumer notices that both stores sell the coffee at the same regular price, however A does occasionally have large discounts, yet B offers small but frequent discounts on it. Unbeknown to the consumer how much each retailer will ask for the coffee on any given day, how would one go about selecting which store to visit to buy the

coffee? Choose the retailer with the largest, but less frequent discounts or choose the retailer whom is cheaper on more occasions? Price has proven to be significant importance when making purchase decisions (Monroe, 2003). These decisions are governed by the price perception instead of the actual price; moreover, they are subjective and susceptible to influences within the specific context (Alba, Mela, Shimp and Urbany, 1999; Krishna, Briesch, Lehmann & Yuan, 2002; Zeithaml, 1988). Mental accounting principles anticipate a general inclination to levitate towards the retailer that is cheaper more frequently (Danziger, Hadar & Morwitz, 2014). As previous research has shown, the shopper is to receive more positive stimuli from frequent small gains rather than a few large ones (Thale, 1985). When confronted with uncertainty in choosing between retailer A or B, consumers tend to seek control by perceptually distinguishing patterns among stimuli and making prediction based on these patterns (Whitson & Galinsky, 2008). This choice, under price uncertainty, is relatable to experience-based choice, where the previous experiences are considered, analyzed for patterns (existent or non-existent) and become representative and implement them to predict future outcomes (Gonzalez & Dutt, 2011). From a managerial perspective, the consumer's willingness to pay is of utmost importance. This is determined by the relative positive or negative weight consumers accredit to price, as when price is perceived as positive will pay higher prices (Erdem, Katz, & Sun 2010; Lichtenstein, Ridgway, & Netemeyer, 1993). Nonetheless, perceived store shopping experience has shown to be relatively more imperative than the perceived product price and quality in illustrating consumer value perceptions of a retail store (Kerin, Jain & Howard, 1992).

2.2.5 Assortment

In the brick and mortar retail model, the breadth of the assortment (the number of variants included), the price of each item in the complete assortment and the depth of the assortment (inventory level for each item) is determined by the retailer. Consumers are bombarded with numerous products variations and offers. Configuring each to best match the needs of customers in each store can be challenging. However, *retailing governance* now stimulates actors within the supply chain, the retailer and customers to co-create and fulfill the total customer experience (Sorescu et al. 2011, p.10). For instance, within the supermarket one could think of self-scanning and self-checkout service interface. Suppliers can help shape retailers assortments by adapting their supply chain strategies to align with customer needs (Coughlan & Soberman, 2005). Kahn (2017) urges the recognition for suppliers and retailers to account for a "visual salience bias" (p.2) and have assortments be made which are easier to understand for consumers. She recommends strategies for achieving this should include assortment size reduction, therefore decreasing information overload, ensuring the product suits the assortment context, and concise allocation of products in store. Retailers generally sell other products besides their own, one may assume that product assortment has little effect of being a driver to obtain a competitive advantage. Nonetheless, several retailers have confronted this assumption and have fabricated their assortments around products that provide a clear value proposition to customers due to their unique, inimitable features (Sorescu et al. 2011). As an example, the clothing brand Zara, by turning its limited assortment into an advantage, perchance adhering to the idea that an overabundance of choice does not necessarily optimize the shopping

experience (Schwartz, 2005), thus applying a quality over quantity principle. Another prime example where the *governance* mechanism has shown to be highly beneficial is Apple. By reimagining the store format, alongside its assortment and customer interface, Apple facilitates an environment that educates customers and empowers suppliers to partake in co-creation of components that make the apple store into a gathering place known as "Town Squares" (Gay, 2017; Sorescu et al. 2011). By handling the store as a product, Apple is taking the lead for making retail stores prosper in the digital age and according to Fortune, U.S. shopping malls with an Apple store show an increase of 10% in sales-per-square foot than those without one (Gay, 2017). Not surprisingly, Apple stores are the top retailer, based on sales per square foot and they seem to extend their lead every year (Thomas, 2017). This shows that companies can connect with customers through unique products assortments and a focus on the overall experience of the end user.

2.2.6 Channels

Customers now interact with organizations through multiple channels and media, resulting in more complex customer experiences. The continuous acceleration of media and channel development has organizations on their feet, trying to keep up and omnichannel management has become the new status quo (Brynjolfsson, Hu, & Rhaman, 2013; Grewal, Roggeveen & Nordfält, 2017; Verhoef, Kannan & Inman, 2015). Technology can empower retailers to find their target audience whilst it also provides consumers with the tools to make conscious purchase decisions regarding products or services (Grewal, Roggeveen, Sisodia & Nordfält, 2017). Alongside this, the digital and social media revolution has made both consumer-consumer, and consumer-organization engagement more fluid (Leeflang, Spring, van Doorn, & Wansbeek, 2013; Libai, Bolton, Bűgel, de Ruyter, Götz, Risselada, & Stephen, 2010). Although it provides many opportunities, it also brings challenges as customers become co-creators or destroyers of value for organizations (Beckers, Risselada & Verhoef 2014; Leeflang, Dahlström & Freundt, 2014; Van Doorn, Lemon, Mittal, Nass, Pick, Pirner, & Verhoef, 2010; Verhoef, Reinartz, & Krafft, 2010). The physical store concept needs to be reinvented in order to adjust to the increasing demands of today's marketplace, as multichannel retailing continuously introduces new experience paradigms (Agnihotri 2015; Bell, Gallino & Moreno 2014; Björn & Johansson 2014). The use of channels can provide different rewards and expenses, generally making one channel to be of better use at a distinct stage within the purchase journey, however these discrepancies are diminishing due to new technological advancements and dispersal of new channels (Lemon & Verhoef, 2016) such as online channels (Ansari, Mela & Neslin, 2008; Melis, Campo, Breugelmans & Lamey, 2015) and mobile channels (Ko, Kim & Lee, 2009; Wang, Malthouse & Krishnamurthi, 2015). Consumers vary in their usage and preference of channels for different buying stages, hence specific multichannel platforms will differ from others with regards to consumer characteristics (De Keyser, Schepers & Konuş, 2015; Konuş, Verhoef & Neslin, 2008). Also, there are three mechanism that influence channel choices in the purchase journey as they affect each other by cause of lock-in effects, channel inactivity and cross-channel synergy (Verhoef, Neslin, & Vroomen, 2007). Lock-in effect refer to the existence of a mutual relationship between the

personal experience while searching and purchasing on the same channel (Verhoef et al. 2007). Within the typical multichannel strategy, the emphasis is on the performance growth of each individual channel (Pophal, 2015). However, if a more synergetic approach is to be obtained, companies are bound to invest in the omnichannel strategy where channels no longer function as individual silo's but are fused together and better support a customers' simultaneous use of multiple channels making for a seamless customer experience (Rigby, 2011). Rigby adds that physical stores have the capability of boosting online channels and vice versa, also known as the *'halo effect'* it describes the positive interaction between the physical store channel and online channels for retailers (Kwon & Lennon, 2009, p.74; Rigby, 2012).

In table 1, Rigby (2011) presents an overview of the different advantages between a digital and a physical shopping experience.

Advantages of Digital		Advantages of Physical	
Rich Product information	Broadest Selection	Edited Assortment	Convenient Returns
Customer reviews and tips	Convenient and fast checkout	Shopping as an event and an experience	Instant access to products
Editorial content and advice	Price comparison and special deals	Ability to test, try on or experience products	Help with initial setup or ongoing repairs
Social engagement and two-way dialogues	Convenience of anything, anytime, anywhere access	Personal help from caring associates	Instant gratification of all senses

Table 1: Advantages of Digital vs Physical (Rigby, 2011)

Multichannel clearly detaches the physical store component from the online store, where omnichannel enables the consumer to move freely and independently between both realms providing a seamless and unified customer experience through all channels (Piotrowicz & Cuthbertson, 2014). In the omnichannel environment it is about understanding consumer behavior and removing the feeling of "effort" (p.2) from the shopping experience (Pophal, 2015).

2.3 Past Customer Experience

The decision of a consumer to shop and purchase from a particular retailer with consideration and the current situation and past experiences is known as repatronage (Arnold & Reynolds,

2003; Carpenter, 2008; Donovan & Rossiter, 1982; Zeithaml, 1988). Research indicates that customers who have had great past experiences have shown to consume up to 140 percent more than customers that have endured the poorest experience (Kriss, 2014). Following the literature, positive links have shown current service and price satisfaction are affected by past service experience and past price satisfaction (Mittal, Kumar, & Tsiros, 1999). Customers with high satisfaction levels have shown a higher tendency for forgiveness in comparison to customers with lower satisfaction levels (van Doorn & Verhoef, 2008). Further research has shown that when the individual with lower levels is subjected to positive experiences it has a stronger carryover effects than with the higher levels, this is in accordance with negativity bias (Mittal, Ross, & Baldasare, 1998). Negativity bias is "a positive attitude or positive affect does not have an effect on measured behavior oppositely equivalent to the effect of a negative attitude or negative affect" (Jordan, 1965; p. 315). Jones (2006) found that hedonic shoppers that love the fun and enjoyment of shopping process with regards to repatronage anticipation exhibit a positive effect, however show no impact on repatronage intentions. These findings were opposed by Atulkar and Kesari (2017) in a later study, where customers consistently evaluated the shopping experience with their previous experiences yielded satisfaction or dissatisfaction and drove motivation or demotivated shoppers for repurchase intentions.

2.4 The Dimensions of Customer Experience

The following section aims to provide an in-depth for customer experience based on its multiple dimensions designed to engage consumers during an encounter in the physical retail environment. Bustamante and Rubio (2017) put forward the idea that customer experience is comprised of a multidimensional structure, with each component representing a separate category of stimulus that 'probes' the consumer, provoking an internal response. The authors propose the following four dimensions: *Cognitive, Affective, Social* and *Physical*. An overview of each dimension, including a detailed description of their role in shaping the customer experience, follows below.

2.4.1 Cognitive Dimension

Cognition can generally be thought of as the "faculty" (p.889) that consumers adopt in order to process information that is relayed to them via their perceptions, knowledge acquired and subjective characteristics (Bustamante & Rubio, 2017). Authors such as Kempf (1999) and Da Silva and Syed (2006) have argued that cognition represents the first step of Customer Experience, in that it requires an individual to process acquired knowledge first, thus preceding the other dimensions. The cognitive dimension allows consumers to evaluate their surroundings and consequently, to be drawn to certain aspects of their environment while consciously or subconsciously (Holbrook & Hirschman, 1982) choosing to exclude others (Da Silva & Syed, 2006; David, Miclea & Opre, 2004; Dimofte, 2010). The cognitions of objects are therefore a learned process in response to a stimulus and can result in strong attitudes

towards the object, if the stimulus is successful in delivering persuasive content to the consumer (Wright, 1973). Garbarino and Edell (1997) put forward the idea that the formation of beliefs, expectations and desirability for a product are formed via the information that is acquired by the individual consumer, once he or she has been exposed to a physical interaction with the product itself.

It is worth noting that the cognitive dimension is not limited to the classification, analysis and reasoning of acquired knowledge on behalf of the individual consumer (Bustamante & Rubio, 2017). As stated earlier, the cognition of objects first and foremost requires an impetus in order draw the customers awareness. Many modern retail store brands have successfully managed to leverage marketing techniques designed to entice consumers through intrigue, provocation and catching them by surprise (Brakus, Schmitt, & Zarantonello, 2009). Therefore, in order for the cognition process to take place, retail stores need to engage their customers creatively by aligning the brands in their environment with stimuli that capture the attention of the customers, provoking a series of mental responses such as memories, ideas and positive thought (Bustamante & Rubio, 2017). The purpose of this process is to encourage customers to creatively reflect on the information being provided while they are immersed in their shopping or consumption mindset (Gentil, Spiller & Noci, 2007). The latter is widely considered to be a crucial component to the cognitive experience, as creative thinking is thought to enhance the customers' ability to create associations and ideas around the products, allowing them to be completely absorbed during their shopping experience (Bustamante & Rubio, 2017).

In short, the cognitive dimension should be viewed as a capability that a retail store exercises with the objective of evoking a curious, creative and inspired customer mindset that, in turn, is triggered by a natural response to exposure to marketing stimuli (Bustamante & Rubio, 2017). Furthermore, when implemented successfully, in some cases the cognitive experience has the ability to influence customers to the extent that they revise existing ideas of a product, breaking previously formed assumptions and forming new ones around them same (Gentil, Spiller & Noci, 2007).

2.4.2 Affective Dimension

The affective dimension is closely related to the cognitive dimension in that it represents the emotional response to a stimulus that forms in the consumer's mind after the information has been acquired and processed. Emotion and mood form an integral part of the affective system and contribute to the different levels of intensity of the overall experience, varying from moderately positive or negative moods to overwhelmingly positive or negative emotions (Bustamante & Rubio, 2017). Given that emotions are more closely correlated to interactions with objects (or products in this case) it makes more sense to give greater attention to these when studying customer experience (Bustamante & Rubio, 2017). Erevelles (1998) argues that, while moods play an important role in the overall customer experience, emotions are capable of delivering more intensity and therefore are more likely to have a greater effect on the consumers in-store experience. Holbrook and Hirschman (1982) state that shopping experiences involve considerable emotional benefits and responses such as positive moods and

feelings. A mood can be thought of as a mild, transient and generalized affective state that plays a central role in portraying a customer's shopping experience (Arnold & Reynolds, 2009). By and large, moods are greatly affected by the quality of the shopping experience, including the extent of the involvement in shopping processes and shopping intentions (Swinyard, 1993). Bagdar (2013) sustains that shoppers moods are greatly influenced by the retail environment. Therefore, retailers must pay particular attention to how their physical stores are perceived by customers when designing their environment. Emotions are key indicators of the mental state of the customer which, in turn, provides an invaluable insight into his or her engagement with cognitive process (Bustamante & Rubio, 2017). Bagozzi, Gopinath and Nyer (1999) sustain that emotions can lead to physical expressions such as facial expressions, gestures and postures; these can result in specific actions taken by the customer that serve to reinforce their emotional state. It is precisely for this reason that emotions are among the most valuable and reliable predictors of customer behavior (Carlson, Suter & Brown, 2010). By paying close attention to the role that emotions play in the retail shopping context, retailers can gain access to valuable insights and information that will help them to better manage the customer experience in their store (Bagdare & Jain, 2013).

In short, affective experiences rely heavily on the emotional responses of customers who express an intrinsic attraction or aversion towards an object, situation or event (Bustamante & Rubio, 2017). The affective dimension plays a key role in a customer's overall in-store experience because it provides an invaluable insight into how they are responding to the marketing stimuli which, in turn, influence the customer's perceptions and behaviors towards the physical retail store and its brands (Bustamante & Rubio, 2017).

2.4.3 Social Dimension

The social dimension differs from the other two dimensions analyzed above in that it involves a two-way interaction between the customer and the service components of the physical retail store (Bustamante & Rubio, 2017). The social dimension is therefore a co-created experience that calls for the customer to perceive, interpret and interact with different elements of the service such as other people in the store, in an individual and collective process (Bustamante & Rubio, 2017). There have been a number of studies carried out on the in-store social dimension that have portrayed the retail stores environment as a breeding ground for social interaction (Brocato, Voorhees & Baker, 2012; Hu & Jasper, 2006; Pan & Zinkhan, 2006) During a visit to the store, customers have the opportunity to socialize with store employees and other customers, allowing them to engage in social activity with actors outside of their everyday lives. (Bustamante & Rubio, 2017). Gentile, Spiller and Noci (2007) refer to the collective phenomenon of in-store interaction as a social experience that is defined by the customer, his or her social context and the relationship with other people and *ideal self* (p.398). The latter is of particular significance, as the social experience has its roots in social identity theory which focuses on the individuals emotional and evaluative aspects of belonging to a social group as well as the self-concept (Tajfel, 1981). Therefore, the organization of an individual's experience in the social world in centered around his or her social identity; from

regulating the self-image and group behavior towards other members of the same group to relationships with the physical environment itself (Bustamante & Rubio, 2017). Furthermore, these relationships that form part of the social experience vary in intensity and quality, according to the type of rapport that customers are able to establish during their interaction with other individuals (Bustamante & Rubio, 2017). According to Ouwersloot and Odekerken-Schröder (2008), the customer relationships that form the social experience are part of a broader social system in which the strength of the rapport varies based on the members that make-up the system. Based on this interpretation, the social dimension of in-store customer experience is directly correlated to the quality and intensity of relationships that are formed among the individuals that interact within the social environment. In the context of the physical retail store, the social system is composed of interactions of two categories of members: the customer-customer and the customer-employee (Bustamante & Rubio, 2017). Examples of the customer-customer interactions involve giving and receiving advice or opinions and engagement through interaction (Moore, Moore & Capella, 2005; Parker & Ward, 2000; Yoo, Todd & Frankwick, 2012). Examples of customer-employee interactions, on the other hand, range from giving opinions and receiving advice to engagement through interaction (Hu & Jasper, 2006; Menon & Dubé, 2000; Pan and Zinkhan, 2006; Sharma, 2001).

2.4.4 Physical Dimension

The physical dimension covers the physiological responses that the customer exhibits during their interaction with a store's environment (Bitner, 1992). De Looze, Kuijt-Evers and Van Dieën (2003) describe these responses as a series of states of well-being that range from comfort to discomfort and everything in-between. The authors define comfort as an individual's subjective sensation of well-being that include pleasure and harmony, which manifest themselves both on a physiological and physical level. These subjective sensations arise in response to how the customer perceives his or her environment. Discomfort, on the other hand, represents a general state of ill-being in response to the environment and manifests itself above all on a muscular level, where it is associated with symptoms such as pain, tension and exhaustion (Lan, Lian, & Pan, 2010). Again, emotions play a key role here in determining how customers perceive their physical experience in that they contribute towards the formation of beliefs about the environment itself through interactions with the store and people (Yalch & Spangenberg, 2000).

In short, the physical dimension covers the customers' internal physiological responses to the stores environment that, in turn, influence his or her state of comfort or discomfort that significantly contribute towards their behavior and overall in-store customer experience (Bustamante & Rubio, 2017). Bitner (1992) attributes the comfort/well-being and discomfort/well-being physiological states that customers' experience to the store's atmosphere.

2.5 Millennials In-Store Customer Experience

2.5.1. The Millennial Generation

Millennials are those born between 1980 and the 2000's and they are quite possibly one of the most overanalyzed and yet misunderstood generation in history (Hyder, 2014). Seeking to sum up an entire generation in a few neat, tidy catchphrases and generalized behaviors, companies not only risk getting them wrong, but also risk losing them as customers. Yet many retailers today are doing both. They accuse millennials of being a bunch of disaffected, lazy, spoiled and entitled consumers who eschew material belongings (Ordun, 2015). As they are the first generation of *digital natives* (p.1), having been brought up in a digital, media-saturated world (Meyer, 2016). However, it is incorrect to assume that all millennials are digital natives as some did not have access to such technological communication due to e.g. poverty.

So, how will millennials shape the future of retail, and are they power consumers or anti-consumers? By 2020, this generation will have a purchasing power that spans to about a third of total spending worldwide (Yarrow, & O'Donnell, 2010). However recent data has signified that in both North America and many European countries, incomes have trailed behind the national average and in interviews with the Guardian, millennials expressed that they are facing greater obstacles in trying to provide for themselves than previous generations (Barr and Malik, 2016). Especially in Northern European countries a more negative stance is taken with regard to their financial prospects and that of the next generation (Mcdermott, 2017). Taken into account, they still long for a well-balanced life, allowing for sufficient leisure time (Mcdermott, 2017). Millennials are also mobile first, representing the highest smartphone user segment in nearly all developed markets (Nielsen, 2016). This large use of mobile technology has led them to spend above average amounts of time on social networks such as Facebook, Instagram, Twitter and Snapchat expecting personalization, but are also notoriously quick to switch as a new one comes along (Lenhart, 2015; Fromm & Garton 2013; Smith, 2011).

A noteworthy comparison is to be made with the generation following the millennials labelled as generation z- born and born after the year 2000. The difference in preferences between the two group is minor; millennials are more value driven, praise authenticity, want trustworthiness in a brands values, personality or communication and prefer ecommerce (Barton, Koslow, & Beauchamp, 2014; Fromm & Garton, 2013; Mcdermott, 2017; Mirrlees, 2015; Ordun, 2015; Schawbel, 2015). They have the tendency to first select a product of choice before selecting the retailer (Parment, 2013). Whereas generation Z is the first generation to be born into a fully digital world that spends significant amount of time online and by virtual integration engages with their preferred brands (Bernstein, 2015). Generation Z have higher expectations, have little brand loyalty, are largely omnichannel shoppers, value bricks and clicks more (retailers with online and offline presence), and have a higher preference for holistic brand experiences in comparison to their millennial counterparts (Schlossberg, 2016). Notwithstanding, that the collective similarities and expectations between both groups will also vastly impact the retail landscape. As they are increasingly cashless, both want instant gratification, and are heavy users of technology in the form of digital and virtual interaction (Van den Bergh & Behrer, 2016).

2.5.2. Millennials attitudes towards experiences

All of the aspects stated above are true, but does this mean that millennials have no interest in visiting the physical store? Fortunately, it is not as bad as it sounds. In a 2016 U.K. based study it was discovered that the physical store is actually most valued by young consumers aged between 16-24 and 25-34 years old and that their use of online pure-play retailers is significantly low (Verdict & British Land, 2016). In another study similar results showed that this generation wants to visit the store, so they can touch, feel, smell and pick it up (Donnelly & Scaff, 2013). Within specific categories such as merchandise it was found that 91 percent prefer to shop in physical drugstores versus online stores, this was 68 percent for electronic stores, 84 percent for department stores and 83 percent in physical discount and mass retailers (Donnelly & Scaff, 2013). In yet another research study, nearly half of millennials valued their *experience* with the brand more than the actual product, more than double than the previous generation of baby boomers (Harris, 2015). Indicating to be willing to spend more on real-life experience rather than materialistic objects (Eventbrite, 2014). As they are more experiential driven and find it important to be immersed in the experience narrative, 48 percent of millennials feel that brand experience is the greatest determinant to gain loyalty (Harris, 2015). When in-store experiences combine technology, personalization and price to demonstrate how the product is in line with their needs the majority find it thrilling (Howland, 2018). A potential driver for this experiential preference is FOMO as the majority has showed the eagerness to participate, share and engage for 'Fear Of Missing Out' (Eventbrite, 2014). Especially because experiences have the ability to form identities and lasting memories, so it is not surprising millennials "crave" (p.2) experiences, for it also cultivates connections among people and forms communities (Eventbrite, 2014).

Millennials show clear indication that they are into physical experiences and in a world where about every aspect of our lives has been somewhat digitalized, the question is how do we best provide a physical retail environment that provides engaging store experiences?

2.6 Theoretical Framework

Theoretical Framework
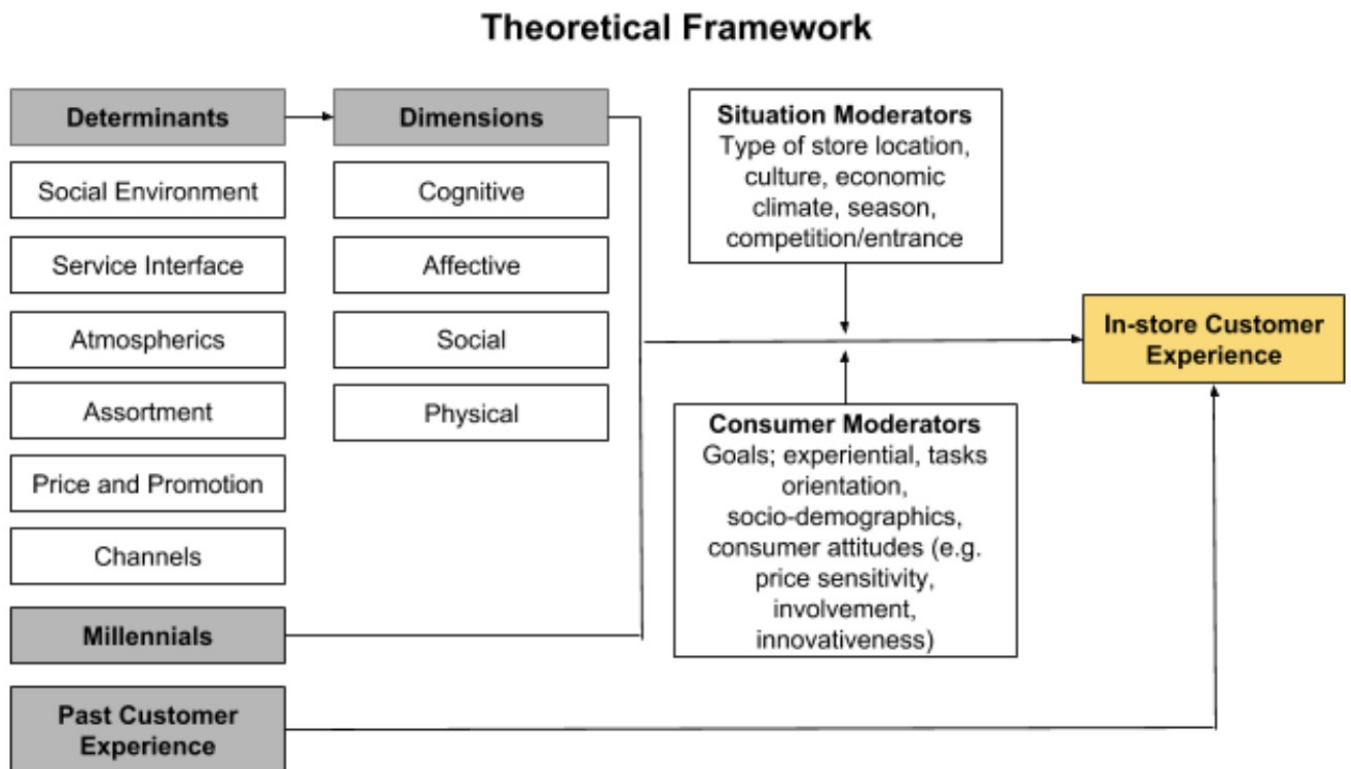
Figure 4: Theoretical Framework - Adapted from (Bustamante & Rubio, 2017; Verhoef et. al. 2009)

Drawing from prior research, we have adapted a theoretical framework (Bustamante & Rubio, 2017; Verhoef et. al. 2009) that provides a holistic representation of the individual components that contribute to the formation of the in-store customer experience. Several determinants of customer experience are defined, these encompass the social environment, service interface, atmospherics, assortment, price and promotions. Despite the fact that our focus is on the in-store customer experience, the presence of the multi and omnichannel environment and its effects on the in-store shopping environment are recognized. The model includes millennials as we wish to focus on this cohort, being the largest consumer group their major influence on the future of the brick and mortar retail space cannot be ignored. Past customer experience iterates that every customer-to-brand interaction can positively or negatively shape the current or future experiences with the retailer. The components form the reflective dimensions (cognitive, affective, social and physical experience) evaluating satisfactory psychometric properties (Bustamante & Rubio, 2017).

In addition, although consumer and situational moderators are acknowledged they are not taken into consideration as they are considered to be of secondary importance (Verhoef et. al. 2009). Furthermore, these moderators shown in our model have already been extensively elaborated on in existing academic literature (e.g. Aguirre-Rodriguez, Bosnjak & Sirgy, 2012; Hariharan, Desai, Talukdar & Inman, 2018; Luk, Sharma, & Chen, 2013; Vlachos, Theotokis, Pramatari & Vrechopoulos, 2010). On the customer side, our model cogitates the various determinants

on the customer experience as they are balanced by the individual's motivations through the purchase journey. For example, experientially oriented consumers may consider atmospherics an important driver of in-store customer experience whereas task-oriented consumers might prioritize assortment and price. These motivations are formed by a plethora of conditions some of which are: personality traits, socio-demographics, location and situational circumstances. Lastly, the existence of potential moderators external to the model are recognized, suchlike store category (e.g. food and beverage, fashion, home furniture), channel (e.g. store vs internet), location (e.g. Lund city centre or elsewhere), culture (e.g. Swedish vs other), season (regular vs holiday), weather, (e.g. sunny vs rain), economic climate (e.g. bear vs bull market), and competitive intensity (e.g. retailer size, assortment depth and category expertise) (Draganska & Klapper, 2007; Verhoef et al. 2009). Again here, these potential moderators are not taken into account for the purposes of this study. Therefore, the model insinuates the specific conceptualization of how the millennial consumer experience is to be created when designing in-store retail environments. Despite the fact that each section concentrates on one driver of the customer experience, it is crucial to comprehend that the customer experience creation process is composed of multiple independent touch points throughout the exchange process (Verhoef et al. 2009).

In the remaining sections of the model we deep dive into the determinants, dimensions, millennials and past customer experience. These sections are shaded in gray to emphasize where the focus of this study lies.

2.7 Key Concepts for Customer Experience in the Retail Environment

The following section is dedicated to summarizing the key concepts of customer experience in the retail environment that were elaborated on in the literature review chapter.

● The customer experience construct is a holistic phenomenon and embodies the customer's cognitive, affective, emotional, social and physical responses to the retailer.

● The *cognitive* dimension represents the first step in customer experience in that it requires the customer to gather and process information that is relayed to them via the marketing stimulus contained in the store environment. The cognitive process allows customers to form attitudes, beliefs and sensations towards the retail store and its brands while prioritizing their attention towards the stimuli that are more attractive or persuasive in their minds.

● The *affective* dimension focuses on the customers emotional states in response to the stimulus acquired during the cognitive process. The emotional reactions that customers express during their time in the store's environment is a valuable source of information for retailers, as they serve as key indicators of which aspects of the customer experience are beneficial or harmful to the store. Moods are also said to play a role in evaluating a customer's affective process.

● The *social* dimension is a co-created experience that involves two-way interactions between the customer and other customers and/or the customer and store employees. The retail store environment is said to be a social breeding ground, where customers can engage with the concept of the *ideal self* while socializing with entities outside of their everyday lives. The quality of social process is therefore directly correlated to the quality of the social interactions that occur in the retail store.

● The *physical* dimension relates to the customers internal physiological responses that are brought about via interaction with the store's physical environment, including brands and people. The physical states that customers find themselves in as a consequence of said interaction are represented as states of well-being that range from comfort to discomfort and can also carry some influence towards shaping the customer's behaviour.

● The customer experience paradigm is formed by a holistic co-creation process between the retailer and its customers. The retailer provides the experience platform within its servicescape through various determinants which in turn trigger customer stimuli to form their perception of the retailer and determine the total customer experience.

● Within the realm of customer experience, *emotions* play an intrinsic role in the formation of customer experience. Emotions are thought to supersede, or in some cases, even overrule other rational instincts that drive customers purchasing behaviours and can be a beneficial resource for retailers in driving sales.

●The creation of the customer experience can be influenced by moderating determinants. These include consumer, social, situational, customer-related and personnel-related determinants.

● Consumer behaviour is driven by rational decisions but also profoundly influenced by one's emotions.

● Past experiences influence the formation of current and future experiences.

● Customer experience has received recognition from many authors as the main competitive differentiator and can lead to increased customer satisfaction resulting in repatronage intentions, brand loyalty and trust. Retailers extract these benefits by correct and strategic implementation of customer experience management.

● Technological advancement and digitalization impact the millennial customer behaviour, their expectations pushing retailers to constantly innovate and seize opportunities for creation of remarkable customer experiences.

● This thesis has its focus on the in-store shopping experience as perceived by the millennial consumer. It encompasses the customer's experience with regard to their cognitive, affective, social and physical responses to marketing stimuli, other customers and personnel. The presence of multi-and omnichannel is recognized but not delved into as it is not within our research scope.

3. Methodology

In this chapter, we present the chosen research philosophies that form the assumptions affecting our research perspective. The methodology chapter serves as a foundation for reasoning research design, research strategy and our method of data collection. Following this, the data sampling approach and data analysis strategies are introduced. The next section discusses the validity and reliability of the qualitative approach for this study. Lastly, the possible limitations of our methodology, as well as the ethical and political considerations of the study are discussed. Table 2 below provides an overview of our methodology.

Ontology	Constructivist (Subjectivist)
Epistemology	Interpretivist
Methodology	Inductive Approach, Qualitative Data
Methods & Techniques	Semi-structured Diary Forms: Participant Observations

Table 2: Methodology Overview (Easterby-Smith, Thorpe & Jackson, 2015; p.47)

3.1 Research Philosophy

The research philosophy is an essential component to the research in that it serves to outline the way that researchers create knowledge and how they chose to analyze data. The adopted research philosophy therefore has the ability to influence the research methods that will be employed for data collection process (Saunders, Lewis & Thornhill, 2009). Research philosophy falls under two separate schools of thought, namely ontology and epistemology. Both these research philosophical cornerstones must be addressed before proceeding with the research design, research strategy and research collection techniques (Bryman & Bell, 2011). In doing so, the researchers are able to better both the quality and the creativity of the research (Easterby-Smith, Thorpe & Jackson, 2015).

The ontological philosophy is founded on the nature of reality and existence (Easterby-Smith, Thorpe & Jackson, 2015) and seeks to guide researchers in shaping their opinion on how the world functions (Saunders, Lewis & Thornhill, 2009). The current study seeks to understand the subjective reality of customers; therefore, this thesis follows the *subjectivist* (equally known as *constructivist*) ontology (Bryman & Bell, 2011).

Consequently, there can be no single reality that can be explored by researchers, rather multiple perspectives that can be utilized to study the same phenomenon (Easterby-Smith, Thorpe & Jackson, 2015). Since the purpose of this research is to identify how millennials experience the physical retail store environment, our epistemology lends itself best to the *interpretivist* perspective. By taking into account different perspectives that are formed around the same

topic of study, a more holistic and comprehensive view can begin to take form. The epistemological philosophy encompasses the researcher's point of view on what constitutes acceptable knowledge (Saunders, Lewis & Thornhill, 2009) and aids the researchers in understanding the best approaches to enquiring into the nature of the world (Easterby-Smith, Thorpe & Jackson, 2015).

3.2 Research Design

Research Design	Participants	Store Selection	In-store Observations	Data Analysis	Theme Identification
	22 Millennial generation consumers between 23 and 31 years old (average of 25), 68% was female and 32% was male	Diary form sent to participants and informed to select 1 retail store for observation in Sweden	Participants were asked to visit and document their in-store shopping experience by use of a diary form and reflecting upon their cognitive, affective, social and physical dimensions	Diary forms were reviewed to identify patterns of recurring themes within the findings	Identify the main drivers and inhibitors of the physical retail store for the that resonate with the Millennial consumer

Figure 5: Research Design Overview

The aim of the present study is to investigate how millennials experience the physical retail store environment. The first step in achieving the purpose of the research involves the creation of a clear and focused research design, outlined by the researchers. A research design can be thought of as a useful framework used to organize each and every aspect of the research activity; this includes the gathering of data using means that are most likely to satisfy the research aim (Easterby-Smith, Thorpe & Jackson, 2015). Similarly, the essence of a research design involves making choices on what is to be observed and how the researchers will carry-out their observations in ways that are best suited to answer the research question (Easterby-Smith, Thorpe & Jackson, 2015). In the case of this thesis, the object of interest involves the discipline of customer experience and how it is put into practice for millennial shoppers who frequent the physical stores. An exploratory design predominantly benefits from qualitative data collection procedures, as it is relatively unstructured, and its primary focus is to generate new insights (Bryman & Bell, 2011). With our stated purpose and research question, the choice of an exploratory design enabled capturing a plethora of experience nuances within the brick and mortar retail space, while ensuring the current research design was in line with our philosophical positioning.

Deductive logic provides opportunities to test and possibly revise existing theory with empirical results (Bryman & Bell, 2011). This research will partly adopt a deductive approach, as it aims to build on the understanding of millennials perception of customer experience based on previous research that focuses on the four principal dimensions of in-store customer experience. Our reasoning is that of the inductive logic, as we applied a bottom-up approach,

where the collection of data enabled the researchers to then draw broad generalizations from specific in-store observations (Bryman & Bell, 2011).

3.3 Research Strategy

Arguably one of most important decisions that researchers must face when contemplating their research strategy is choosing between a qualitative and quantitative data approach. As mentioned briefly in the introduction chapter, the customer experience construct lends itself best to a more qualitative approach (Bustamante & Rubio, 2017). The latter view is supported by Palmer (2010) who sustains that "qualitative techniques are the only way to really understand experience from the perspective of the consumer" (p.203). Accordingly, the authors of this thesis have adopted a qualitative approach, as this best serves the purposes of our research. Following the philosophical archetype and the research design outlined above, we opted for a qualitative case study (Saunders, Lewis & Thornhill, 2009). The primary motive for our choice was the demand to acquire rich data from several diverse environments. Furthermore, our position on in-store customer experience is highly dependent on the physical space and the occurrences therein. According to Yin (2003), researchers should consider adopting a case study design when: the research question is expressed in terms of "how" or "why", the participants behaviour cannot be influenced by the researchers and contextual conditions are desirable and accounted for. The present fulfills all three of the above criteria. Furthermore, a single-case study format was employed, given the specific type of study that was carried out that has the singular focus on exploring the customer experience construct. The decision to peruse a single-case study format was further reinforced by the subjectivist ontological philosophy previously stated (Easterby-Smith, Thorpe & Jackson, 2015).

3.4 Data Collection

Following the selection of a qualitative approach to tackle the research question of this thesis, the researchers deliberated over the choice of which method would best fit the purposes of the research. The qualitative approach offers a plethora of rich data collection methods to include: interviews, focus groups and ethnography (Easterby-Smith, Thorpe & Jackson, 2015). In order to better understand the complexity of the millennial in-store customer experience, the researchers opted to employ the qualitative diary method. Hereafter, a discussion of the archival and solicited diary method in qualitative research will be elaborated on. Next, the implications of designing of a factual and solicited study will be reviewed. Following this, the data analysis approach will be discussed in conjunction with the strengths, weaknesses and ethical considerations of a qualitative diary research. Lastly, we will demonstrate how this method contributes to this study, in accordance with its main attributes, advantages and possible limitations.

3.4.1 Semi-structured Diary Forms: Participant-observations

The diary method has endured many transitions in its usage throughout history as a medium for people to share their experiences and occurrences of the world around them (Hyers, 2018). The author (Hyers, 2018) best describes the diary as "a treasure trove, containing the riches of first-hand testimony on a wealth of subjects" (p.1). Diaries provide a regular insight into lived experience as the researcher asks participants to actively report their actions, experiences, behaviours and perceptions on the questions provided by researchers (Bartlett & Milligan, 2015). It also gives the participants more autonomy to share what they want, where they want it and when (Meth, 2003) and the personal experiences collected consist of greater detail as data collection is less prone to memory depletion (Bryman & Bell, 2011). Within the realm of qualitative studies, diary studies tend to be less interactive than for example interviews. The role of the qualitative researcher in this study is that of the lantern. According to Shank (2002, cited in Hyers, 2018) the role is to "illuminate certain parts of a story - wherever the researcher helps shine a light, a small reality is revealed" (p.80). This examination from within and qualitative research, serves an approach acknowledged as *interpretivism* (Crotty, 1998; Denzin & Lincoln, 2000).

Solicited diaries are a strategically appropriate data collection method when longitudinal participant observation is not practical (Jacelon & Imperio, 2005), as is the case with this study. Semi-structured pre-dated diary entry forms containing four dimensions (i.e. cognitive, affective, social, physical) totaling 18 questions for reflection were sent to selected participants (millennials) by email on a set date in order to prompt completion. All items were qualitative in the sense that questions required an open-ended answer. Generating the items for each dimension arose from adaptations of the scale designed by Bustamante and Rubio (2017) into a qualitative study. The cognitive component reflects the mental responses to the marketing stimuli within the retail store (Bustamante & Rubio, 2017). Whereas the affective component represents the variety of greatest frequency in emotions that customers experience as a response to marketing stimuli in a shopping circumstance (Bustamante & Rubio, 2017). The social component indicates the determination of social experience in customer-customer and customer-employee interaction (Bustamante & Rubio, 2017). Lastly, the physical component delves into the consumer's physiological response in their interaction with the servicescape (Bustamante & Rubio, 2017).

We opened with a full page of instructions on the cover of the diary adapted from Hyers (2017) as participants better grasp the task, leading to more detail rich data (see Appendix A). Participants were asked to use these forms to record their thoughts, feelings and reflections during their visit to one retail store in Lund, Sweden. A pilot diary entry was released first and revealed minor paint points where participants needed additional clarification of how the placed question wished to be responded to. They were requested to return the completed forms as a typed entry by email on the same day as their visit, to optimize memory recall. Semi-structured diaries have found to encompass more detailed descriptions with regard to the decision-making process (Radcliffe, 2013). Undeniably there was voice for concern regarding restriction of participant expression resulting in information loss since the aim for this study is to capture participants' experiences from their point of view therefore, significantly sized text boxes were provided. Ensuring dedicated diary writers required regular follow-ups, and

reminders by the researchers throughout the data collection led to an increase in participation and increased the volume of data (Jacelon & Imperio, 2005).

The distribution of diaries via email gave participants improved flexibility when taking notes as this task could be performed on their smartphone. Furthermore, as all entries were sent via email it alleviated the timely task of transcribing. Overall the email-diary showed clear benefits over traditional diary methods, as the ease and flexibility of submitting a diary encourages participation (Jones & Woolley, 2014). Lastly, the analysis of the collected diary data may present a challenge as an encountered in a study by Välimäki, Vehviläinen-Julkunen & Pietilä (2007) which included diary research and noticed four styles of responses, namely: meager (brief, one word or 1 sentence), reporting (distanced), descriptive (highly personal), and reflective (in-depth and future-oriented).

3.4.2 Data Sampling Approach

A convenience sampling strategy involves targeting members of the population that meet a certain criterion; such as easy accessibility, availability of time, geographical proximity, or willingness to participate in the study (Etikan, 2016). The focus of this thesis places emphasis on the millennial generation and how they experience the physical retail store. A convenience sampling strategy lends itself best to the data collection strategy, given that the researchers hold a rich network of millennials contacts. The chosen respondents for the study fit all of the above criteria for convenience sampling; all participants are students enrolled at Lund University and thus share the same geographic proximity as well as availability of time, enabling ease of access. On this note, convenience sampling is sometimes referred to as 'accidental sampling' due to the fact that members may be chosen in the sample because of where they are situated, spatially or administratively, during the process of data collection (Etikan, 2016). If the sample was selected randomly, complications might arise in the form of respondent non-compliance, where participants fail to carry out their individual contribution to the study in a timely manner (Etikan, 2016).

The underlying assumption with convenience sampling is that the members of the target population are homogenous (Easterby-Smith, Thorpe & Jackson, 2015; Etikan, 2016). Therefore, the theory supports that the results obtained would not differ from "a random sample, a nearby sample, a co-operative sample, or a sample gathered in some inaccessible part of the population" (Etikan, 2016, p.2). One of the limitations of the convenience sampling strategy is that the results are likely to contain some element of bias (Easterby-Smith, Thorpe & Jackson, 2015; Etikan, 2016). That is to say, the researchers have no way of knowing how well the convenience sample represents the general population in the context of the research; this makes the sample strategy unpredictable and subject to severe hidden bias (Etikan, 2016). Furthermore, the researchers must acknowledge the subjects that are potentially excluded from the study during the sample selection process, as well as subjects that could be overrepresented in the sample (Etikan, 2016).

In an effort to reduce any forms of bias during the data collection process, the researchers ensured that the respondents covered a wide range of criteria, to include both genders, multiple

nationalities and ethnicities as well as a good variation of ages within the millennial spectrum. In addition, by providing respondents with the freedom of choice to select which store they would utilize to participant in the study, the bias is minimized even further. The element of free-choice of participant's store selection resulted in an integration of a total of 12 different physical retail locations in the study, thus increasing the study's generalizability.

The researchers approached a total of 35 millennials enrolled in a Masters' program at Lund University, Sweden. Of the 35 targeted participants, a total of 22 completed their diary observations in their respective retail stores.

Participant N°	Gender	Age	Store	Store Category	Date	Time	Duration	Nationality
1	M	23	Systembolaget	Food & Beverage	13/04/18	10:00	10 min	New Zealand
2	F	26	ICA	Food & Beverage	14/04/18	11:40	27 min	Sweden
3	M	23	ICA	Food & Beverage	14/04/18	17:00	20 min	Canada
4	F	25	ICA	Food & Beverage	14/04/18	17:27	16 min	Austria
5	F	24	ICA	Food & Beverage	14/04/18	17:35	71 min	Canada
6	M	26	ICA	Food & Beverage	16/04/18	13:14	13 min	Bulgaria
7	M	23	ICA	Food & Beverage	19/04/18	16:35	21 min	Italy
8	M	24	ICA	Food & Beverage	20/04/18	-	-	Italy
9	F	25	COOP	Food & Beverage	19/04/18	17:51	11 min	Switzerland
10	F	25	Willys	Food & Beverage	21/04/18	12:10	20 min	Netherlands
11	M	25	Willys	Food & Beverage	25/04/18	08:30	30 min	Germany
12	F	24	Kicks	Fashion & Other	11/04/18	15:34	28 min	Sweden
13	F	25	Zara	Fashion & Other	13/04/18	11:35	30 min	Switzerland
14	F	24	Zara	Fashion & Other	22/04/18	-	-	Germany
15	F	25	Stradivarius	Fashion & Other	16/04/18	13:00	10 min	Germany

16	F	24	H&M	Fashion & Other	20/04/18	11:10	20 min	Germany
17	M	28	Åhlens	Fashion & Other	11/04/18	14:45	15 min	United States of America
18	F	23	Åhlens	Fashion & Other	15/04/18	15:00	40 min	Sweden
19	F	24	Åhlens	Fashion & Other	15/04/18	15:00	40 min	Germany
20	F	31	Lagerhaus	Fashion & Other	14/04/18	11:33	38 min	Brazil
21	F	26	Stadium	Fashion & Other	20/04/18	-	-	Germany
22	F	25	Rituals	Fashion & Other	23/04/18	18:00	15 min	Germany

Table 3: Table of Respondents

3.5 Data Analysis

Qualitative data studies have the proclivity to generate large sets of data (Bryman & Bell, 2011). Since the *phenomenological or sense-based* perspective has been adopted, our grounded analysis focused on the experience as the unique lifeworld or reality lived by an individual in a specific context specifically the in-store customer experience (Bustamante & Rubio, 2017). Our reasoning for choosing a grounded analysis lies in its ability to provide a procedure of attending in detail throughout the collection of empirical material as theory developed from and produced explanations of relationships and activities that reflected the life experiences and processes of the research participants that we were aiming to understand (Lawrence & Tar, 2013). On the subject of relationships, in accordance with Easterby-Smith, Thorpe and Jackson (2015), the authors wish to account for their relationship with the participants of this study and define these as social acquaintances, whereby both parties are on a first name basis.

Given that individual experience is constructed by means of the sensemaking in and of the participant's lifeworld (Bustamante & Rubio, 2017), it was vital to apply meticulous procedures to analyze the data while keeping the purpose of study in mind. A first step was to organize and systematically categorize all collected empirical material. The collection of empirical material extended over two weeks, to provide participants with a sufficient amount of time to be able to make their visit to one store. Out of the 35 participants requested to partake in the current study, a total sample size of 22 complete diaries were received. A total of 10 did not wish to partake and 3 did not conform to the outlined diary criteria. Out of these 3 invalid entries, 1 did not adhere to the provided diary form and the remaining 2 were done out of the predefined geographical context of retailers in Sweden. All participants were active Master students at Lund University and belonged to 12 different nationalities. With regards to gender, out of the 22 participants, a total of 7 were male and 15 female. The age distribution was

between 23 and 31 years old. Out of the 12 different retail stores visited, the average time spent in each store was 25 minutes divided over 19 participants as 3 did not provide their time of entry and exit to the visited store.

As our conceptual framework is composed of existing literature, designed to answer our research questions and was formed prior to data collection, it had bridged the gap between theory, empirical data and our purpose of this study (Bryman & Bell, 2011; Saunders, Lewis & Thornhill, 2009). The electronically received diaries were arranged in multiple overviews for example by store type, date of entry, time of entry and duration of shopping experience. Next, all responses were categorized per dimension (cognitive, affective, social and physical). Each of their answers to individual questions was systematically reviewed, summarized and depending on their response were given a symbol: plus (+) for a positive response, minus (-) for negative response or a plus & minus (+/-) for a neutral response. Jain and Bagdare (2009) sustain that cognitive evaluation and emotional reaction help to uncover the level of satisfaction experienced in the physical retail setting. Therefore, by categorizing the diary-driven empirics provided by the respondents, the researchers will have the means of establishing which reactions can be classified as inhibitors or drivers of the customer experience based on their cognitive and emotional elaborations.

Additionally, each of these three emotional states was color-coded accordingly with positive in green, negative in red and neutral in orange. Lastly, we proceeded to merge individual responses based on their positive, negative or neutral outlook to define greater overall themes per question within each dimension. Since our empirics have been classified in accordance with existing concepts outlined by our theoretical framework, this portion of our research can be considered deductive. Our analysis, on the other hand, was inductive given that we also evaluated themes that did not fit the theoretical framework and contributed to the understanding of what the main drivers and inhibitors currently exist in millennials retail experience, as well as which elements of the customer experience can be leveraged by retailers to create engaging and meaningful experiences.

To conclude, the executed analytical procedures were consistent with our chosen philosophical positioning, research design and strategy. This enabled us to develop a well-structured approach towards the analysis, which aimed to answer the research question and as a result fulfil the purpose set out for this research study (Saunders, Lewis & Thornhill, 2009).

3.6 Ethical & Political Considerations

Research ethics upholds an essential belief in the protection of research subjects and the greater research community (Easterby-Smith, Thorpe & Jackson, 2015). Four aspects are the cornerstones of research ethics and these are to be acknowledged and understood: harm to participants, lack of informed consent, invasion of privacy and deception (Bryman & Bell, 2011). We thought about the "subjects'' (p.556) as "agentic human beings" (p.556) and research participants, which were not be harmed during their participation in the current study (Cunliffe & Alcadipani, 2016). In order to subdue physical or mental stress participants were

informed that there are no right or wrong answers and no word limit was given (Malhotra, 2010). Moreover, participants have the right to anonymity and confidentiality, for that reason all identities and diary records remained confidential throughout the entire research study (Bryman & Bell, 2011). This meant that their full names were excluded in the results. All participants had the right to choose whether to participate or not and even during participation were free to remove themselves from the study. Overall this ensured that their privacy be respected and maintained at all times.

Informed consent included in the diary instruction section ensured that participants had a clear understanding of the purpose of the study, the individuals conducting it, how the empirics will be used, and what participation will entail for them (Ritchie & Lewis, 2003. Furthermore, the form emphasized that participation is strictly voluntary, and any feelings of obligation or gratitude were addressed accordingly (Holloway & Wheeler, 1996). In terms of the political facets, marketing research involves four key stakeholders which are the researcher, the university, the respondent and the public (Malhotra, 2010). It is essential to be conscious that every one of these stakeholders may be inclined to induce the course and any results of the study (Easterby-Smith, Thorpe & Jackson, 2015). The origin of ethical issues stems from the occurrence of conflicting interest between stakeholders and this meant that complete transparency was upheld interminably in the current study (Malhotra, 2010). With regards to politics of access, maintaining high-quality access was crucial to the success of this research project that involved data collection or fieldwork in retail stores. All visited retail stores were free to access by the public and thus required no permission from the organization. A "responsible common sense" (p.556) in relation to access foregrounded the need for integrity to the people and stores we were studying as it obligated the researchers to form a reflexive sensitivity to social and organizational relationships in terms of the possible moral dilemmas, political implications, and the effect of our research on not only the research participants, but also ourselves (Cunliffe & Alcadipani, 2016).

Amid the design phase of the diary form, potential pitfalls were ever-present as they would have cause to undermine the ethics of the current study. During question formulation the use of selective or biased word choice was shunned (Malhotra, 2010). For instance, no examples of certain emotions were suggested towards participants in order to assist in answering the provided questions. The current study was sent to the participants upon completion via email as it is considered ethical to inform them about the outcomes of the study (Fernandez, Kodish & Weijer, 2003). Overall, we abided by the universalist stance in that ethical precepts at no time are to be broken, violation of any kind to these ethical principles are unjust in moral sense and are detrimental to the social research (Bryman, 2016, p.123).

3.7 Limitations

The main limitations of this thesis lie in the nature of qualitative research. Qualitative research is thought to provide an *internal generalizability* as opposed to a *statistical generalizability*, meaning that the data collected on the research topic is limited to a specific setting and therefore can solemnly be replicated (Easterby-Smith, Thorpe & Jackson, 2015). In addition, the nature

of non-probability sampling makes it impossible for the researchers to stipulate the chances of any member of the population taking part in the study (Easterby-Smith, Thorpe & Jackson, 2015). Consequently, there is an increased difficulty for the authors of this thesis to confidently claim that the empirics derived from the sample selected are applicable to the larger group the sample was collected from (Easterby-Smith, Thorpe & Jackson, 2015).

The limitations of a solicited diary are that of language nature as the participants must be able to comprehend and write down what is being asked from them in the requested language (Wiseman, Conteh & Matova, 2005). An indication of this requirement tends to favor higher-educated individuals, which can lead to a biased sample (Bartlett & Milligan, 2015). All participants within this study were Master students at Lund University and their study programme was carried out in the English language. The thesis therefore focuses exclusively on a millennial segment that share 'student' as an occupation. However, given that the focus of this study does not include the purchase expenditure of participants as a result of their in-store experience, the assumed limited income and budget restrictions are not taken into consideration when evaluating the empirics.

The stores included in this study cover a wide range of retail companies that vary in size, country of origin and industry. The researchers do not distinguish between the latter categories in order to provide a holistic or aggregate account of current customer experience as seen from the millennial generation standpoint.

3.8 Reflection on Trustworthiness and Potential Weaknesses

Our study presented a number of challenges to ensure trustworthiness of the data. These challenges included collecting data from multiple participants visiting different retail stores, developing a process for analyzing the data and completing in-depth analysis of the data. Despite the many challenges encountered while managing a significant qualitative data set, we prevailed in reporting research results that met the criteria for data trustworthiness. The following sections will outline the challenges and how they were addressed in handling the amount of data collected in this study. In the field of qualitative business and management research, the four imperative aspects of trustworthiness that qualitative researchers must determine: credibility, dependability, transferability and confirmability ensuring that the research findings are well-developed and complete (Bryman & Bell, 2011).

Credibility refers to the ability to evaluate the findings whether they are believable from the viewpoint of the participants (Bryman & Bell, 2011). In qualitative research, when relationships emerge between constructs, the relationship is supported by the obtained data as it contributes to a better understanding of the topic dynamics underlying the relationship (Eisenhardt, 1989). To guarantee quality criterion, the diary form was designed with existing theories linked to the research question. With consideration of the premises highlighted in the theoretical framework, we managed to integrate essential research subjects to gain a deeper understanding of pre-explored theory. By connecting this study's theoretical contributions to existing literature, it substantiated the credibility of this research (Eisenhardt, 1989). The

diaries were completed within a maximum of six hours after the in-store experience was carried out by the participants, ensuring that the events of the shopping experience were still fresh in their minds.

Transferability regards whether the findings can be generalized and applicable in more than one context (Saunders, Lewis & Thornhill, 2009). In previous studies, findings from case studies have shown high transferability due to integration of knowledge from existing theories supported by empirical evidence (Eisenhardt, 1989). This study did not wish to generalize its findings as the empirical material collected were from a relative small number of individuals in such the findings were affected by contextual uniqueness and cannot be directly generalized to other industries or markets (Bryman & Bell, 2011). Nonetheless, the transferability was taken into account by consideration of the multiple stores that are representative for the retail industry.

Dependability allows other researchers to evaluate the trustworthiness of the study by verifying that the findings are consistent with the raw empirical data they collected (Bryman & Bell, 2011). The processes of data collection, data analysis, and the results of the research study have been saved. In case a critical audit of our processes is requested, we will provide that person with the necessary information (Bryman & Bell, 2011). This in turn provided the possibility to evaluate the research study findings and confirm its consistency and repeatability (Bryman & Bell, 2011).

Confirmability is leveraged to evaluate whether the researchers permitted potential bias into the findings, as they should predominantly be formed by the participants (Bryman & Bell, 2011). With regard to our usage of semi-structured diaries it provided the necessary flexibility to investigate specific fields of interest. The diary format and its components were adapted from a previous research by Bustamante and Rubio (2017). Literature stresses that the empirical analysis procedure should be detailed to best confirm the findings (Bryman & Bell, 2011). This has driven us to be meticulous in both our empirics and methodology in the light of the assumptions underlying our study. The empirical method was strengthened as predetermined themes (cognitive, affective, social and physical) related to the research topic were incorporated in the diary forms (Saunders, Lewis & Thornhill, 2009). In our empirics section you will witness quotations from participants, directly proving our findings to be formed by participant opinions. by We placed our diary form template in the appendix A and a summarized overview of all the participant responses to support any future research on this topic. Overall, the measures taken as mentioned above enabled us to convey the participants perspectives rather accurately, while simultaneously minimizing our own potential biases.

4. Empirics

As previously described, Bustamante and Rubio (2017) put forward the idea that customer experience occurs principally on four different levels or dimensions: Cognitive, Affective, Social and Physical. The following sections will present the empirics collected from the 22 participant diaries while putting in evidence certain recurring themes as well as anomalies that will be further elaborated on in the analysis chapter of this thesis. The empirics collected utilizing the diary observations method - previously described in the methodology chapter - represent the findings gathered from a selection of different retails stores that include: Systembolaget, ICA, Coop, Willys, Kicks, H&M, Zara, Stradivarius, Åhlens, Lagerhaus, Stadium and Rituals. The categories or themes presented below are arranged according to the four dimensions stipulated in the theoretical framework. Moreover, the subthemes that follow are organized according to the specific aspects of the customer experience that each dimension encompasses, as previously outlined by Bustamante and Rubio (2017).

4.1 The Cognitive Dimension

4.1.1 Think, reflect and teach interesting things

The empirics collected on the participants cognitive component to their in-store customer experience revealed an overall positive outcome. The first question related to the reflective/thinking component of the cognitive dimension, whereby the individual's attention is directed to certain aspects of the store's environment via strategically placed stimuli.

> *"There is a sense of **visual cleanliness** due to the **well-organized display of products**. Makes me think how **easily accessible** certain products are and the wide availability of alternatives."* [Participant 9]

Here, the empirics strongly pointed towards positive engagements between the respondents and their respective stores environment.

> *"I think that everything here is **well structured and categorized according to the specific brands**. I like this way of displaying products (on shelves) since it is easy for me to find what I want. I usually **only go** to this store **when I am in need of a specific product,** if I am not, I know what brands I like and can go there straight away."* [Participant 12]

Participants also took notice of the product assortment, commenting on certain queues that belonging to the various stores atmospherics.

> *"All of the **colors** and **different foods** and **appeals to buy** either items on s**ale/ "exclusive items",** healthy/ unhealthy things make me reflect. They **appeal to my choice of the good options**."* [Participant 2]

*"The environment of Zara with the most recent fashion collection shown in **the window display invites** for checking out the **latest trends**. The whole product range and **assortment display** is quite interesting to reflect on."* [Participant 14]

*"I could **immediately see** that the **new spring/summer collections are out**. The whole set-up in the store windows and the entrance section was very summery, displaying plastic palm trees, flamingos and flowers."* [Participant 19]

Lastly, a common theme that surfaced among multiple respondents concerns the sensory stimuli that the retail stores visited were able to successfully leverage in order to capture consumers interest. In particular, the use of *scents* in the store were effective in hijacking the respondents sense of smell, triggering an assortment of reflective cognitive reactions in the case of participant 15 and contributing towards the desired positive emotional reaction to the retailers welcoming environment, in the case of participants 12 and 22.

*"Strong smell of perfume **reminds me** of shopping experience while studying in Italy."* [Participant 15]

*"The store also has **a specific scent** that is fresh."* [Participant 12]

*"The Rituals store I visited gave a very nice and **relaxing** first impression. Also, one of the first things I noticed was the **smell of fragrances** and beauty products. The smell and the music together gave a very relaxed **atmosphere**."* [Participant 22]

4.1.2 Awaken curiosity and bring interesting things to mind

The value of curiosity is largely independent of the interests, as several fixed their attention on objects in which they had no antecedent interest, thereby broadening their knowledge. Participants gaze went towards environment features, assortment options and the pricing strategies applied by the retailers with a focus on the price promotions or discount, while reflecting on the price to quality and quantity ratio.

*"The **chill environment** and the **good arrangement of products** (with very **visible discount offers**) definitely raises my curiosity regarding me finding the best possible offer on the **quantity/quality** scale."* [Participant 6]

*"Certain products are **promoted** and shown in the entrance, of those I've never seen before, my intrigue increases to know more about it and think of **ways to cook it or eat it.**"* [Participant 9]

*"... I got curious what the **kilo price is compared to the gram**, but as well to see the **origin of a product** and such"* [Participant 10]

*"Right at the entrance I noticed a big colorful (green, yellow, red) display stand showing all the different **discount offers** they had. We could already see the discount section from the*

entrance as there was a huge tag hanging at the wall straight ahead saying "Discounts up to 70% here". [Participant 19]

Those with an awakened sense of curiosity generated ideas in the field of the possible new culinary recipes or excitement of future situations to be experienced with the purchased products. Participants were noticeable of current trends within the marketplace signifying interest towards what the general direction of product innovation is developing or changing to in the near future.

*"It brings ideas to mind as to what I will be doing whilst **consuming the purchased product.** It develops a **sense of excitement** towards the near-future and event(s) to come."* [Participant 1]

*"the **desire to spend more time within the shop**, I also spend more time on checking all products and seeing some interesting ones that often **unlock my inner desire** to eat something specific that I have not tried for a while."* [Participant 6]

*"Mostly, I feel it shows **current trends and colors**. It's interesting to see what everyone is going to be wearing within the coming months, as this is a store that is a well-known store in Sweden."* [Participant 16]

On the other hand, several participants showed clear signs of little to no inspiration from a similar retail environment. A plausible explanation could indicate that participants do not expect an experience as the environment pushes them to shop task-oriented meaning they want to shop effectively and efficiently trying to minimize time spent within the store. Past experiences may have an influence as well as the store might have never stimulated inspiration therefore they expect a similar response on current or future visits.

*"**Well, being curious** in a grocery store is **not something you generally would experience…"*** [Participant 4]

*"Not really. It's **not an "experience"** going there, you just want to buy your things and get out."* [Participant 5]

*"**Don't really feel** like Coop awakens **my curiosity** either."* [Participant 8]

4.1.3 Inspire and generate interest

The empirics largely favored a positive cognitive response to stimuli that target inspirational reactions, leading the individual to take a particular interest to certain aspects of the customer experience dimension. These reactions related to knowledge of product origins, intricate balances of ambient conditions and reflections of the self to envision a better and healthier version for the future.

*"Mainly considering the **nature of the product** there was a sense of inspiration for me to become a **better person in the long-term future** by consuming less of the product…"* [Participant 1]

*"…I came across a **cooking stand,** where a chef was cooking with some products (that were on promotion) …"* [Participant 4]

*"Because of the **light and elegant environment** that makes me want to **take more "care of myself"** and feel like I belong in the store. There is also a lot of end caps in the store which almost all have video displays with commercials or pictures on them which makes it more alive and I get to see more products."* Participant 12]

*"Shows me different ways of combinations of colors and fits. Even combinations of different brands (e.g. bra=Adidas, tights=Adidas, shirt= Nike). **It makes it possible to actually imagine myself in the certain apparel** while having a workout and makes it possible to develop a positive feeling or a natural one/less emotional."* [Participant 21]

A number of participants found little to no inspiration from the physical retail environment by expressing it through negative connotations such as depressing where others simply didn't feel triggered to inspiration or creativity. An explanation could be that participants were not open to new experiences and as result were not open to experience a sense of inspiration.

*"No, it's **super depressing**. There is no decoration, no picture and the store is ugly. There is no way I could get inspired to cook some meals, there is no picture of meals nor suggestion of recipes. **Music** could be nice and a smile on the cashier's face…"* [Participant 5]

*"**No inspiration**"* [Participant 9]

*"**It did not trigger my creativity** that's for sure; the clothes exhibited were more or less everything I see on Instagram."* [Participant 13]

A strong theme that emerged among participants was the recognition for visual merchandising as the three-dimensional displays with bright colors and bold lettering are meant to attract customer attention in order to maximize sales. The displays offer a form of comparison for the participants whether it is a new product or a price promotion, they seem to peak interests by being in line with already existing interests. For some it is all about the visuals and design elements that juxtapose a product and its placement within the assortment.

*"Personally, the **prices within the retail environment** interest me as I can use them as a comparison point for the same product in different international markets, however this probably has more to do with the context rather than the store environment itself."* [Participant 1]

*"**Sales displays** would often peak my interest as they would often tempt me to purchase a product or more quantities of a product that I otherwise wouldn't. Often displays what is on*

*sale and **what the prices are the shape, size, label and packaging material that the package is displayed catches my eye.*** [Participant 3]

*"The **good and visible display of all products** + the way they are arranged within the store definitely makes me more interested in **devoting** some **more time within the store**"* [Participant 6]

*"It always gives me new ideas and inspirations based on my **previous knowledge** (described in the first question) and the beautiful stuff they have displayed. For me, it is **all about the visual** and design."* [Participant 20]

*"The **display of the new collections** kind of **inspired** me to wear more colorful and bold clothes this summer I would say."* [Participant 19]

4.2 The Affective Dimension

The empirics collected on the affective dimension enables the researchers to gain an in depth understanding of the emotional responses generated by the various store's marketing stimuli. In turn, this will provide valuable insight into how the millennial participants perceive their physical retail environment and how subsequent beliefs and behaviours towards those stores are formed. A number of respondents reported having experienced positive emotions towards the retail stores, such as hopeful, thrilled, inspired and relaxed. The impetus here takes form in the selection of products and the ambience, where products serve as sources of inspiration, motivation and as a vehicle to improve the self.

4.2.1 Emotions conveyed by the retail environment

The affective dimension involves degrees of emotion and mood molding, contributing to the different levels of intensity in the shopping experience. Participants revealed a strong affiliation towards the positive by describing an optimistic state of content and happiness. One participant felt an elevation of the spirit ascribable to the selection of beautiful products.

*"Definitely in a **good mood** as most of the time **music is very energetic**..."* [Participant 6]

*"**Hopefu**l – because there is **something that can be done to improve myself. Thrilled** – because they are offering a lot of products that is in my interest and I normally want to try them all."* [Participant 12]

*"In a **good mood, Contented Happy, Thrilled, Enthusiastic, Optimistic**: The lighting is great, and the place is very spacious. So, it is very easy to walk around and see all the options clearly. The selection of products always **elevate my spirit** because it is full of beautiful things."* [Participant 20]

*"It makes me feel **optimistic** and **enthusiastic** about my training/next workout. It kind of creates the demand I immediate want to work out, especially if I have bout something in the store. It motivates me to work out which in turn makes me also happy. The walk way through the store **reminds me of a running track in a sports hall** as it seems to be the same material of the floor."* [Participant 21]

Not all participants showed positive emotions towards the retail environment. Some entered the retail store with positive emotions of happiness, enthusiasm and excitement but as the duration of time spent in-store increased, feelings of being overwhelmed gradually appeared due to the sheer size of the product selection as the store tries to effectively utilize every square foot within the available space. This takes away from a positive experience and ends up with frustration as consumers start to fatigue in their objective of exploring the whole store or finding that one product they had in mind. Sometimes resulting in a feeling of defeat as they could not locate the desired products. One participant stated that the repeated lack of product availability started to make her question whether the customer is really king. These negative service encounters, could over time harm the customer-retailer relationship.

*"When entering the store, I felt **overwhelmed** as it felt like there was **so much** going on in the store with regards to **sections and collections**. I was **enthusiastic** to look through all the clothes in the first section of clothes. **Less enthusiastic** in the next section and less in the one after that, and so on. The large amount of clothes and brands made me feel like I was always **missing everything**, because I didn't have the energy to walk through every single rack. I felt annoyed as there was **so much new stuff and colors** that **I didn't feel comfortable** in as I had gotten used to the darker colors of past collections."* [Participant 18]

*"I'm often end up being **frustrated** when I go there because the **shelves are empty**, or I can't find what I'm looking for because it's located at the least likely place. Especially on a Sunday night, products are not available anymore. **I don't think this is acceptable.** Apparently, the **customer is king,** and I believe that he should always have his products available. It's not like if it happened once in a while, **it's every week."** [Participant 5]

*"First, when I just entered I was in a **very good mood** I would say, just **happy and excited** to spend some "girls-shopping time" with my friend. However, at the same time I was kind of **overwhelmed** when standing in the entrance section already as there were **so many different things displayed**) and so many different colors that we didn't really know where to go first. I remember us standing in the entrance section for a couple of minutes, looking around, before we decided to go left. I was definitely surprised of the broad and diversified product offer as I didn't expect that all of this would fit in the relatively small store. But the huge selection also let the store feel quite **over-stuffed**."* [Participant 19]

4.3 The Social Dimension

The social dimension offers an additional opportunity to the researchers to examine the customer experience under a new light, given that it centered on two-way interactions as opposed to internal processes that take place in the individual's mind in the other dimensions. Due to the fact that the social dimension involves one or more exchanges of interaction with other customers and the store employees, the quality of the experience here is largely correlated to the quality of the interactions themselves. The empirics derived from the social dimension presented a worrying prospect.

For practical purposes, the researchers have divided the empirics for the social dimension into two parts: The first part presents the respondents perspectives on social interactions with other customers and the second part on the social interactions with the store employees.

4.3.1 Giving to and asking advice from with other customers

The social experiences that the participants encountered were merely courteous exchanges and acknowledgement of one another's presence in the store.

*"Does **not really** happen but I would do it if someone asked. I would be honest but choose my words."* [Participant 5]

*"I **didn't** interact with other customers during this visit, except for a nod and smile as a greeting when passing them."* [Participant 17]

*"**Only a nod, smile or actual greeting** when passing each other."* [Participant 18]

*"I **did not** do this."* [Participant 22]

4.3.2 Sharing opinions and interacting with other customers

Participants predominantly revealed no interest in the sharing of opinions or interacting with other customers as it did not fulfill a need or want, intrude one's private space without a purpose, however some indicated they would voice their thoughts if the other customer is known as a friend.

*"Not if I am not asked for it. I **don't see the point** in sharing my opinion in a store setting as I see every person as being capable of making their own choices, independently of what I think about something."* [Participant 2]

*"**Don't think they want to hear it**."* [Participant 5]

*"**Only if** they are my friends"* [Participant 11]

*"I have **never** shared my opinion with other customers. They have never asked me for it, nor have I walked up and shared my opinion without an invitation to interact."* [Participant 18]

As for interactions a similar stance was taken as no strong feeling of willingness to interact was expressed, especially not involuntarily depicting interaction as phenomena or rare occurrence.

*"No, generally **no interaction is needed** in this type of store. This is further amplified by, in my own personal opinion, what can be considered a facet of Swedish culture and the lack of personal interaction within store settings or public places in general."* [Participant 1]

*"**Not involuntarily**, or if I don't know someone from before. I see the visit to Ica as a bit of **alone-time** and I don't want to be **approached by strangers**, so nor do I do that myself."* [Participant 2]

*"Not at the store, no. It happens **rarely**. I usually listen to music when I'm at the store."* [Participant 8]

4.3.3 Belonging to the community

A community encompasses the social interactions among a group of individuals with a "shared culture" (p.5) within a relational web that is in constant flux (Etzioni, 1996). Culture is shared by two or at least more individuals with a history, similar interpretations and a form of identity (Etzioni, 1996). As technological advancements have moved culture from not only being shared physically, it is now easier than ever to voice and share opinions digitally within a community. Nonetheless, many participants expressed an exclusion from community engagement within the visited stores. This was either caused by an inability to partake in the retailer provided loyalty programs or simply because they did not feel any attachment to the retailer.

*"No. Also **not in any other stores** I would say (not in clothing, not in media or any other stores)"* [Participant 4]

*"I go there several times a few but **don't feel any attachment** and **hard to feel included** when you can't get the **fidelity/points card** if you don't have a personal number."* [Participant 5]

*"No because I have no **loyalty card,** that according to me is what makes you part of the community."* [Participant 7]

*"I **do not** really consider myself to a community of customers as many customers of sports shop just buy sports clothes **to look good or pretend** they are doing sports or even."* [Participant 21]

4.3.4 Giving opinion and receiving advice with store employees

In this day and age, customers are more in tune, possess greater knowledgeable and have the tendency to expect that employees should contribute to enhancing the brick and mortar shopping experience or they might as well shop online (Bäckström & Johansson, 2017). On that premise one would anticipate increased interaction between millennials and store employees. Firstly, when asked whether participants would voice their opinions to employees their answers depicted no such interest as they assumed employees would not want to hear them. The urge to give one's opinion is *transactional*. Like buying a product from a vending machine. This transaction showed an increase in the occurrence of a bad experience, as participants want the issue at hand to be resolved.

*"**I don't give my opinion**, as I usually don't really reflect upon what difference it would make.* [Participant 2]

*"**Never** because **they never ask** so I do not take the initiative."* [Participant 7]

*"**No, I don't because I don't care,** and they probably don't care either."* [Participant 13]

*"No, **only when** I am **super disappointed** in a store."* [Participant 12]

When reading how participants answered to receiving advice from employees. It was noticed that this action only partook when specifically requested and as employees did not partake in active selling. This meant that they did not greet the customer or actively provide basic customer service.

*"I receive advice if I ask where a product is placed. Other than that, **I don't really give the employees the chance to give me advice,** nor would I want any advice **unless I asked** for it."* [Participant 2]

*"I can't remember this happening. **Unless I specifically asked** them to show me where a particular product is (this maybe happened twice in the past 8 months)."* [Participant 9]

*"Employees at Zara are quite busy, so they usually **don't give advice proactively**"* [Participant 14]

*"H&M **doesn't really offer** this customer service from the store's employees."* [Participant 16]

Nevertheless, not all is lost as participant 22 received remarkable customer service, providing the participant with a sense of reassurance that the rest of the shopping experience would be enjoyable.

*"One employee just **offered me some tea** and looked at me in a way that I **felt I could approach her** with questions in case I had some."* [Participant 22]

4.3.5 Asking opinions and sharing opinions with store employees

On the contrary, one would refrain from giving their experience to someone as they would usually ask if they could share their experience. Upon sharing an experience, you enter the other persons world or vice versa, feeling how they felt, seeing what they saw, think the thoughts and then questioning uncertainties. Sharing an opinion or rather experience is not transactional, but it is *relational*. Asking employees for their opinions was done rarely or not all based on the participants answers. This could be due certain retail environments the participants visited mainly sold fast moving consumer goods and thus the difficulty threshold was not high and therefore decreased the need for asking store employee opinions.

> *"**I rarely ask employees** for exact opinions of a product. It is more of asking if a certain product is available at the current moment."* [Participant 6]

> *"No, I **do not ask** for their opinion."* [Participant 11]

Sharing opinions should be viewed as a conversation, however participants rarely engaged or anticipated it would be an uncomfortable experience and therefore rather avoid it.

> *"I don't as I **don't see the point** of doing so, also I see it as **an uncomfortable interaction** that I'd rather avoid."* [Participant 2]

> *"I have **rarely** shared my opinions besides thanking them and wishing them a nice day."* [Participant 3]

> *"No, **only when** I am **super disappointed** in the store."* [Participant 12]

4.3.6 Interaction with store employees

Overall, the interaction with store employees was clearly present but mainly in situations where assistance was necessary with locating a certain product or help with the self-service checkout systems. Interaction always had to serve a purpose and was at no times solely for fun or pleasure except for the basic and polite etiquette of a simple greeting.

> *"**Sometimes**, not too often. More if I have a question or so."* [Participant 10]

> *"Well ... **Good morning, thank you**, I am having a look, **Have a lovely day** ... If I don't need anything else that is basically how I interact with people from retail stores."* [Participant 13]

> *"I **only** do **If** I think the **interaction really helps** me for the decision. I would not consider it as always helpful as many of them are not that much into a certain sport or personally interested in the sports I asked them to advise me. So, **I am mostly better informed** than they are"* [Participant 21]

4.4 The Physical Dimension

The data from the physical dimension represents consumer's physiological response in their interaction with the servicescape (Bustamante & Rubio, 2017). The focus here is placed on the participants emotional states and their correlation to their engagement with the physical aspects of the customer experience.

4.4.1 Physiological responses conveyed through interacting with the stores environment

The respondents provided a rich description of their environments, with emotional and physiological reactions deriving mainly from the stores landscape as opposed to interactions with other players in the retail space. The participants who engaged with their surroundings and experienced feelings of relaxation and well-being correlated these emotions to either previous experiences with the retailer, fulfilling a sense of purpose or familiarization with previous intimate surrounding, such as the home.

> *"Makes me **relaxed** and **inspired**. I've never had a poor experience so far with neither the customers, employees nor the products so I'm very satisfied with the supermarket. So, I definitely **feel content, comfortable, well, energetic, inspired, happy and positive**."*
> [Participant 8]

> *"**Well-being** – because when I am here it means that I am solving a problem and buying a product that I am in need of. **Satisfied** – with the product offerings"* [Participant 14]

> *"**Comfort and Relaxation**: The environment is very well planned. You have enough **space** to walk around without worrying that the store will be **overcrowded**."* [Participant 20]

The participants who reacted with a mix of positive and negative emotions to their surrounding environment attributed the negative feelings to components of the store's ambience, such as the lighting. These emotional states were described to contain feelings of stress and being overwhelmed brought about by elements of the environment that influenced by retailers, such as space/function management, as well as external elements, such as customer time-pressure.

> *"**Stress**- I find that the **lineups** and **lighting** of many stores often causes me some degree of **stress** and **anxiety**. I am often in a hurry to get my shopping done and don't always find such an environment relaxing. I sometimes find the **selection overwhelming**. **Comfort**- I also feel comfort at the same time, as the environment is familiar, and I know where most items are now. This makes the process quicker."* [Participant 3]

> *"The music made me feel **relaxed and comfortable** in the store. The large number of things in the store made me feel **stressed**, as I felt like I didn't know where to begin – the makeup, clothes, or accessories? It is a **spacious local, but** the **racks** were still **quite close to each** other for certain sections. They also had larger **displays** of mannequins, which **gave me more energy** to actually look through all their racks in the hopes to find even more cool clothes."*
> [Participant 18]

In certain instances, participants that felt overwhelmed to the point that they could not see any positives beyond this and did not report experiencing any alternative emotional states.

*"**Squeezed and rushed** there is no place at the checkout. When there are a lot of people, we are standing in the middle of the rows and the space between the end of the row and the checkout is so small everyone is walking on you. I **don't feel like it's very pleasant** to go to that store."* [Participant 5]

*"Kind of **overwhelmed** because the store is very big and there are a lot of people."* [Participant 17]

Lastly, participants also commented on how their familiarity with the store environment was beneficial to their experience and how expectations can play a vital role to the purpose of their visit to the store.

*"**Comfortable**, as I am familiar with the surroundings, know where to find what, have my own shopping route and know what to expect."* [Participant 4]

4.5 Overview of Empirics

The following section provides an overview of the empirics provided by the respondents which have been collected from the diary observations. Based on the response provided, the empirics were classified into three categories: Positive, neutral and negative. Where the empirics strongly pointed towards a positive reaction on behalf of the respondents the color green has been used. Where the empirics suggested a more negatively oriented reaction, the color red was employed. Where there the empirics represented a weaker position, the color orange was utilized.

The below tables represent the plurality of respondent's emotional states towards the key areas examined of the four dimensions of customer experience. They are not meant to be interpreted as a quantifiable amount, as this would directly oppose the philosophical principles of a qualitative study which has been selected by the researchers for the purpose of this thesis. Rather, the tables depicted below aim to highlight which aspects of the four dimensions present an element of conformity or divergence in the customer experience which will be discussed in further detail in the analysis chapter of this thesis.

Positive	Neutral	Negative

4.5.1 ISCX: The Cognitive Dimension

	Plurality of Participants Emotional Responses
Q1: Think/Reflect	Well-organized (Displays), Inspiring (Product Assortment)
Q2: Teach	Interesting (Seasonal Shopping), Informative (New Products)
Q3: Awaken Curiosity	Explorative (Discounts), Engaging (Visual Stimuli), Scents (Fragrance)
Q4: Bring Ideas	Excitement (New Purchases), Curiosity (Trends)
Q5: Inspire	Stimulating (Interactive Elements), Challenging (Language)
Q6: Interest	Visual Stimulus (Cleanliness), Educational (Product Packaging)

Table 4: Cognitive Dimension Participant Empirics

4.5.2 ISCX: The Affective Dimension

	Plurality of Participants Emotional Responses	
Q1: Make me feel	Good mood, enthusiastic (atmospherics)	Overwhelmed (Product Selection)

Table 5: Affective Dimension Participant Data

4.5.3 ISCX: The Social Dimension (Customers)

	Plurality of Participants Emotional Responses
Q1: Advise customers	Passive greeting only, reserved attitude
Q2: Ask opinion customers	Unnecessary, undesired, uncalled for behaviour
Q3: Share opinion with customers	Never or rarely

Q4: Interact with customers	Not involuntarily, the occasional greeting	
Q5: Consider myself a member of a community	Yes, loyalty program and small store	No, insufficient brand engagement and low level of loyalty

Table 6: Social Dimension (Customers) Participant Empirics

ISCX: The Social Dimension (Employees)

	Plurality of Participants Emotional Responses	
Q1: Give opinion to	Never, only when disappointed	
Q2: I receive advice	Basic information regarding product or location of certain product	No, only upon request
Q3: I ask opinion	Sometimes - when in doubt	No/Never
Q4: Share opinion	No, only for complaints	
Q5: I interact with	Sometimes, when in need	

Table 7: Social Dimension (Employees) Participant Empirics

4.5.4 ISCX: The Physical Dimension

	Plurality of Participants Emotional Responses	
Q1: Environment make me feel	Relaxed & inspired (environment)	Discomfort (environment)

Table 8: Physical Dimension Participant Empirics

5. Analysis & Discussion

The following chapter will provide a thorough analysis of the empirics outlined above. This will be achieved by comparing the research findings to existing theory. In addition, the research questions posited in the introduction chapter of this thesis will be addressed. In this study, the recurring themes highlighted by the millennials did not exclusively obtain the tangible, physical retail store elements but also bestowed insight into intangible facets, impressions, and the emotions provoked by the in-store environment. This amalgamation of visual and verbal means of expression provided a unique, holistic view of their experiences.

5.1 Sub-Question: What are the main drivers and inhibitors that contribute towards development of an engaging customer experience for millennials in the context of the physical retail store?

In the introduction chapter of this thesis, the researchers alluded to the importance of leveraging a memorable customer experience as a key differentiator in the retail space for the traditional brick and mortar stores. Pine and Gilmore (1998) sustain that staging experiences will be the next battleground where market-leading companies will compete for their customers business. Both marketing practitioners and academics are in agreement that the implementation of a memorable in store customer experience is not only essential for appealing to customers but a necessary requirement to create and sustain a competitive advantage in the long-run (Gentile, Spiller & Noci, 2007; Gopalani & Shick, 2011; Pine & Gilmore, 1998). The end-customer that retailers will be competing for will undoubtedly be the millennials generation, who already represent the largest and most influential consumer segment (Fromm & Garton, 2013; Mirrlees, 2015). Recent studies have revealed that millennials are experience-driven individuals that value their *experiences* with brands over the actual product offerings; more than double the amount than the previous generation (Harris, 2015). Therefore, gaining an understanding of what elements of the in-store customer experience qualify as drivers or inhibitors for the millennial customer is of paramount importance to the purposes of this research. The following section will explore what drives and inhibits the in-store customer experience, based on the empirics collected from the 22 participants of this study.

5.1.1 Social environment

As previously outlined in the literature review, the enhancement of the social environment is largely dependent on the quality of the interactions between the customer and other individuals present within the confines of the physical store. There is body of research to substantiate the claims that direct social interaction has the ability to influence consumer decision making and provide customers with new knowledge which, in turn, can change their impressions of a product, store or brand (Tsiros & Parasuraman, 2006). According to Verhoef et al. (2009) this

increase in consumer knowledge has the potential to benefit both the store brand as well as the consumer by creating a better overall shopping experience.

The empirical findings of this study strongly suggest that millennial customers contradict traditional understanding of the social experience. By and large, participants reported that social interactions with other customers were limited to informal or passive greetings that, at most, acknowledge each other's presence. In seeking to uncover the potential reasons that explain why social exchanges were rare among millennials, one respondent points out that these are unnecessary as they view other individuals as being autonomous entities that are capable of independent thought, and therefore do not see any value in gaining external opinions or how these could have an impact on their in-store behaviour. Another respondent claimed that they view their time in the physical store as "alone-time" where they did not want to be disturbed by other customers or "strangers", as they described them. This behaviour was reinforced by yet another respondent who sustains that, during their time spent in the retail store, they opted to listen to music in order to purposely avoid social engagement from other parties. One participant alluded to the fact that, in their personal opinion, the antisocial behaviour that can be experienced in retail stores has its roots in Swedish culture, where social interactions with other unknown entities are frowned upon and consequently very rare. On the other hand, social interactions that take place among friends who are sharing their in-store customer experience were evident among the millennial participants, as shown by one participant who expressed joy and excitement towards prospect of spending some "girls-shopping time" with friends.

Bustamante and Rubio (2017) defend that the social environment provides the customer with a unique opportunity to feel part of a community, where they are able to freely voice opinions, provide advice and suggestions and generally interact with others who are involved in the service environment. Given the participants distinct reservations towards sharing ideas and voicing opinions with other customers involved in the store experience, it comes as no surprise that the empirics strongly indicate a general adversity towards a sense of belonging to the store community. Interestingly, there were a number of participants who associated the concept of belonging to a community to being in possession of a "loyalty card". Therefore, the lack of social engagement could be explained by millennials interpretation of what constitutes a community in the context of the physical retail store and how members belonging to said community are expected to behave. In addition, one participant justified their position as being an outsider to the community by highlighting the fact that their interest in the store was different to that of the other customers present at the time. According to this participant, the other customers sought after the sporting store's products for purely aesthetic and image-driven motives as they did not actually engage in practicing any sports outside of the store. This point of view could be interpreted as being symptomatic of a clear absence of an interest in millennials to engage with other customers in the retail store environment. Consequently, in the absence of any meaningful social interaction among millennials customers, preconceived notions, opinions and attitudes towards other individuals are allowed to form. These unsubstantiated views thus open up the possibilities to negative connotations towards other customers in the retail store and the social environment as a whole.

5.1.2 The service interface

The servicescape measures the impact of the physical and interior environment in which service processes occur and both environments can have a positive influence on the customer experience (Lin & Liang, 2011). Likewise, within the utilitarian experience certain attributes (i.e. convenience and customer service) have shown to enhance the consumers' experience (Bustamante & Rubio, 2017). The findings of this study similarly indicated that millennial consumers mostly experience the physical space as a positively relaxed and inspiring environment. Although some retail formats evoked negative responses as participants felt overwhelmed and one participant felt it to be unauthentic. This is a voice for concern as Millennials are known to praise authenticity (Barton, Koslow, & Beauchamp, 2014; Fromm & Garton, 2013; Mirrlees, 2015; Ordun, 2015; Schawbel, 2015).

The layout provides a flow for the product presentation in the order the retailer desires the visitors to meet the assortment, while continuously maintaining an efficient customer flow. Millennials noted the level of order, cleanliness and continuity within the stores. Among the various stores layouts, they observed how retailers designed them to act as a guide for potential purchases. One participant described the presence of mannequins in their purpose for customers to quickly perceive current fashion trends. The retail formats observed by participants reinforced the idea that the millennial consumers uphold high expectations for the shopping environment (Calienes, Carmel-Gilfilen & Portillo, 2016). They stated a proclivity towards the convenient and efficient store layout, although this does not necessarily mean that the displays or store merchandising are to be "well-structured". Rather, it provides an opportunity for closing the expectation gap between the actual retail store design and how they wish to experience it.

The empirics suggest that millennials rarely engage with service personnel, hence the customer engagement with the *store employees* was mainly called upon in negative scenarios, where the customer had already experienced some form of inconvenience as a result of their in-store customer experience. Millennial accounts point out their reluctance towards employee interaction as they either seemed to be unapproachable or conducive to uncomfortable interactions and, in some cases, the participants believed that they were more knowledgeable than the employees themselves. The rare service interactions were limited to simple exchanges in regard to answering a question or merely a kind greeting. One participant received a remarkable experience which increased comfort and enhanced the shopping experience. This provides a window of opportunity that is in line with a previous study by Bäckström and Johansson (2017) where employees with professional and extensive job knowledge held significant importance as drivers for providing both positive and negative experiences.

This study supports previous findings by Schmitt (1999) through exploration of what *visual communication* cues and retail elements attract millennial shoppers. Displays are visually identified as a navigation tool towards product presence or promotions. The findings validate the impact of emotionality in the shopping experience identified in a study by Donovan and Rossiter (1982) as to what drives people's behaviour and emotions to make for an enjoyable shopping experience. Participants showed heightened states of inspiration instigating purchase

intentions since several participants felt energized and noticed an increase in time spent in-store, possibly resulting in greater spending.

The perceived service environment and a sought after desirable atmosphere carry distinct differences (Kotler, 1973). Many participants did not perceive the in-store environment as an "experience" as it did not manage to captivate, inspire or trigger them to engage with the specific retailer. On the other hand, several did ascertain the store to be comforting and relaxing, awakening feelings of nostalgia while reminiscing about memories of home. This ties in with studies by Kaltechva and Weitz (2006) and Faria, Aguiar and Melo (2014) where the configuration of the in-store environment attracted and retained the attention of several millennials leading to an enhance customer experience. Nonetheless, others felt no engagement, leading the researchers to believe that the retailer store failed to provide a captivating experience within the servicescape, therefore missing out on the opportunity to incentivize additional purchase intentions.

5.1.3 Atmospherics

Music has been said to influence consumers behavioral and affective responses and is highly dependent on the social characteristics of the user, such as gender, age, occupation, income and education (Jain & Baglare, 2011; Morrison et al. 2011; Zeimer & Ellermeier, 1999). In the case of the millennial consumer, the empirics suggest that the individual participants reaction to the music appears to be largely dictated by their moods upon entering the store. It is worth noting that not all participants acknowledged the presence of music playing in the store in their participant diaries. Those who did, experienced mixed reactions which varied according to how they perceived the store's environment. One participant who reported being in a "good mood" felt energized by the music playing in the store. Conversely, another participant who declared to be "super depressed" in response to the store's environment expressed their desire for the music to be better.

Lighting has been thought to enhance the attractiveness and presentation of products, allowing them to be displayed more visibly for the consumer (Quartier, Christiaans & van Cleempoel, 2008). Experts have previously investigated the role that lighting plays within the retail store as a means of grabbing customers attention as well as influencing their moods and purchasing intentions (Bellizzi & Hite, 1992). The empirical findings of this study fall in-line with existing theory on lighting, which is seen as a powerful tool for controlling the atmospherics of the physical store, with the contingency that it is executed correctly. When combined with the visible display or the surrounding environment, lighting was acknowledged by participants and interpreted as a positive aspect of their customer experience. In the case of one participant, the lighting together with the environment combined to promote a sense of belonging to the store. In fact, the same participant went as so far to say that the latter combination inspired them to take more care of themselves, suggesting that previous empirical claims regarding the role that lighting plays in the overall customer experience may be understated.

Ambient scents have long been thought to positively contribute to the retail environment when implemented in such a way that it complements the other components that make-up the overall

store's atmospherics (Chebat & Michon, 2003). The empirics here support the findings of Chebat and Michon (2003) as participants who picked-up on the scents utilized in the store environment attributed its presence to an overall relaxing and inviting atmosphere. One respondent in particular created a correlation between their in-store experience and another separate experience that took place abroad, using only the strong smells that were present in the store as a singular stimuli. The latter participant observation could be interpreted as a strong indication that, although atmospherics only contribute partly to the overall customer experience, they can still prove to be powerful influencers as a marketing tool in creating and promoting a memorable customer experience.

According to Kotler (1973) the *atmospheric* cues within the servicescape include tangible and intangible dimensions aiming for a desired effect among its consumers in order to drive bottom-line. As emphasized by Kotler and echoed by the findings of this study, the tangible facets of a physical retail store, while powerful as a singular cognitive stimulus, merely encompass a fraction of the total customer experience. That is to say, they are still reliant on complementary components of the retail environment for individuals to form a holistic perception of their customer experience. Therefore, while atmospherics represent an important determinant towards the quality of the individuals experience in the physical store, alone they are unable to qualify as a driver or inhibitor of the overall customer experience.

5.1.4 Price and promotions

Millennials have indicated to be value driven (McDermott, 2017) and in our study they have shown substantial price sensitivity during their physical retail store visits. Participants stated price to possess great influence on their purchase decisions mentioning it more often place price above other aspects such as quality, brand or retail format. They easily detected any in-store promotions and were quick to assess their purchase intentions in regard to quality versus volume. In one instance a participant compared the Swedish price to those in different international markets. This poses an interesting insight as one would expect in a blossoming economy that consumers would be less sensitive to pricing except that Millennials clearly are not following this trend. A very plausible reason is due to their aptitude to instantly compare prices online adhering to a general inclination to select the retailer with higher frequency of cheap prices (Danziger, Hadar & Morwitz, 2014). Furthermore, this substantiates the results Parment (2013) found where millennial consumers researched their products online prior to shopping at a selected retailer. The latter behaviour can be identified in the response provided by one participant who admits that the product selection was not new to them, as they had previously familiarized themselves with current offerings on Instagram. As retailers strive to continuously attract and retain more store visitors by aggressive pricing strategies, it must not be forgotten that the perceived store shopping experience is imperative for illustrating consumer value perceptions (Kerin, Jain & Howard, 1992). Millennials may experience the store by determining the relative positive or negative weight they accredit to price, akin to atmospherics, price is still only one determinant of the total customer experience (Erdem, Katz & Sun 2010).

5.1.6 Assortment

Product assortment represents one of the key determinants of customer experience; it is of vital importance that retailers carefully select their product offerings in such a way that they avoid the classic mistake of bombarding customers with choice. Configuring a store to best suit the requirements of each customer can pose a challenge for practitioners. In managing their assortment, Kahn (2017) suggests implementing a strategy that strives to reduce the assortment size and, in doing so, avoid customer information overload. The author also underlines the importance of carefully allocating the products within the retail store in order to facilitate the customers navigation through the various stages of their in-store experience. The empirical findings here fall in line with existing theory and advocate that a well-organized display of products evoke an engaging response from participants. According to the literature, a store's products selection represents more than just a revenue stream for retailers. Products form an intrinsic part of the customer experience, serving as marketing stimuli that aims to engage the consumer in various cognitive processes (Bustamante & Rubio, 2017). The researchers of this thesis identified three categories of responses that participants attributed to the stimulus derived from the product selection found in the respective stores visited. *The first response type* views the product selection as a point of reference or guiding system for navigating the physical store. One participant reported that the chosen strategy for displaying products was useful for them in locating the desired brands, especially when they were not looking for any specific product. Here the assortment served the participant by refining the search process for finding products and brands that they feel could be more of interest to them. A second participant commented on how the display of products served to emphasize a feeling of "ease of access" to the entire stores selection of brands. A third participant indicated that, to them, the product selection acted as a catalytic tool in that it provided a valuable insight into what goods they needed to purchase during their visit to the store. *The second response type* identified by the researchers was that of product selection as a source of inspiration for customers. Participants claimed on multiple occasions that the assortment of products inspired them in a number of ways. One participant described how the latest collection of fashion products on display inspired them to make more bold choices in their purchasing intentions. Another participant reported that the product selection inspired new and exciting ideas that spoke to their passion for interior design. *The third* and final *response type* that generated by the product assortment is stamina or an "energy boost". One participant in the study pointed out that the display of products gave them the drive required to continue their search for an item of clothing that they might consider purchasing. Here again, another participant went as far as to claim that the product assortment motivated them to remain in the store for a longer period of time than they would have originally anticipated or planned for. In accordance with theory, there is enough evidence to substantiate the claim that product assortment constitutes a driver of the customer experience when executed in-line with Khans (2017) philosophy of less is more.

Conversely, there were a number of participant who reported feeling overwhelmed and even stressed by the assortment of products. Participants suggested that the combination of multiple displays and rich range of colors created confusion as opposed to a natural feeling of gravitation towards products that appealed to their inner-desire. It therefore possible that, in the presence of over-stacked product displays, marketing stimuli reaches a point of oversaturation where

each individual stimulus is competing with another for the attention of the customer. This in turn creates feelings of confusion or disorientation which can easily lead to customer feeling overwhelmed or stressed as a consequence. One participant observation gives merit to this idea by stating that, upon entering the store, they spent two minutes at the entrance trying to decide which area of the store they wanted to experience first. These findings support the claims made by Schwartz (2005) that overabundance of choice does not necessarily optimize the shopping experience and that retailers should be looking to prioritize quality over quantity. In a situation where the opposite is true, that is, where the assortment contains empty spaces or increases the difficulty in locating certain brands or products, the empirics indicate that this can also have negative effects on customers. One participant in particular voiced their disappointment with the store for the very reasons just described. Consequently, in the scenarios depicted above, the product assortment takes on the role as an inhibitor to the customer experience.

5.1.7 Channels

The current study acknowledged the presence of channels and the impact they have in the current retail landscape. Retailers must manage the complex challenges involved in connecting various aspects of the physical store, while simultaneously aligning store offerings across multiple channels (Bäckström & Johansson, 2017). The retailers in Bäckström & Johansson's (2017) study prioritized traditional values over cutting-edge technology, which to some extent is favorable as millennials have shown to appreciate authenticity (Calienes, Carmel-Gilfilen & Portillo, 2016). Especially, in today's modern omnichannel environments, consumers are barraged with information regarding all kinds of products and services. Retailers that successfully affiliate themselves with their customers by providing value are able to reap the rewards and experience deep customer engagement (Grewal, Roggeveen & Nordfält, 2017). One study reported that 51 percent of millennials found in-store experiences that combine technology and personalization to be an enhancement to their shopping experience (Howland, 2018). In addition, millennials are known to be mobile first (Nielsen, 2016) as it enables them to directly interact with retailers via online channels, instigating direct and swift correspondence between consumer and retailer. Regardless, in the current study very few participants made reference to in-store technology and multi- or omnichannel retailing. The only mentions of technology was their use of self-service payment technology systems, providing them with an efficient and pleasurable experience. This implies that other facets in a physical store context currently have more importance to the millennial consumer.

To summarize, despite the fact that our theoretical framework recognizes that in-store technology and that online channels have the capability to affect consumer experiences, it can be stated that the millennial customers' experiences in the physical store mainly dependent on the traditional aspects (e.g. layout, service interface, assortment and atmospherics). We believe one reality to be that customers do not think in channels, but simply select the purchase journey that is most convenient. The rationale of channels is only considered from the retailer perspective and therefore it should be their priority to provide a seemingly frictionless transition between points of purchase.

Our results support the notion of consumers' in-store experiences as a multidimensional construct, involving a constant flux between multiple store aspects and the ever-present four dimension of cognitive, affective, social and physical (Bäckström & Johansson, 2017; Bustamante & Rubio, 2017; Sorescu et al. 2017).

5.1.8 Past customer experience

Repatronage consumers make the conscious decision to revisit a retailer and purchase more products will at some point along the purchase journey reflect upon the current situation and past experiences (Arnold & Reynolds, 2003; Carpenter, 2008; Donovan & Rossiter, 1982; Zeithaml, 1988). Past service experiences and price levels can determine to what extent consumers are satisfied with current service elements and price-marks (Mittal, Kumar & Tsiros, 1999). Our study found that millennials frequenting the same store felt a form of comfort as they had become familiarized with the retail space increasing the convenience of overall shopping experience. This yielded satisfaction of the current experience will most likely transform into a positive past experience with their next future visit. This is in line with Kesari (2017) where shoppers positive affiliation drove motivation for repurchase intentions. Frequenting customers over time identify themselves with the brands and start to endorse them to friends or family. The implementation and effect of customer loyalty programs is less prevalent as customers are already loyal to some extent because of their positive past experiences, possible emotional connection and a high degree of commonality with the company values (Grewal et al. 2017).

Drivers	Inhibitors
Product Display (Well-structured)	Product Display (Overwhelming)
Atmospherics (music, lighting, scents)	Store Employees (Lack of engagement)
Product Assortment (Streamlined)	Other customers (Disinterested)
Price & Discounts (Value-driven)	Price & Discounts (Isolated from CX)
Store Environment (Space/functionality)	Product Assortment (Coarse)
	Store Environment (Narrow/uncoordinated)

Table 9: Driver and Inhibitors Overview

5.2 Sub-Question: How can retailers create meaningful and valuable engagements with Millennials within the physical store?

At the beginning of this thesis, the researchers proposed that the traditional sources of value delivery such as product, price, promotion are no longer the primary building blocks on which marketing-leading firms are able to develop a competitive advantage (Gentile, Spiller & Noci, 2007; Gopalani & Shick, 2011; Pine & Gilmore, 1998). Businesses and academics increasingly recognize the importance of engaging with their customers and creating a strong customer experience (Accenture, 2015). Within the spectrum of popular retailers such as Apple, Patagonia and Whole Foods Market, it is their unique and influential retail experiences that have gained a customer base with significant emotional connection by leverage of their mission and values, which ultimately has led to customers identifying with the retailer (Gay, 2017; Grewal et al. 2017). The following section is dedicated to exploring how retailers are able to create meaningful and valuable engagements between the physical store and the millennial customer.

> *"Design is the fundamental soul of a man-made creation that ends up expressing itself in successive outer layers of the product or service." - Steve Jobs* (Stewart, 2011).

We will take Apple as a lead example as they have innovated in their product design because it transcends mere aesthetics and emphasized functionality. This sense of design is embodied throughout the entire company, notwithstanding their first retail establishments at the time broke the mold for a standard computer store retail format and, in the current marketplace, Apple refers to their stores as Town Squares (Gay, 2017). The brand is hyper-focused on the creation of enjoyable shopping experiences and millennials are known to value experiences (Gay, 2017; Harris, 2015). Apple has been the top retailer, based on sales per-square-foot for several years and it is because they do not prioritize the individual products, but view the store itself as the product (Thomas, 2017). A key takeaway from Apple is that the objective of the physical store is to design experiences so powerful that they drive sales across all purchase locations, be it brick and mortar or online.

The reality is, while almost every business says to focus on creating great customer experiences, very few retailers are able to capitalize on being primarily experience-driven. In the current retail landscape, the more the sales continuously decrease, the more entrenched the obsession with per-square-foot productivity becomes, creating a downward spiral toward even greater uninteresting and boring stores, resulting in even lower sales. Based on our empirical material we have identified five potential areas that retailers could leverage in order to create a valuable customer experience for the millennial consumer.

Engaging. Involve the customer in a visceral way by engagement of all five senses, as participants recalled positive conscious connotations to at least one or even multiple senses. They sighted vibrant colors or enjoyed the sound of in-store music. One caught the delightful smell of a scented fragrance, where another was able to taste a freshly prepared food dish, but ultimately the physical store is the ideal place to touch and feel products.

Beyond the five senses, a retailer is able to create a form of engagement through community. Strauss and Howe (2007) found millennials to be a generation that deeply values community. However, our empirical material highlighted that most did not feel a sense of community, for reasons of not being able to join the store loyalty program or insufficient brand engagement from the retailer. What is worth mentioning is that millennials did show willingness to be a member of the community, mostly to profit from associated discounts and not to interact. As *digital natives,* millennials visit social media and other online platforms for a sense of belonging, a place where one can share similar values and beliefs (Meyer, 2016). Retailers that focus on experience creation, plus provide an opportunity for community interaction and belonging will wield a powerful means to engage this generation. Ultimately, the highest form of engagement comprises a connection between the customers concept of one's actual self and the retailer's brand identity (Chaplin & John 2005; Grewal et al. 2017; Malar, Harley, Hoyer & Nyffenegger, 2011; Park, MacInnis, Priester, Eisingerich & Iacobucci, 2010).

Unique. This is when a retailer incorporates unique elements that catch attention, awaken curiosity, bring ideas and inspire customers within the retail space. It can be achieved by having work procedures, specific lingo or a culture that is uncommon, surprising and specific to the brand, whilst still feeling authentic and natural. Building on the premises that millennials are authenticity driven it relates to the participant that had received great service by being served tea or the other instance with showcase cooking in-store. What sets retailers apart is how they abide by the principles they establish. The retailers that perform this correctly in their business ethos radiate an authentic and felt sense of purpose that surpasses mere profits (Bartlett & Ghoshal, 1994). Key actors in conveying authenticity to customers are the employees as they are empowered to make decision that are line with the ideals of the retailer. For that reason, it is important that employees in every department internalize these ideals (Alexander, Teller & Roggeveen, 2016).

Personalized. Consumers expect more personalization as results from a recent study by KPMG (2017) indicated that 77 percent of consumers assume product offerings to be in line with their personal interests. The reason is that customers seek familiarity, honesty and friendliness in the service provided resulting in a positive social engagement (Mittal & Lassar, 1996). Given that millennials seem to enjoy personalization it helps to elucidate the value this cohort places brand interaction that have their interests in mind (Smith, 2011). Moreover, it gives the consumer the impression that they are valued by an act as simple as recalling details. It can also be linked back to the customer's past experiences, making them feel appreciated and valued because they are recognized. At the other end complex personalization might involve the creation of a completely bespoke product (e.g. a suit) or a service design unique to them (e.g. IKEA's kitchen design service). A great example for this is within the hotel industry where The Ritz-Carlton sets the industry standards according to many luxury travelers. The brand believes the hotel is a "place where the genuine care and comfort of guests is the highest mission" (The Ritz-Carlton, 2018, p.1). The hotel does so by having staff use the guests' names whenever possible in conversation and remember details about the previous stays and personal preferences.

Surprising. Experiences that are completely unexpected. In previous literature, the element of surprise has repeatedly shown to be a predictor of delight (Oliver, Rust & Varki, 1997; Wu, Mattila & Hanks, 2015). The management of "surprise" within the retail servicescape is no simple feet and it is important to not discard implementation of surprise as a strategy to create a feeling of delight (Ball & Barnes, 2017). Nonetheless, the challenge of figuring out how to surprise customers remains constant. A number of participants were surprised by the discount offers or by great unexpected customer service. Within the retail environment there are a number of ways to deliver surprise. For example, in the case of a new product launch, customers can be given a free sample. Perhaps, send it to your most loyal customers first prior to others as a token of appreciation and to show that you value their opinion. As an alternative, loyalty reward programs provide members with an extra benefit, as they can receive early notifications on new releases, discount or special offers. Lastly, the retailer can highlight customers by showing public appreciation on social media or dedicate a section in their newsletter to one or several customers. In each of these instances, retailers are exerting the power of surprise.

Repeatable. An experience that is worth repeating is executed by usage of best practices alongside a uniform level of consistency and quality. They are so finely tuned and structured that they seem impromptu but actually leave almost nothing to chance. Once more, as The Ritz-Carlton creates their experiences they are highly repeatable by implementation of strict but unseen standards and service cues. For instance, the wine glasses have the hotel logo etched into them and upon pouring staff will always fill the glass to the exact same point each time. This experiential design could be translated into the retail landscape and provide many benefits. Lemon and Verhoef (2016) emphasize that employees in this experiential design should be given enough freedom to let their unique personalities be present in the service interface. Research has also suggested that as customer personas evolve over time, the multidimensionality of the retail experience may have to adapt accordingly, especially with regards to repeated experiences (Lemon & Verhoef, 2016). Customer decisions become routinized (Sheth & Parvatiyar, 1995) and as one participant noticed their shopping habits had changed after a number of visits. Lastly, remarkable repeated experiences have the ability to create long lasting impressions with the millennial consumer (Arnould & Price, 1993).

5.3 Research Question: How do millennials experience the physical store environment?

In the empirics chapter, the findings were presented according to themes and subthemes that related to the four dimensions of customer experience, as outlined by Bustamante and Rubio (2017). The previous section of this chapter was dedicated to understanding to what extent the determinants of customer experience influenced the millennial participants perceptions of the physical retail store. In addition, the sub-research questions that were formulated at the start of this research were addressed. The following section will partly reflect on the empirical findings that were previously presented and analyzed, while also adding additional insights with the

objective of delivering a comprehensive and satisfying answer to the main research question: *How do millennials experience the physical store environment?*

5.3.1 Cognitive Dimension

As previously stated in the literature review, the cognitive dimension is thought to embody the first stage of the customer experience (Da Silva & Syed, 2006; Kempf, 1999). The cognitive process is said to solicit an evaluation mechanism for individuals in the physical store, whereby they instinctively assess their surroundings based on elements of the environment that appeal to them either at a conscious or subconscious level (Da Silva & Syed, 2006; David, Miclea & Opre, 2004; Dimofte, 2010). This process that takes place at the cognitive level is not random but instigated by strategically placed stimuli in the physical store's environment (Brakus, Schmitt & Zarantonello, 2009). Our research strongly indicates that the stimuli that the millennial participants responded to with greater frequency are those of *product display*, *store environment* and *atmospherics.* The product display was found to influence customers in three different ways. Firstly, it served as a makeshift mental map of the store, steering customers towards or away from the products that stimulated their curiosity in a variety of different ways. The empirics indicate that product categories, brands, colors and mannequins were found to be particularly effective in this regard. Secondly, the product assortment was found to be a useful source of inspiration for the millennial customers. The researchers observed that a number of participants responses that reported a positive customer experience encompassed an element of enthusiasm that was expressed towards the selection of products. This enthusiasm translated into a series of different cognitive responses, such as the desire to challenge one's own taste in order to stay up-to-date with the latest fashion trends, or the appetite to experiment with different food products to fulfill the need to maintain a healthy lifestyle. In their study, Bustamante and Rubio (2017) emphasized the importance of customers entering into a creative mindset as it allows them to enhance their ability to make new associations around the products that, in turn, allow for a more absorbing customer experience. The empirical findings that highlight this behaviour therefore could be interpreted as examples of how the different forms of creative thinking can shape the millennials cognitive experience and drive their in-store behaviour. These findings also give merit to the theory that cognitive process is thought to possess the ability to influence customers to the extent that they re-evaluate their stance on a product, replacing previous assumptions or ideas about said product and forming new ones (Gentil, Spiller & Noci, 2007). Thirdly, the product assortment demonstrated to have an energizing effect on the Millennial customers. This effect was identified in a number of participants who stated that they felt physically and emotionally elevated by the assortment of products in their respective stores which increased their desire to remain there for a longer period of time. The latter behaviour could be explained by the theory put forward by Eventbrite (2014) who sustains that the drive behind Millennials desire for pursuing experiences lies in the FOMO (Fear Of Missing Out) effect.

The retail store's environment can be thought of a complex composition of different variables that come together to engage customers on a cognitive and affective level, allowing for positive

or negative impressions to be formed. Among the different variables are sounds, sights and scents which come together to form the store's atmospherics. The empirical findings here largely fall in line with existing theory on the role of atmospherics in the total customer experience. That is to say, the music, lighting and scents that were acknowledged by participants during their time in the physical store reflected both positive and negative experiences based on how they integrated or diverted from the other components of the retail space.

5.3.2 Affective Dimension

The affective dimension concerns the emotional responses that customers experience as a result of the cognitive process (Bustamante & Rubio, 2017). Emotions are used as key indicators of the customers mental state which allows retailers to gain an invaluable insight into their engagement with the cognitive dimension, including how the information has been acquired and processed (Bustamante & Rubio, 2017). Similarly, moods also play a key role in determining the outcome of the customer experience but are thought to be incapable of delivering the same intensity as emotions (Erevelles, 1998). Combined, these two key determinants of the affective system contribute to the different levels of intensity of the overall experience, varying from moderately positive or negative moods to overwhelmingly positive or negative emotions (Bustamante & Rubio, 2017). The empirical findings show that the Millennial participants experienced a wide range of moods and emotions during their time spent in the physical store. Participants that reported to be in a "good mood" followed up with emotions such as "hopeful", "thrilled", "enthusiastic" and "optimistic". The same participants associated these emotions to variables of the customer experience like the atmospherics, the selection of products on offer and the brand of the store itself. The latter account serves as a strong indication that the store's various stimuli were received positively by these participants and that therefore the cognitive process yielded an engaging and rewarding experience.

On the other hand, the participants that endured negative emotional states reported feeling "overwhelmed" or "frustrated" with their in-store experience. The empirics reveal product displays and assortment to be the main culprits behind these negative lived experiences. Participants felt overwhelmed where the product displays were uninspiring and the assortment overly abundant, as previously covered in section 5.1. What is interesting here is the apparent progression of the negative emotional state that manifests itself in the affective dimension, as illustrated by a participant in this study. The participant in question, like many others, started their in-store experience in a positive mood. After having been exposed to the store's environment, the feeling of enthusiasm that was stated earlier as their emotional point of departure began to decrease as their journey through the store progressed. Energy levels also reportedly began to drop proportionately to the time spent in the physical store, eventually culminating in a rather uneventful experience. This could be explained by the absence of all three cognitive responses previously outlined (i.e. guiding, inspiring and elevating) that have been seen to motivate and engage individuals in a positive manner, allowing them to be absorbed by the customer experience.

5.3.3 Social Dimension

The social dimension is a co-created experience that takes place between the customer and other individuals in the physical store (Bustamante & Rubio, 2017). What is unique about the social experience is its ability to present the customer with an opportunity to socialize with actors outside of their everyday lives (Bustamante & Rubio, 2017). Gentil, Spiller and Noci (2007) argue that this aspect of the social dimension is of particular importance, as it is grounded in social identity theory which focuses on the concept of the ideal self. A number of studies have been carried out that portray the retail stores environment as a breeding ground for social interaction (Brocato, Voorhees & Baker, 2012; Hu & Jasper, 2006; Pan & Zinkhan, 2006). However, the empirical material strongly contradicts these past studies in that the millennial customer not only demonstrates a general disinterest in engaging in social activity within the context of the physical store but in certain circumstances actively attempts to avoid it altogether. According to Bustamante and Rubio (2017) the physical retail store, the social system is composed of interactions of two categories of members: the customer-customer and the customer-employee.

In the customer-customer category, social interaction was found to be limited to informal or polite greetings where participants merely acknowledged each other's presence. Examples of the customer-customer interactions involve giving and receiving advice or opinions and engagement through interaction (Moore, Moore & Capella, 2005; Parker & Ward, 2000; Yoo, Todd & Frankwick, 2012). Certain participants in this study expressed views on social engagement with "strangers" as being an unnecessary event due to the fact that other customers are perceived as autonomous entities capable of making their own informed choices. Furthermore, the in-store experience was also viewed as the chance to enjoy some "alone-time" whereby a spontaneous social event with another customer could be seen as disruptive in this context. One participant in particular took the extreme measure of listening to music through their headphones to purposely ensure that the chances of a social interaction were reduced. On the other hand, participants indicated that sharing a shopping experience with a friend or relative would be far more favorable. This general attitude towards engaging in social experiences with other customers could explain why the empirics indicate a lack of a sense of community around retail brands for the millennial consumers.

In the customer-employee category, the empirics suggest that the millennial participants rarely engage in social interaction and, when they do, it is usually called upon to express feeling of discontent with some aspect of their in-store experience. Examples of customer-employee interactions range from giving opinions and receiving advice to engagement through interaction (Hu & Jasper, 2006; Menon & Dubé, 2000; Pan & Zinkhan, 2006; Sharma, 2001). The empirical findings imply that, the reason for this general disinterest in engaging with store employees stems from three beliefs. The first is that the store employees appear as disinterested or unapproachable and therefore would be of no use to the enquiring customer. The second belief is that interactions with store employees represent uncomfortable situations. The third

belief is that the Millennial customer is better informed on product features than the store employees.

The implications of the empirical results raise the important question on where the self-concept manifests itself for the millennial consumer - if indeed it occurs at all - given the absence of any meaningful social interactions between both customer-customer and customer-employee categories. One possible explanation could be that the manifestation of the self has shifted from the social dimension to the cognitive dimension, where participants alluded to the self-concept during their engagement with the store's products. As outlined in the empirics, one participant indicated the desire to improve them self by "becoming a better person" after having engaged with the store's products. Similarly, another participant expressed feelings of hope towards improving them self as a result of their visit to the retail store. The current understanding of the social experience as a co-constructed phenomenon, which takes place between the customer and other individuals present in the store (Bustamante & Rubio, 2017), is therefore incompatible with the empirical findings. Instead, there is evidence to suggest that this process of co-creation may be limited to exclusively to the customers friends or relatives that share the shopping experience.

5.3.4 Physical dimension

Bitner (1992) describes the physical dimension as the physiological responses that customers exhibit during their interaction with a store's environment. These physiological responses are represented as a series of states of well-being that range from comfort to discomfort and everything in-between (De Looze, Kuijt-Evers & Van Dieën, 2003). The authors define comfort as an individual's subjective sensations of well-being that include pleasure and harmony, which manifest themselves on a physiological and physical level. Discomfort, on the other hand, represents a general state of ill-being in response to the environment and manifests itself above all on a muscular level, where it is associated with symptoms such as pain, tension and exhaustion (Lan, Lian & Pan, 2010). The empirical findings include evidence of participants that experienced states of well-being as well as states of discomfort.

Well-being. Participants that reported experiencing feelings of well-being associated these to positive past experiences, the store's environment and layout, and product assortment. When the aforementioned determinants were perceived positively, respondents used terms such as "relaxing", "comforting" and "inspired" to describe their experience. The word familiarity" was voiced on multiple occasions to convey positive affiliations with the retailers selected layout. The source of these voices is thought to be participants that are more task-oriented as opposed to experience oriented. The intimate knowledge of the store's layout - acquired through past experiences - permits these participants to effortlessly navigate their way through the store, which translates into feelings of comfort while simultaneously setting the bar for expectations of the customer experience. Familiarity with a store's layout, therefore could be a key determining factor for guiding the customers in-store experience; particularly in the case of task-oriented customers who simply want to "get in and get out" of the store.

Discomfort. Respondents that disclosed encountering feelings of discomfort during their in-store experience attributed these to the atmospherics, store layout and the space/function service interface. The discomforting physiological responses that followed included "stress", "anxiety" feeling "squeezed" and "rushed" as well as "overwhelmed". Bitner (1992) puts forward the theory that the discomfort/well-being physiological states that customers' experience during their in-store experience is largely correlated to the store's atmosphere. Whereas the empirical material of this research acknowledges atmospherics to be one of the determinants of some participants negative experiences, it suggests that the store's layout and space/function management may have a more influential role in the case of the millennial customer.

6. Conclusion

This final chapter will confer the findings of the qualitative study in relation to the research aim and purpose chosen for the current study. The researchers will reflect on the theoretical contribution, present the key findings and provide practical implications. Lastly, we will put forward avenues for future research, which can contribute to the field of customer experience within the retail landscape.

The customer experience within the retail landscape has been studied from different perspectives in previous literature. The purpose of the current study set out to investigate how the millennial consumer experiences the physical retail store format. Guided by the research question: *"how millennials experience the physical retail store environment?"* the researchers based their study on an adaptation of Bustamante and Rubio's (2017) conceptual framework for analyzing the in-store customer experience. However, the authors specifically chose to focus on the millennial generation consumer as this cohort currently is the largest and most influential consumer group in the market. The current study perceived the in-store customer experience to be composed of an individual's internal responses to marketing stimuli (cognitive, affective, and physical) and social responses to other customers and employees involved in the service encounter. We also acknowledged several customer experience determinants that are omnipresent within the retail servicescape (Verhoef et. al. 2009).

By using a phenomenological approach, the current study implemented semi-structured solicited diary forms in order to define the drivers and inhibitors of the millennial in-store customer experience by actively going through a store. The key drivers provided the authors with an insight into what aspects of the in-store customer experience were valued by millennials and how these were interpreted. Conversely, the inhibitors served as indicators of which facets of the in-store customer experience did not resonate with millennials. In both cases, references to previous studies were adopted in order to highlight the differences in lived experiences. As different individuals have different perceptions of each customer experience determinant, it is those distinctions aligned with differences in the overall experience of the physical store that brought forth valuable insights what areas to prioritize for improvement in

delivering more valuable and meaningful experience to the millennial consumer. This clearly pinpoints the potential opportunities for retailers to improve the customer experience for the millennial consumer and reap the rewards. The empirical material presented several valuable insights as the millennials consumers largely deviated towards either highly positive or highly negative responses in context of the four individual dimensions.

The cognitive dimension indicated particular patterns of cognitive activation (Bustamante & Rubio, 2017) as millennials reflected upon their mental patterns during their visit to a physical retail store environment. The positive mental representations resulting from cognitive activations generated by in-store stimuli greatly gravitated towards positive descriptors as explorative, engaging, curiosity and stimulating. Therefore, the retail space positively contributed to the alteration of one's perception of shopping as merely a functional act into an experiential one.

The affective dimension portrayed important emotional descriptors with a mostly positive relation to the appropriate usage of atmospherics. Customers felt enticed by the in-store stimuli as the designed retail space effectively placed them in a good mood or awakened emotions of joy, and enthusiasm. Such positive emotional reactions towards in-store stimuli are essential, since they aid customers to impede the number of options, diminish decision making time, and simplify evaluation of choice (Bustamante & Rubio, 2017). However, several millennials did reflect opposing descriptors regarding overwhelming sensations. These retailers have somewhat to ameliorate in their affective customer responses in order to better engage millennials.

The social dimension cogitated the level of interaction among customers and of customers to employees in the retail store. Interaction among these two groups has shown to induce a deep sense of social involvement with the retail store (Hu & Jasper, 2006; Pan & Zinkhan, 2006). Millennials did to a great extent refrain themselves from the social benefits with employees or customers and kept it primarily to encounters that provided functional benefits ranging from simple greetings or a short conversation regarding assortment, especially product location. The implications of this behaviour brought into question the central role that "the self" is esteemed to play within the social dimension, in the context of the physical store.

The physical dimension brought forth the importance of physiological well-being throughout the shopping experience. Millennials revealed a predominantly positive experience in forms of felt energy, relaxation and comfort during their visit in consonance with the store environment. Such well-being converts into increased attraction towards the retail store, which in turn impacts any emotions and opinions with respect to store, notwithstanding with any actors present on location (Baker, Levy & Grewal, 1992). A disregarded, unappealing retail environment was causation for physical discomfort among various millennials which led to negative effect on their shopping experience.

In conclusion, the purpose of the physical retail store can no longer be solely driven by sales per-square-foot, but must incorporate experiences into how the retailer strategizes, designs, constructs and manages their physical spaces in order to attract the millennial consumer. Experiences will, in essence, become the product and the primary category retailers trade in closely followed by products.

6.1 Theoretical contribution

This thesis contributes to customer experience literature within the realm of retail marketing and adopts a customer-centric approach. While previous studies have been carried-out on the traditional retail format of the brick and mortar stores, research that focuses on what constitutes an attractive customer experience and how this relates to the core concepts outlined in existing theory is decisively scarcer (Bäckström & Johansson, 2006). Moreover, to the best of our knowledge, this thesis is among the first studies that has been carried-out with the explicit goal of understanding how millennial customers perceive the customer experience in traditional retail stores. The benefits of this research are evident in the context of customer experience as a key differentiator for international retail brands that have sustaining a competitive advantage as a long-term objective. At the same time, the results paint a rich description of the in-store customer experience from a millennial customers perspective, thus adding valuable insights into the academic literature. Therefore, our thesis can be seen as relevant to both marketing scholars and professionals.

In order to achieve this ambitious goal, the researchers started by adopting a proven theoretical framework, outlined by Bustamante and Rubio (2017). The themes and subthemes that were generated as a result of our data collection strategy provided a solid structure for the authors to build on. By treating the framework as a theoretical point of reference, the researchers were able to identify and highlight how millennials perceptions of the physical retail stores conformed to, or diverted from, current understandings of the customer experience construct. Furthermore, observations derived from the empirical findings were used to provide possible theories that could give merit to the cognitive, affective, social and physical processes and subsequent perceptions and attitudes adopted by the millennial participants of this study. In addition, the thesis advances the research of Verhoef et al. (2009) by framing the determinants proposed by the authors as indicators of drivers and inhibitors of the customer experience, as perceived by the millennial participants.

Overall, this study adds to existing literature and puts forward a holistic construct built on an empirics-driven proposition that will benefit both marketing scholars and practitioners by allowing them to better understand, achieve, and evaluate the in-store customer experience, designed to create meaningful and valuable engagements with millennials in the physical retail store. Despite the fact that this thesis purposely adopts a qualitative approach, limiting its findings to an internal generalizability (Easterby-Smith, Thorpe & Jackson, 2015), the authors strongly believe that they contribute to the customer experience literature nonetheless by building a solid foundation for future research.

6.2 Practical implications

Retailers micromanage every detail in regard to price-tags, logo colors and type-fonts and specific placement of visual communication used in-store, yet exceptionally few dedicate as

much consideration or dedication to their customer experience. As their primary focus is sales driven, most retailers are content with only a vague notion of the quality of experience being delivered to their customers. In addition to the theoretical contributions outlined above, the findings of this study include a number of practical implications to creating valuable and engaging customer experience.

A retail store should be designed while keeping the target group of customers in mind when considering the use of specific in-store stimuli to create cognitive, affective, social, and physical experiences. When engineered correctly it will provide customers with first-rate value propositions encouraging them to interact and initiate involvement with the different marketing stimuli in the retail space. The store should re-evaluate the use of their premium real estate (i.e. their floor space) in order to provide a coherent customer experience that further initiates engagement.

Traditionally retail companies have had their business strategy be product-focused. Instead, they need to be experiences-focused by providing experiences that are engaging, unique, surprising, personalized and repeatable. Millennial customers naturally levitate towards visual displays, product assortment and store layout and often use these as points of references to navigate through the physical store. Therefore, retailers should conform to the less is more philosophy in order to allow its customers to fully engage with their surroundings, resulting in a more immersive overall customer experience.

Customer engagement in a retail store is manifested by management of stimuli in the store that cater to pleasant environments through stimulation of a customer's positive emotions. Retailers should conduct an examination of their brand values or identity and the manifestation of marketing messages that are reflected in their stores presentation in order to achieve a coherent, comprehensive and desirable customer experience.

Social interaction is of utmost importance in the retail shopping environment as customers visit not only to shop but also to meet up, share opinions, advice, suggestions, events with other customers or employees in the service interface. Retail spaces should facilitate a sense community be hospitable, knowledgeable and professional employees that aim to provide a personalized service to the customer. Furthermore, they should consider organizing their employees' duties according to two objectives: customer engagement and product display management. This will sequentially improve customer-retailer relationships, especially customer satisfaction, loyalty to the store, repatronage intentions and foster a sense of community.

The physical dimensions of the retail store should embody a state of well-being and comfort for its customers as it lends to a more enjoyable shopping experience. All store determinants such as the social environment, service interface, atmospherics, assortment, prices & promotions are either key drivers or inhibitors in the role in the customer's physiological experience during the purchase journey.

Lastly, consumers are now benchmarking their experiences laterally, and retailers must benchmark their performance accordingly. It is essential retailers constantly scan the horizon for the trends and technologies that are fundamentally shifting behaviors and incorporate those learning in their businesses in order to stay ahead of consumer behaviour.

6.3 Recommendations for Further Research

In the introduction chapter of this thesis, the authors alluded to the fact that there already exists a rich body of literature on the topic of customer experience. However, the retail landscape is constantly having to evolve in order to meeting the new demands of an ever more exigent and experience-savvy consumer. The findings of this research have illustrated that there exists a gap in the current theory on how the customer experience is manifested at a subjective level for the generation of millennials. There is therefore a need for additional research to understand how these recent developments are affecting traditional retailers. It is only by creating a full account of how the needs of the consumer are changing that retail stores can not only adapt but thrive in this increasingly competitive and global experience-based economy.

The researchers propose the following areas for further research:

- How has the recent transition to the digital age affected the way that Millennials interact with the physical retail environment?
- Is there evidence to suggest that the social experience build around retail brands has transitioned from an in-store setting to an online event, hosted on the brands social media platforms?
- What are the cause and effects behind the responses to marketing stimuli for in-store customer experience from a millennial perspective?
- How do millennial expectations of the in-store experience differ according to the industry in which the retailer operates?
- How do millennials expectations of the in-store customer experience vary with each returning visit to the physical store?
- What are the main challenges that retailers face when attempting to design and implement a successful customer experience strategy?
- What are the reasons behind the success and failures of implemented customer experience strategies by traditional brick and mortar retailers?

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Appendix A: Participant Diary Form

Diary Instructions

· **Research Question**

How do millennials experience the physical retail store environment?

· **Why participate**

Your contribution will provide valuable data for the retailers to create better and fully experiential shopping environments with differential value for the customer. By providing a complete and precise measure of customer experience in a retail environment, your data gives the researchers a structured way to examine the causes and effects of customer experience in retail.

· **A reminder of participant rights (refer to informed consent)**

Participants should be aware of their right to refuse to participate; confidentiality will be maintained as we will only use your first name; be aware that the data will be published online at Lund University; you are reminded of your right to re-negotiate consent.

· **A reminder of the procedure:**
   o **When to begin and when to stop keeping the diary**

Start your diary when in front of the store, right before entering. Continue adding notes to the diary throughout the shopping experience and conclude right after leaving the store. One diary entry should contain 1 complete visit. We only request 1 store visit. If you are unable to complete your diary during your in-store experience, please complete this within 6 hours of your shopping experience.

   o **An estimate of how long an entry will take**

An entry will take as long as you deem necessary to complete all of the questions. Please enter your starting time upon entering the store and end time upon leaving the store.

   o **What is the procedure for making an entry and what should it be about**

Write an entry on paper or on your phone recounting in the greatest detail possible all aspects of the instore customer experience (thoughts, feelings, emotions, and sensations experienced with the different stimuli, activities, and spaces provided by the retailer in its store).

The retail store (fashion, supermarket, home furnishing etc.) has to be identified explicitly in the diary (brand name and address). The diary has to be written the same day of the visit to the store chosen in order to optimally capture most information from your short-term memory (Wilson, 2012) and sent to the researchers the same day or latest the day after.

PLEASE TRY AND COMPLETE YOUR ENTRY BEFORE SUNDAY 15TH APRIL MIDNIGHT.

   o **Where and how diary entries should be stored**

Diary storage depends on your used method. If written by hand, safe keep the diary entry until you meet up with one of the researchers for the hand over. If you have used your phone or computer, you may email the diary entry to the researchers email address (see below).

- **What to do:**
  - o **If additional forms are needed**
  Contact researchers (see below)

  - o **If support/resources are needed (refer to informed consent)**
  Contact researchers

  - o **To submit final diary**
  Written diary is to be given to either one of the researchers in person.
  Electronic versions are to be emailed as pdf. To: lu2580bo-s@student.lu.se

  - o **To contact the researchers**
  Lukas Borsboom - +31657052548
  Nicholas Lawson - +255 684 814 841

Diary Entry Form

Full Name:	
Gender:	
Age:	
Occupation:	
Date:	
Store Name:	
Start Time:	
End Time:	
Nationality:	

Cognitive: The environment of this retail store (the display of its products, services, etc.):

- o Make me think and reflect, why?

- o Teach me interesting things, why?

- o Awaken my curiosity, why?

- o Bring interesting ideas to mind, why?

- o Inspire me, why?

       o Interest me, why?

· **Affective: The environment of this retail store, the display of its products, services, etc., make me feel:**

· **Social Experience with Customers: Of social interaction in this store**

    Please elaborate on how and why.

       o I advise customers who ask my opinion on this store's products/services

       o I ask the opinions of customers who shop at this store

       o I share opinions with the store's customers

      o I interact with the store's customers

      o I consider myself a member of the community of customers who shop at this store

· **Social Experience with Employees: Of social interaction in this store:**

 Please elaborate on how and why.

      o I give my opinion to this store's employees

      o I receive advice from this store's employees

      o I ask the opinions of this store's employees

   o I share my opinions with this store's employees

   o I interact with this store's employees

Physical: The environment of this retail store, the display of its products, services, etc., make me feel:

End of Assignment. Thank you for your participation, your contribution is highly appreciated.