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Customer experience analysis and customer journey management in Iran's retail sector (Case study: Clothing retailers)

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Abstract

With the ever-growing importance of Customer Experience (CX) in today's digital marketplace, more and more industries who are in a process of digital transformation have been focused on improving their customer's brand experience. Focusing on CX has been named as a key factor in maintaining competitive advantage as well as improving customer acquisition and retention rates. Mapping and analyzing customer journeys through their interactions with a business have been identified as one of the most prominent ways to define, evaluate and improve CX. That is why the use of customer journey mapping has been on the rise in recent years, being named as one of the key enablers of successful digital transformation. The use of such methods must take into account differences in various industries and also the cultural context of customers, be it region, buying power, mindset, etc. For the Iranian market, not much work has been done in this area which can provide practical, data driven insights for businesses. In this research, the subject of customer experience and customer journey management in the retail sector, in particular the clothing retailers, has been addressed. To achieve our results, data has been gathered using surveys from customers of the clothing sector, and appropriate analytical methods used to identify main customer touchpoints and analyze the customer journeys.

Keywords: Customer experience, customer journey mapping, touchpoints, digital marketing, digital transformation

1-Introduction

Fundamental changes in marketing have led researchers and companies in recent decades to develop new and innovative ways to understand customer behavior and thus gain multidimensional information to adopt different business digital strategies. Customer marketing research has for a long time focused heavily on customers' physical actions and their purchase reasons. Recently, attention has been given to the deeper layers of the shopping experience, to understand the complex process of customer buying behavior as well as their motivations and customized needs.

In general, since people's personal and global needs and demand have changed, traditional methods must be re-evaluated to succeed in this market (Blythe & Sethna, 2013). Some authors have gone on to claim that the customer experience is the main way to gain competitive advantage in today's markets (B. Joseph Pine II & James H. Gilmore, n.d.; Meyer & Schwager, 2007).

Despite the popularity of the customer experience concept among marketers and business specialists, activities and applied research in this field with data-driven insight based on customers - as the core of any business - needs to be expanded. Due to the importance of this issue, in the present study, the focus is on the clothing retail industry (i.e., apparel industry) in Iran. It is important to note that this research focuses not on a particular brand or business; rather, the gathered data captures customer sentiment on buying habits in the clothing sector at large. The purpose of this research is to identify & extract customer touchpoints and map their shopping journey by means of obtaining customer information on buying habits directly from them, via surveys, and performing appropriate analytic methods. By having a customer journey map that reflects customers' experiences, managers and executives of related businesses can make strategic decisions to improve the customer experience and increase customer loyalty, which will benefit the business in the long run.

For this purpose, a public online questionnaire was prepared and published and after collecting a sufficient numbers of answers from the clothing retailer's customers, the obtained results have been evaluated. For this, clustering algorithms has been used to identify and segment customers and their journeys. After this stage, the customer touchpoints in each segment of the customer journey are identified helping to extract the key components of the complete customer journey map. This is also used to analyze customer buying behavior in the retail sector.

The structure of this article is as follows: in the first part, the research background including articles and books covering different dimensions of the concepts under discussion are presented. In the second part, the research method is discussed. Then, in the third section, our findings are presented and analyzed. At the end, the conclusion of the discussion is presented as well as the limitations of the present research, alongside suggestions for the future development of this subject.

2- Literature review
2-1-Customer experience

Meyer and Schwager (2007) have described the customer experience as an internal or mental response of the customer to any direct or indirect contact with the company or brand. The shopping experience should be considered as a sequence of events that involve customers and engage them in a custom event to create a valuable and memorable encounter for them (Norton & Pine, 2013). According to Berry et al. (2002), to make full use of experience, organizations must manage the emotional component of experiences with the same rigor that they use to manage products and services. Roggeveen et al. (2020) have introduced DAST framework (design–ambient–social–trialability) for retail atmospherics that encompass not only the in-store experience but also out-of-store experience that the retailer can control or influence which is useful to expand understanding of touchpoints that a customer may encounter during a journey because as Ismail (2011) states the store atmosphere contributes to arouse emotions affecting how customers approach the brand and their perception of the customer experience. Lemon and Verhoef (2016) consider customer evaluation of his experience to be effective on key outcomes such as customer satisfaction, customer loyalty, word of mouth, customer profitability, and customer lifetime value. Also cognitive and emotional components of customer experience have a positive effect on repeat purchase intention (RPI) indicator (Tyrväinen et al., 2020). Therefore, organizations that are able to skillfully manage their entire experience have many benefits; including: increase in customer satisfaction, costs reduction, revenue and also an increase in employee satisfaction. (Duncan et al., 2013). Metsola (2018) introduced customer experience management specifically as an efficient way to increase competitive advantage that focuses on customer feedback. Mosquera et al. (2017) have stated that retailers should focus on two main aspects in relation to the customer experience and its management: 1) creating a comprehensive customer experience and 2) effective investment in technology. We must keep in mind

that CX is a multidimensional concept that focuses on the customer's cognitive, emotional, behavioral, sensory and social responses to company proposals throughout the customer journey (Gentile et al., 2007).

2-2-Customer journey

Metsola (2018) defines customer journey as a description of the customer experience in which different customer touchpoints are identified. This journey includes all customer interactions on all channels, devices and touchpoints at all stages of the customer life cycle. Customer journey reflects the customer's perspective and experiences and includes all service-related activities specifically from the customer's perspective (Zomerdijk & Voss, 2010). Grewal and Roggeveen (2020) considers customer journey management to include understanding and managing the customer experience during the shopping process. In order to form a proper understanding of customer journey management, it is necessary to understand the importance of the social, cultural, and political factors that influence the customer journey. Also, for today's digital firms, the important role of technology should not be neglected.

2-3-Customer journey map

The process of analyzing and depicting customer journeys and their components is often referred to as customer journey mapping. It is mentioned in a study that there are several tools and frameworks for visualizing customer journeys, the most important of which is the customer journey map, which is also called the customer experience map and the customer journey canvas (Rosenbaum et al., 2017). In a customer journey map, touchpoints are usually depicted on a horizontal axis that is related to the timeline of events. This timeline is divided into three main parts mainly: pre-purchase/service, purchase/service period and post-purchase/service (Grewal & Roggeveen, 2020; Rosenbaum et al., 2017). Mapping a customer journey provides a better understanding of customer expectations and can be used to predict and influence customer behavior. When analyzing and comparing customer journeys, the inherent limitations of the customer journey map must be considered. One of these limitations is to consider a fixed number of stages; while customer journeys can vary in terms of stages (Cordewener, 2016).

2-4-Touchpoints

Touchpoints are instances that happen when a customer encounters or interacts with an organization. These touchpoints can occur in several channels and at different times (Zomerdijk & Voss, 2010). A study indicates that product type (utilitarian or hedonic) and shopping stage can influence the consumers' purchase decision and channel choice (Zhao & Deng, 2020). According to Meyer & Schwager (2007), the importance and meaning of a particular touchpoint varies throughout the customer's life cycle. In addition, not all touchpoints are equally valuable. There are different classifications for touchpoints in existing literature. Lemon and Verhoef (2016) divide touchpoints into brand-owned, partner-owned, customer-owned and social/external touchpoints; While Stein and Ramaseshan (2016) consider these points to include seven distinct elements: atmospheric, technological, communicative, process, employee-customer interaction, customer-customer interaction and product interaction.

3- Research method
3-1-Research design and objectives

The objectives of this study are to identify the touchpoints that clothing retailer's customers encounter and extracting the journey that different personas take to buy clothing. Thus, a descriptive research design with a quantitative approach and correlational research have been used for this study. From another perspective, this study can be classified as cross-sectional and field studies. This research also falls into the category of applied research in terms of objectives.

3-2-Data collection

In the present study, a survey in the form of a questionnaire survey has been used. This questionnaire was prepared and published online in various social media platforms such as Telegram, WhatsApp and LinkedIn and made available to different people over a period of one week. The survey questions were divided into three different groups related to the research objectives and in different formats including multiple choice (single-selection and multi-selection), dichotomous and a 5-point Likert scale.

3-3-Target population and sample

Keeping in mind the goals of this research, all customers who have some experience in shopping at clothing retailers can be our target demographic. Therefore, these customers constitute our target population. In addition, in the present study, simple random sampling has been used to determine the sample and analyze input cases.

3-4-Validity and reliability

In the present study, the content of the questionnaire was designed based on the findings of previous studies relating to touchpoints, touchpoint types and various dimensions of the customer experience and a comprehensive review of the dimensions of the subject was performed; therefore, the questionnaire has content validity. In addition, Cronbach's alpha method and SPSS software were used to check the reliability of the questions. First, 30 questionnaires were distributed for the pilot test and the findings of these questionnaires were used to calculate the Cronbach's alpha value, which is equal to 0.762 and 0.651 for multiple choice questions and the Likert scale, respectively. This indicates acceptable internal consistency of the questionnaire and the results are generally acceptable. After determining the reliability of the questionnaire, the questionnaire was distributed among 109 other participants, and finally 139 unique answers were collected.

3-5-Results analysis tool and approach

Excel has been used to analyze the obtained information. In addition, the Python programming language has been used to perform persona analysis and classify journey maps. Descriptive statistics have been used to analyze the findings and identify the relationship between key variables. Clustering methods have also been used to obtain the main persona types from the collected data; because the purpose of research is to categorize people based on demographic attributes, psychological characteristics, their interests and goals and to form groups with maximum internal similarity among members as a particular persona. The data collected through the questionnaire were converted into categorical values after integration in the preparation stage. In their study, Huang (1998) discusses categorical data clustering algorithms and explains how the K-Mode clustering algorithm is a suitable method to use for such data. Therefore, the application of the K-Mode clustering algorithm for data analysis and persona creation in this research is justified.

4- Findings and analysis

The following table (table 1) demonstrates the distribution of demographic characteristics of survey respondents.

Table 1. Distribution of demographic characteristics of respondents

Gender	Female	88%	Marital status	Married	21%
Gender	Male	12%	Marital status	Single	79%
Age	17 and below	5%	Used social media	Instagram	77%
Age	18-22	42%		Telegram	63%
Age	23-30	40%		WhatsApp	62%
Age	31-40	11%		Facebook	2%
Age	Above 40	2%		YouTube	24%
Professional/employment status	Student	66%		Others	10%
	Has a job	19%	Online hours	Below 1	7%
	Freelancer	1.4%		1-2	24%
	Out of work but seeking opportunities	7.2%		2-3	24%
	Others	6.4%		Above 3	45%

General buying behavior of clothing retail customers can be summarized in the table 2.

Table 2. General buying behavior of clothing retail customers

Search method	In-store	27.4%	Search amount	Search in a single store	17.3%
Search method	Online	7.9%	Search amount	Search in multiple stores	82.7%
Search method	Both	64.7%	Interest in fashion and trends	Often	16%
Shopping method preference	In-store	54%		Occasionally	43%
Shopping method preference	Online	8%		Rarely	32%
Shopping method preference	Depends on the product	38%		Never	9%
Online shopping preference reasons	Variety	37%	Tendency to change	Repetitive or similar product preference	%47
Online shopping preference reasons	Lack of desired features in stores	18%		New product/brand preference	%53
Online shopping preference reasons	Other reasons	25%	Shopping basket size	Bigger in online shopping	27%
Online shopping preference reasons	Not preferring online shopping	20%		Bigger in in-store shopping	73%

In addition to the above results, further analysis has been conducted to understand the impact of different factors on customer buying behavior, whose results are presented in figures 1 through 4.

Gender is one of the factors influencing customers' decision and buying behavior. Figure 1 shows the different shopping method preferences by gender. Accordingly, males do not prefer online shopping; females, on the other hand, consider all three shopping options, in-store, online and a combination of the two. In addition, it is clear that in both genders, in-store shopping preference is higher than other methods; therefore, the readiness of brands and stores to meet the needs of customers during in-store shopping is important.
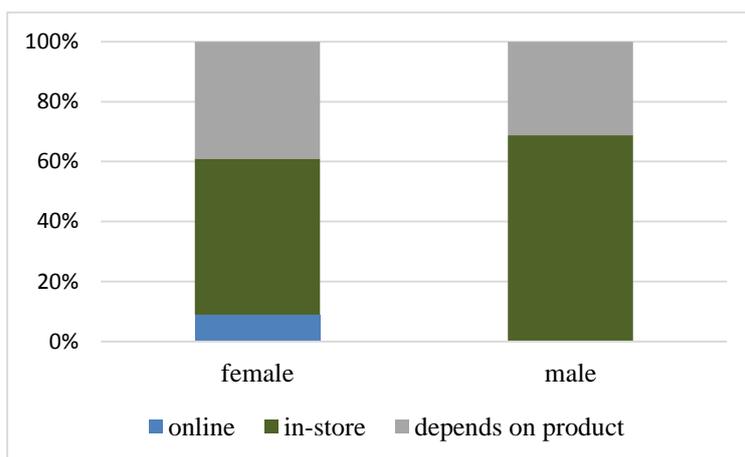
Fig 1. Shopping method preference by gender

Figure 2 demonstrates different shopping method preferences based on age. Customer's age affects the ability, way of thinking and different facilities available to them, which also affect people's buying behavior. The first result is that in-store shopping exists in all age categories and there is no category that in-store shopping is not the preference of its members; however, some of the other two methods do not exist in some age categories; for example, people above the age 40 do not prefer online shopping. People in age categories of 18-22 and 31-40 generally prefer shopping in-store. While people in the age category of 23-30 decide how to shop based on the type of product, with in-store shopping also being popular among this age group.
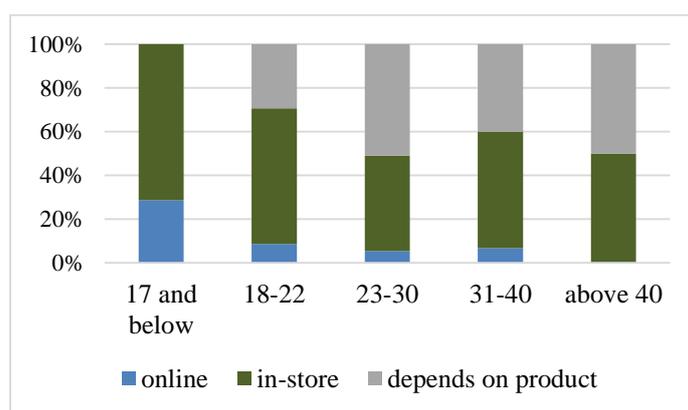

Fig 2. Shopping method preference by age

Findings show that gender affects some aspects of customers' buying behavior. In figure 3 we analyzed how gender affects customers' desire to experience new products or brands. In females, the tendency to prefer a new brand or product is greater than the preference for a regular brand or product; while males mostly prefer to use the same or similar product or brands. How to use people's desire to repeat their experience with a store or brand and turn customers into loyal customers and

ultimately make profit this way is important for clothing retailers. Lastly, in figure 4 we examined how customers are searching for the right product before purchasing clothes. Our results show that the percentage of people who search in more than one store (physical or electronic) is about five times higher than the number who search in a single store. It is clear from figure 4 that among males these 2 approaches are quite equal; among females, however, searches in more than one store are much more frequent than single-store searches. Therefore, a useful strategy for clothing retails and brands is to use methods to attract customers and especially increase the conversion rate of customers who spend less time for buying clothes and do their shopping in the first store.
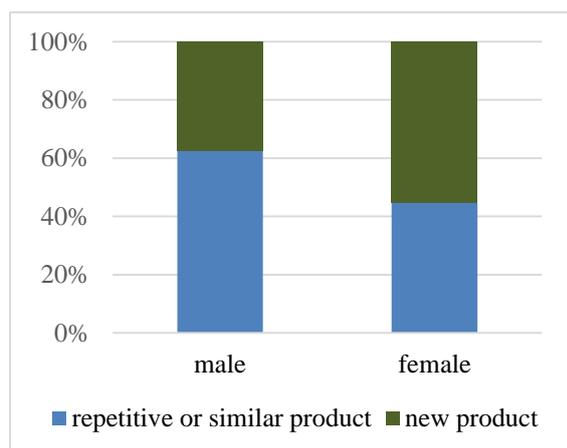

Fig 3. Tendency for change by gender
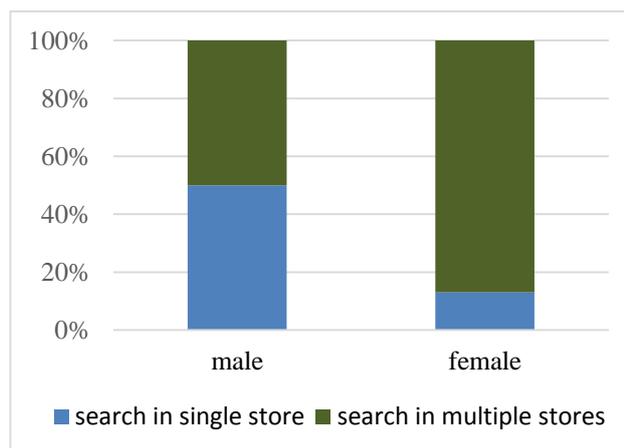
Fig 4. Search amount by gender

Persona is a representation of an ideal customer of a business based on market research and real data about current customers. If the customer journey map is accompanied by its persona, the information provided will be more useful and will enable strategic decisions to be made more effectively by experts; because in this case, demographic information, personality traits, interests and desires, sources of information and customer reasons for their decisions are provided along with effective touchpoints for that group of customers that allows us to better understanding them. This is possible if unique features are seen in each persona so that a specific decision can be made based on it for that particular group of customers. Accordingly, the K-Mode clustering algorithm has been used to identify different personas based on the collected data.

To extract the personas, the data collected from questions related to identifying customers' buying behavior as well as their demographic information were used together. In addition, this study was conducted in the clothing retail sector in general; therefore, the number five has been used as a suitable approximation of the number of persons in clothing retailers.

To analyze the customer journey of each persona we consider what Rosenbaum et al. (2017) have said about the customer journey map. They state that it should be avoided to depict comprehensive customer journey maps based on all possible touchpoints and instead more realistic journey maps should be visualized by collecting appropriate information from users to identify critical touchpoints as well as less important ones. Based on the above, in this study, the number 50% is considered as a decision criterion; this means if a touchpoint is expressed as an effective point by half of the customers or more, that point is more effective and more important in the customer journey.

As mentioned, five different personas have been extracted based on the obtained data, and each persona's journey must be extracted separately. After performing the mentioned operations to determine the most effective touchpoints, we uncovered that based on the input data and identified personas, the journey of different personas are very similar and except for a few cases, in most of them effective touchpoints for different personas are quite similar; therefore, the customer journey that can be seen in below (table 3) can be generalized to all the personas and it can be described as the general customer journey in the clothing retail sector that is followed by most customers.

Table 3. General customer journey map of clothing retail customers

Stages	Pre-purchase		Purchase	Post-purchase
Steps	Consideration	Evaluation	Purchase	Use
Touchpoints	• Advertising on websites • Advertising on social media • Advertising by influencers and bloggers • Social media accounts • Search engine results • Shop window and its appearance • Appearance of website and social media accounts • Useful and related content on social media	• Customer reviews on websites and social media • Word of mouth • In-store service • Online service • Appearance of website and social media accounts • Website interface • Product categories • Product information and details • Payment method	• Product pictures and videos with details • In-store atmospheric elements (color, light, music, scent) • Graphics and design elements of websites and social media accounts • Store layout • Store staff behavior • Products price • Products quality • Products discount • Variety of products • Touching and trying on the products	• Trying on products at home • Returning the products • Contact the seller • Discount for future purchases • Loyalty programs and customer club • Review products and share experiences • Advertising based on previous purchases

5- Conclusion

One of the results of this research is that despite the large number of potential touchpoints that customers encounter when interacting with different brands and stores, specific and fixed touchpoints are considered more effective by different types of customers; therefore, by using such touchpoints to map a customer's journey, specialists in this field can focus on improving specific important touchpoints. As the total number of potential touchpoints is large and their creation or improvement is costly and time consuming due to this variety, if the customer journey is not properly identified, businesses may mistakenly focus on touchpoints that do not have much impact on the customer interaction with the brand or store.

According to the information obtained from the identified customers and personas, the customer journeys of different personas are very similar in this sector, and except for a few cases, the effective touchpoints for customers of different groups are similar despite the differences in some features between groups; therefore, a general customer journey in the clothing retail sector is followed by most customers, with our results indicating that considering several different personas has little effect on taking effective actions and it is better to focus on a general journey experienced by most customers.

It should be noted that the customer journey map is a strategic tool that may initially be costly and time consuming to use, but due to the nature of this new approach that directly reflects the opinions of customers and their buying behavior, its application can increase customer satisfaction in the long run and as a result increase loyalty and long-term profit for the business that makes use of it. To get the best results from using and managing customer journey maps, it is important to constantly update the data from direct interaction with the customers through various channels as well as take advantage of different business functional teams and their opinions. Use of specialized tools for real time data capture in this regard, such as newer CRM platforms, can be vital in this regard. Also, using data analysis methods and tools such as machine learning methods alongside the expert opinions of managers and marketing analysts can provide a more complete and comprehensive view needed to better CX.

In order to further develop this research, the following items can be suggested:

One of the limitations of this research is the lack of access to customers of a specific brand or business in the clothing retail sector. This limitation is mainly due to the current epidemic of Covid-19. If possible, arranging more comprehensive interviews and focusing on the customers of a particular brand or business and including customers' feelings at any touchpoint or steps of the purchase, as well pain points and challenges of customers in the journey map, can provide a more comprehensive insight into the needs and expectations of customers as it can leads to effective actions that improve their CX.

The current research method can also be used to study the customer experience in other retail sectors. The more information collected in this case and the more common methods of data analysis are used in the analysis of the data obtained, the more insight can be gained.

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