Social interaction, convenience and customer satisfaction: The mediating effect of customer experience

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ABSTRACT

The present study is an effort to investigate the impact of both convenience and social interaction on customer satisfaction and the mediating role of customer experience. A structured questionnaire was used to collect data ($n=840$) using systematic sampling from department store shoppers of age 18 years and above in India. Multivariate data analysis techniques like Exploratory Factor Analysis and Structural Equation Modeling were used to analyze the data. Results revealed that convenience and social interaction affect both customer experience and customer satisfaction. Arguably, this paper is the first to examine the four constructs namely, social interaction, convenience, customer satisfaction and customer experience using them together in the same model. Academic and managerial implications are further discussed.

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1. Introduction

The organized retail industry in India is one of the most important areas of research today as there has been an exponential growth in this sector in the last decade. During the past two decades, Indian retailers have had to deal with more sophisticated and demanding customers, new and often un-anticipated competition from both domestic and foreign sources and a wave of new technological developments. These and other developments exert continuous pressure on retailers to find new and innovative ways to differentiate themselves from competitors. The present study approached the possibility of a new differentiation angle for retailers on the basis of '*What consumers want to experience from the moment they enter the store until they leave the store?*'

Creating superior customer experience seems to be one of the central objectives in today's retailing environments. Retailers around the globe have embraced the concept of customer experience management. Customer experience practically provides the retailers with an opportunity to create sustainable competitive advantage. This is especially true for department stores in India where there is very little difference in retail assortments and private

labels remain marginal. The only way the stores can differentiate themselves is by ensuring superior customer experience.

The main objective of the current paper is to test the effect of customer experience (CE) on satisfaction and develop a robust model which improves the understanding of the relationship between customer satisfaction, customer experience, social interaction and convenience.

2. Theoretical background and hypotheses

2.1. Customer satisfaction

Customer satisfaction has been considered a central concept in the marketing literature (Erevelles and Leavitt, 1992; Oliver, 1997). Different types of customer satisfaction have been identified. On the one hand, process definitions of customer satisfaction emphasize the 'expectancy disconfirmation paradigm' (Oliver and DeSarbo, 1988; Tse and Wilton, 1988; Yi, 1990). While, on the other, a number of authors use advance outcome definition according to which satisfaction may be perceived as a state of fulfilment which is connected to reinforcement and arousal.

Process definitions enable fast evaluations of satisfaction with respect to brief service interactions as well as evaluations of service experiences that involve consumption periods of considerable duration. As a result, satisfaction can be formed on the basis of a single service encounter or on the basis of a number of service

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experiences. Oliver, 2006a, 2006b sees satisfaction as a fulfilment of consumers' consumption goals as experienced and described by consumers. Oliver (1997) described satisfaction as consumers' 'judgment that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under- or over-fulfilment'.

Two most widely accepted approaches of studying customer satisfaction are transaction-specific and cumulative or overall satisfaction. The transaction-specific approach defines customer satisfaction as an emotional response by the consumer to the most recent transactional experience with an organization (Oliver, 1993) and the overall satisfaction reflects customers' cumulative or overall impression of a firm's service performance or summing the satisfaction associated with specific products and various facets of the firm. In retail formats like department stores it is important to study both transaction specific as well as cumulative satisfaction. Esbjerg et al. (2012) also endorsed the integrative store satisfaction construct by incorporating multiple concepts from different research to form a unified construct of satisfaction in their study. Thus using satisfaction as an integrated construct has been done earlier. Drawing from Oliver's (1997) view the present study perceives satisfaction as a post-consumption evaluation that incorporates both the transaction and cumulative satisfaction measure to understand customer satisfaction.

2.2. Customer experience

Consumers use visits to department stores not only for purchase but also for enjoyment and entertainment purposes and evaluate outlets in terms of how much pleasure or fun they have received. Similarly, in India, department stores attract affluent clients who seek emotional gratification as a major consumption motive and hence they form 'affective expectations' and therefore the actual happiness they receive in service consumptions directly influence their satisfaction. Thus customer experience in retail context is extremely relevant. Darden and Babin (1994) reconfirm in their study that consumer evaluation of a retail store is not only influenced by its functional quality but is also influenced by its 'emotional-induced quality' (Russell and Pratt, 1980) that consumers attribute to the retail setting. In both pre and post purchasing process, consumption experiences are unlimited. However, it is a powerful activity that motivates customer decision making and customer intention (Carù and Cova, 2003).

In consumer behavior, an experience is a personal occurrence, with important emotional significance, founded on the interaction with stimuli which are the products or services consumed (Grundey, 2008). However, the challenge of creating customer experience is intricate as customer experience creation in retailing is formed of many independent touch points or contact points during the exchange journey. A review of literature reveals that Holbrook and Hirschman (1982) were the first who researched that consumption has experiential aspects meaning that customer behavior was approached through customer experience. Pine and Gilmore (1999) identified that retail experiences consist of holistic realms (esthetic, entertainment, education, and escapist), which allow flow between the various static and dynamic elements within the experiential environment. The 'experience' concept came to the fore in the management discipline with the publication of Pine and Gilmore's work.

Schmitt (1999) was the researcher who proposed a detailed framework of experiential marketing having two elements: Strategic Experience Modules (SEMs), which are different types of experiences, and ExPros (short for experience producers) which are the various agencies that deliver these experiences. According to Schmitt, experience marketing is the discipline of creating

products and services that produce five different types of experiences (think, feel, act, sense, and relate) the 'Strategic Experience Modules' (SEMs). It is with his work that CE emerged as a distinctive construct in the marketing literature.

Fornerino et al. (2006) also, in their work, identified five dimensions of customer experience namely sensorial-perceptual, affective and physical–behavioral and social and cognitive (facets). Gentile et al. (2007) on the other hand worked on six components of customer experience, namely sensorial, emotional, cognitive, pragmatic, lifestyle and relational, but did not empirically test the framework. They defined customer experience as originating from a set of interactions between a customer and a product, a company or a part of the organization, which provokes a reaction. This experience is strictly personal and implies customer's involvement at different levels. However, they reiterate that CE as a concept is different from of involvement. Brakus et al. (2009) also restated that the experience construct varies from evaluative and affective constructs like attitudes, attachment and involvement.

Verhoef et al. (2009) describe experience as involving 'cognitive, affective, social and physical responses to the retailer'. Brakus et al. (2009) empirically measured the dimensions of brand experience named them sensory, intellectual, affective and behavioral. Thus it is evident from the review that empirical studies on customer experience as a construct use dimensions like think, feel, sense, act and relate to capture customer experience. Schmitt (2009) argued that the ultimate goal of marketers is to integrate the five experiences to create a holistic experience. So the present study conceptualized customer experience as a single construct with think, feel, act, sense and relate as its sub-dimensions.

2.3. Satisfaction and customer experience

Whereas early models of consumer satisfaction mainly focused on cognitive processes, more recent research has stressed that affect plays an important role in satisfaction (Erevelles, 1998; Mano and Oliver, 1993; Nyer, 2000). Sensory experience has been demonstrated to inject positive influence on product evaluation when emotional stimulation is an important goal of consumption (Cohen and Areni, 1991). Satisfaction, according to Oliver (1997), is a consumer judgment that a product or service provides a pleasurable level of consumption-related fulfillment. As such, customer satisfaction is closely associated with customers' affective responses to service. Murphy et al. (2011) indicated that customer experience of leisure shopping influenced customer satisfaction.

Consumers' affect experienced in retail can be a non-quality dimension of service and may have direct or indirect impacts on customer's satisfaction level. The review clearly indicates that affect, sensory, cognitive experience affect satisfaction. Since customer experience is an integrated measure of these sub-dimensions we can hypothesize that

H1. *Customer experience has a positive impact on customer satisfaction*

2.4. Social interaction

Department stores are designed to provide a modern and hip shopping experience to the consumers. Since clients in these stores are affluent they expect service support and are averse to SST. In such retail formats, interactions between customers and retail staff are bound to happen and thus it is necessary to understand how these interactions occur and also to understand the interaction taking place amongst the customers themselves. In a retail environment, multiple customers are present and the experience of each one can impact the experience of others, this

includes family and friends too with whom a customer comes to shop. Thus social interaction is an important construct to be studied when looking at department stores.

Interaction refers to the interface between a customer and a provider as described by Lehtinen and Lehtinen (1982). Mahoney and Sternquist (1989; 101–111) and Thorpe and Avery (1983) earlier found that the quality and knowledge of sales personnel are important store attributes for clothing shoppers. Employee's behavior at a point of service delivery may influence a customer's expectations towards the service offered (Coye, 2004). Keng et al. (2007) commented that the quality of employee interaction encounters can be assessed based on the service employee's ability. Furthermore, the credibility of employees is important for good and service encounters, because the action of an employee has a profound effect on consumer's loyalty to the store (Backstrom and Johansson, 2006). The review clearly indicates that researchers when referring to interaction between customer and employee feel that customer assess the service staff on their knowledge, attitude, ability and empathy when evaluating the interaction. Therefore the current study uses proactive approach, positive attitude, courtesy and concern displayed by employees to measure social interaction.

2.5. Customer satisfaction and social interaction

Speciality store customers are even willing to travel longer distances and pay higher prices in order to be served by knowledgeable sales personnel (Thorpe and Avery, 1983) Westbrook and Black (1985) established that the most influential components of retail satisfaction were satisfaction with stores sales personnel. According to Bitner et al. (1994), customer satisfaction is often influenced by the quality of the interpersonal interaction between the customer and the contact employee. Research in the past has revealed that interactions have been identified as the employee–customer interface (Hartline and Ferrell, 1996). According to Drollinger et al. (2006) highly empathetic salespeople get more customer attention than less because empathy stimulates interaction. The goal of improving social interaction is to increase positive consumer outcomes, where satisfaction is one such outcome (Grace and O'Cass, 2004; Voss and Parasuraman, 1995). Based on the literature we can say that

H2. *Social interaction has a positive effect on satisfaction*

2.6. Social interaction and customer experience

It is clear from literature that customer's experience at a retail outlet is affected by the social environment of the store and the interactions between the store personnel and customers at various levels of the experience journey. A new addition to interactions in retail was added by Sands et al. (2011) which encompasses customer to non-customer interactions (e.g., using self-service kiosks or smart phone application). Interaction during the process of consumption plays a very important role in building perceptions about services like retailing (Gronroos, 1982). Suprenant and Solomon (1987) suggested that interpersonal interactions that take place during service delivery often have the greatest effect on overall service perception. They also suggested that customers and employee were mutually dependent in a service set-up and that a good relationship and interaction improved customer experience. According to Baron et al. (1996) and Martin and Pranter (1989), interactions among customers can also have effects on customer experience.

Other researchers like Liu and Liu (2008), Grewal et al. (2009), Verhoef et al. (2009), Zomerdijk and Voss (2010), Ramathe (2010), Walls et al. (2011) and Walls (2012) have all studied the factors

affecting customer experience in retailing and come up with models wherein service environment or interface is a common factor affecting retail customer experience. Thus we can hypothesize that

H3. *Social interaction has a positive and direct effect on customer experience*

2.7. Convenience

Retail organizations can differentiate themselves by making their services easier to consume, that is, more convenient. Convenience of shopping at a store is one of the most important factors in creating a good shopping experience. Convenience is the ability to reduce consumers' non-monetary costs (i.e., time, energy and effort) when purchasing or using goods and services (Berry et al., 2002; Farquhar and Rowley, 2009; Seiders et al., 2007). While Bell (1999) showed proximity, parking and way finding as convenience attributes, Berry et al. (2002) gave a comprehensive and multidimensional model of service convenience with its antecedents and outcomes. They described convenience through decision convenience, access convenience, transaction convenience, benefit convenience and post-benefit convenience.

Research carried out by Howell and Rogers (1980), Bell (1999), Anselmsson (2006), El-Adly (2007) and Orel and Kara (2014) established trading hours as attributes of retail center convenience. Anselmsson (2006) included parking, way-finding and ease of movement as important attributes of retail center convenience. Seiders et al. (2007) suggested that convenience can be measured using the SERVON construct and that each type of convenience has its importance vary with changing service type or context and that impacts on the overall satisfaction derived from the service.

Jin and Kim (2008) included facility convenience, service convenience and shopping convenience as three important dimensions of convenience in discount stores shopping. In the words of Reimers and Clulow (2009), 'convenience relates to specific attributes necessary to make an activity more convenient', wherein 16 convenience attributes were considered keeping its universal meaning in mind. They also established that consumers see convenience of retail center in three dimensions namely effort, time and space.

Other researchers have shown that some of the important dimensions of convenience are location (Oppewal and Timmermans, 1997), time and complementary elements (Murphy et al., 2011). The above mentioned studies clearly show what may be convenient varies greatly. However, in department stores one can say that location, utilities and entertainment are good descriptors of convenience.

2.8. Convenience and satisfaction

In a shopping environment comprising of convenient transport, sound facilities, clear signs and comfortable environment, it was found that this construct directly affected satisfaction. Seiders et al. (2007) uncovered that access convenience interacts with satisfaction in terms of influencing consumers' future intentions. However, there were no such interactions for the other four types of convenience. Hsu et al. (2010) also report that an overall measure of convenience interacts with satisfaction in influencing consumer loyalty. Colwill et al. (2008) found that all five types of convenience influence satisfaction Thus, after the literature review we can hypothesize that

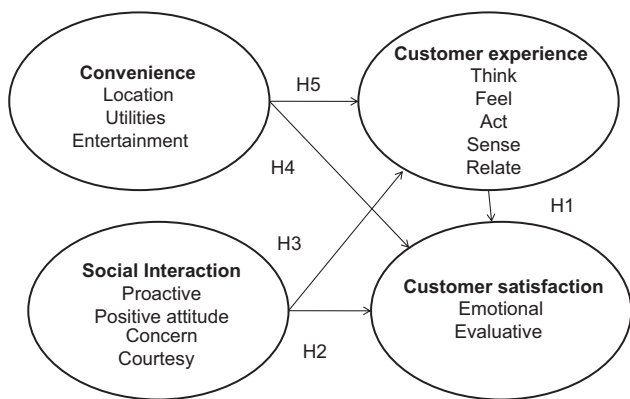**H4.** *Convenience has a positive and direct effect on satisfaction*

Fig. 1. The proposed model of customer satisfaction and customer experience.

2.9. Convenience and customer experience

Factors like location are considered to be one of the most important considerations in retailing and some researchers have shown empirically the importance of location in affecting shoppers' customer experience. Grewal et al. (2009) developed a model of retail customer experience in which location is considered as an important determinant of customer experience in addition to merchandise, price, promotion, supply chain and firm controlled factors. However, more work needs to be done to empirically establish the impact of location on customer experience.

In a study carried out on a German shopping village by Murphy et al. (2011), it was evident that some of the essential elements of the shopping experience were related to convenience, entertainment, variety of merchandise/products and other complementary elements like places to eat, places to rest and neat and clean restrooms.

Thus, after the literature review we can hypothise that

H5. *Convenience has a positive and direct effect on customer experience*

2.10. Research model

There has been significant research effort in the past to look at the area of customer satisfaction and to a lesser extent in the area of customer experience. However, there is considerable concern about customer experience (CE) and its relationship with customer satisfaction (CS). Both social interaction and convenience are known to affect both CE and CS thus it becomes important to understand the relationship between the two constructs and explore whether these are parallel constructs or are they related. As a process in time, customer experience happens before satisfaction and leads to customer satisfaction. From a marketing perspective, consumers want more than just the delivery and consumption of products and services. Instead, they seek unique consumption encounters to accompany the products and services that create memorable experiences. Thus a mediating model that links the social interaction and convenience to CS via CE is proposed. The above argument leads to the following model.

Fig. 1 delineates the model which forms the basis for further empirical analysis. As depicted in the proposed model, customer experience (H1) affects CE and acts as the mediating variable. Social interaction (H2) and convenience (H4) affect CS directly. Social interaction (H3) and convenience (H5) affect CE directly.

3. Methodology

3.1. Survey instrument and measurement

Survey instrument included measurement scale items from existing studies. Measurement item for satisfaction was measured using 7 items in all. The emotion-based measure (4 items) was adapted from Westbrook and Oliver (1991), whereas the second 'evaluative' set of satisfaction measures (3 items) were adapted from Oliver (1997) for satisfaction measures. The customer experience measure used a scale developed and tested by Schmitt (1999). Social interaction was borrowed from Brady and Cronin Jr. (2001) and Lindquist (1974). The population for the study are individuals who were intercepted at shopping malls and had made a purchase in retail stores such as Pantaloon, Lifestyle, Shoppers Stop and Westside. The four outlets are leading department stores in India. The study had a sample size of 840. Data for the study was collected through structured questionnaires administered to respondents personally.

4. Analysis

The analysis follows three steps. The first step is to confirm the factor structure of measurement items and to establish model reliability. The second step investigates the relative importance of each of the dimensions in the customer's experience and satisfaction. Finally, in the third step, the mediation analysis was conducted to investigate the role of customer experience in the model.

4.1. Validity and reliability check

To assess measurement reliability and validity of the proposed measurement model, Exploratory Factor Analysis (EFA) followed by Confirmatory Factor Analysis (CFA) was carried out.

The research instrument developed for the study modified validated measurement scales from previous studies and adapted them for the lifestyle retailing context. The review of literature and interview with the shoppers provided the basis for modification of the scale for lifestyle retail customers.

All the items were rated on a seven-point Likert-scale. The Exploratory Factor Analysis was conducted using Principal Component Analysis (PCA) and Varimax rotation. The Kaiser–Meyer–Olkin measure of sampling adequacy and the Barlett test were used for sample appropriateness. The scale reliability and good internal consistency is indicated by Cronbach alpha coefficients and Guttman Split-Half Coefficient test. The loading values of the items in their respective factors ranged from 0.515 to 0.90. For a factor loading to be considered significant, it needs to have a value greater than 0.50 (Hair et al., 2009). All factors having Eigen value greater than one were retained.

CFA – for all constructs EFA was followed by CFA. To validate the structure statistically, first-order and second-order Confirmatory Factor Analysis was performed (Marsh and Hocevar, 1988; Milfont and Duckitt, 2004; Wang and Ahmed, 2004).

While customer experience, customer satisfaction and, convenience and social interaction quality were retained with lesser number of indicators items as proposed in the EFA, social interaction was retained with all the indicator items (Table 1).

4.2. Customer experience

Customer experience emerged as a second order latent construct in the proposed research model. The EFA showed a five factor structure with 22 items. The CFA confirmed the five factor model with 20 items. Since the five factors showed high

Table 1
CFA table for the final model showing parameter estimates, critical ratios, average variance extracted and construct reliability.

	Estimate	S.E	C.R	Eigen value	AVE	Construct validity
THINK						
CE11_1	0.6	0.05	16.83			
CE13_1	0.69	0.05	19.96			
CE14_1	0.87	0.04	25.15			
CE15_1	0.83			2.18	0.57	0.90
FEEL						
CE1_1	0.69					
CE2_1	0.72	0.07	15.94			
CE3_1	0.76	0.07	16.74			
CE4_1	0.69	0.07	15.66	1.91	0.51	0.88
SENSE						
CE17_1	0.7					
CE18_1	0.72	0.06	16.75			
CE19_1	0.79	0.06	17.91			
CE27_1	0.67	0.06	13.62	1.83	0.52	0.88
ACT						
CE6_1	0.69					
CE7_1	0.73	0.06	18.55			
CE8_1	0.8	0.06	17.5			
CE9_1	0.64	0.06	15.81	1.96	0.51	0.88
RELATE						
CE22_1	0.65					
CE23_1	0.74	0.08	15.36			
CE24_1	0.79	0.07	15.84			
CE25_1	0.64	0.07	13.79	1.86	0.50	0.87
CUSTOMER EXPERIENCE						
Think	0.71	0.06				
Feel	0.81	0.05	14.34			
Sense	0.77	0.07	12.3			
Act	0.8	0.08	10.8			
Relate	0.74	0.06	12.3		0.59	0.93
LOCATION						
CON6_1	0.63					
CON7_1	0.78	0.06	17.53			
CON8_1	0.83	0.07	18.18			
CON9_1	0.71	0.07	16.79	2.21	0.55	0.89
RELAXATION						
CON11_1	0.77					
CON12_1	0.84	0.06	18.01			
CON13_1	0.59	0.05	15.37	1.63	0.55	0.86
UTILITY						
CON1_1	0.69					
CON2_1	0.75	0.09	10.49			
CON3_1	0.67	0.08	9.46	1.05	0.50	0.83
CONVENIENCE						
Location	0.74	0.09				
Relaxation	0.55	0.05	6.7			
Utility	0.85	0.04	12.5		0.52	0.84
EVALUATIVE						
Sat1_1	0.59					
Sat2_1	0.79	0.09	10.31			
Sat3_1	0.8	0.09	10.32	1.42	0.54	0.85
EMOTIONAL						
Sat4_1	0.86					
Sat5_1	0.8	0.05	21.27			
Sat6_1	0.82	0.05	19.28	1.75	0.68	0.92
SATISFACTION						
Evaluative	0.79	0.06	14.5			
Emotional	0.73	0.08	12		0.58	1.00
PROACTIVE						
SOC2_1	0.76					
SOC3_1	0.84	0.05	20.05			
SOC4_1	0.73	0.06	21.31	1.81	0.61	0.89
CONCERN						
SOC6_1	0.71					
SOC7_1	0.81	0.05	19.77			
SOC8_1	0.74	0.05	18.72	1.71	0.57	0.87

Table 1 (*continued*)

	Estimate	S.E	C.R	Eigen value	AVE	Construct validity
ATTITUDE						
SOC11_1	0.82					
SOC12_1	0.8	0.05	21.47			
SOC10_1	0.46	0.05	12.46	1.52	0.51	0.82
COURTESY						
SOC14_1	0.74	0.06	14.12			
SOC15_1	0.67	0.09	9.78			
SOC16_1	0.67			1.03	0.49	0.83
SOCIAL INTERACTION						
Proactive	0.79					
Concern	0.79	0.05	9.8			
Attitude	0.8	0.07	11.2			
Courtesy	0.85	0.09	12.6		0.81	0.93

correlation second order CFA was done. These five constructs measured with 20 indicator items converged into a new construct customer experience explaining 88% of variance explained by the five sub-dimensions. The fit indices (χ^2/df=6.65, GFI=0.89, RMSEA=0.074, NFI=0.884, CFI=0.82) suggest that the model with the Five latent variables represents a good fit to the data. These results clearly support CE is explained through the five dimensions viz., think, feel, act, relate and sense.

4.3. Satisfaction

Satisfaction was measured using 7 items in all. The EFA revealed a two factor solution and was confirmed by the first order CFA, retaining 6 items. The two constructs measured with 6 indicator items were called evaluative and emotional. Since the correlation was high a second order factor analysis was conducted and they converged into a new construct satisfaction explaining 84% of variance explained by the two constructs. The fit indices (χ^2/df=4.937, GFI=0. 985, RMSEA=0.068, NFI=0.98, CFI=0.984) suggest that the model with the two latent variables represents a good fit to the data. These results clearly support satisfaction is explained through two dimensions viz. evaluative and emotional.

4.4. Social interaction

Social interaction was a second order 17 items construct adopted from Brady and Cronin Jr. (2001) and Lindquist (1974). The three dimensions of social interaction namely appearance (3 items) adopted from Lindquist (1974), attitude (12 items) and expertise (2 items) adopted from Brady and Cronin Jr. (2001) were used. The EFA revealed a four factor structure with 17 items and the factor structure was confirmed by the first order CFA retaining 12 items. The four constructs were named proactive, attitude, courtesy and concern. The four sun constructs converged into a new construct christened social interaction after the second order CFA explaining 84% of variance explained by the four constructs. The fit indices (χ^2/df=5.06, GFI=0.931, RMSEA=0.077, NFI=0.909, CFI=0.924) suggest that the model with the four latent variables represents a good fit to the data. These results clearly support social interaction is explained through the four dimensions viz. 'proactive', 'attitude', 'courtesy' and 'concern'.

4.5. Convenience

Convenience was measured using 13 items adopted from Clulow and Reimers (2009). For measuring Location dimension

Table 2
Showing the fit indices of uni-dimensional as well as the second order model.

	Chi sq	df	χ^2/df	GFI	RMSEA	NFI	CFI
Convenience							
Second order	151	32	4.73	0.961	0.067	0.95	0.94
Uni-dimensional measure	818.9	35	23,39	0.87	0.163	0.707	0.700
Consumer experience							
Second order	1489.6	224	6.65	0.89	0.074	0.88	0.85
Uni-dimensional measure	2563.56	170	15.07	0.89	0.1219	0.69	0.711
Satisfaction							
Second order	39.5	8	4.93	0.98	0.068	0.98	0.984
Uni-dimensional measure	437.4	9	45.597	0.77	0.237	0.779	0.77
Social interaction							
Second order	437.4	73	5.99	0.89	0.077	0.909	0.924
Uni-dimensional measure	1170.318	77	15	0.78	0.13	0.757	0.768

3 items were used, for utility/facilities 7 items, and effort and time dimension was measured using 3 items.

The EFA revealed a three structure solution with 13 items. The three factor structure was confirmed by first order CFA, retaining only 10 items. These three constructs measured with 10 indicator items converged into a new construct convenience explaining 84% of variance explained by the three constructs. The fit indices (χ^2/df=4.75, GFI=0.961, RMSEA=0.067, NFI=0.95, CFI=0.94) suggest that the model with the three latent variables represents a good fit to the data. These results clearly support convenience is explained through the three dimensions viz. 'relaxation', 'location' and 'utility'.

4.6. Second order factor analysis

The relatively high correlations between factors for all construct suggested that a better fit to the data might be obtained if all indicators were assigned to one factor. In an effort to improve reliability and model fit, all constructs were tested for a uni-dimension multi-item scale. However, a significant chi-square difference test confirmed that the multi factor structures were better model (Table 2).

Along with the goodness-of-fit indices, the acceptability of the second-order factor is also required to be evaluated using magnitude of the loadings of the first-order factor loadings on the respective second-order factors (Brown, 2006). Each of the first-order factors loads strongly and significantly on the second-order factors (Fig. 2). The correlations between the higher order factors ranged from 0.55 to 0.85. Since the second-order solution did not result in a significant decrease in the model fit, it can be concluded that the proposed second-order model provided a good account for the correlations among the first-order factors. Because all the construct are reflective and multidimensional, there is a multitude of ways that it can be designed so that it is 'optimal'. Given this a second order factor takes into account the effect of all the sub-dimensions as a whole. Thus we used all constructs at second order level.

5. Results

The measurement results indicate that all the measure like CE, CS, convenience and social interaction exhibit acceptable psychometric properties and appropriate measure. All the constructs are relevant and appropriate for the study. The multidimensionality of all the constructs was supported by the data as well as literature. The instrument demonstrates evidence of both convergent

(significant critical ratios, average variance extracted > 0.50 in all occasions) and discriminant (AVE estimate of each construct is larger than the squared correlations of this construct to any other constructs) validity (Fornell and Larcker, 1981). The emergence of the second order construct ensured a more robust model as it helped to study the consolidated impact of the construct (Fig. 2).

5.1. Structural model and hypothesis testing

The hypothesized relationships are estimated using Structural Equation Modeling (SEM). The structural model was estimated using AMOS 18 with maximum likelihood estimation. The results show an adequate fit of the structural model to the sample data (Table 3)

The standardized parameter estimates for the proposed model are reported in Table 3. The path estimates of model 1 show convenience and social interaction has a significant and positive influence on customer experience and explain 96% of variance in CE. Social interaction has a significant and positive influence on customer satisfaction and explains 56% variance in it. Thus the data supports all direct effects.

5.2. Mediating effects

Social interaction and convenience influence customer experience and customer satisfaction however their impact on CE is considerably higher as compared to satisfaction. Literature proves adequately that both are antecedents to CE and satisfaction. Since CE precedes satisfaction, it was meaningful to study the mediated effect of customer experience. Consistent with the procedures of Holmbeck (1997), we used SEM as our analytical approach to test the mediating effects. To establish the existence of mediation effect, all the four conditions were met. Sobel's (1982) test was used to examine the significance of the mediation effect. Sobel's test tells whether the indirect effect of the independent variable on the dependent variable through the mediator variable is significant.

Models 1 and 2 show results of a set of parallel tests with customer satisfaction as a dependent variable. In model 1 (no meditation) to model 2 (meditation), we found that the effect of convenience on customer satisfaction did drop from 0.161 to 0.07 at ($p < 0.224$), indicating support for the mediating influence of customer experience on the relationship between convenience and customer satisfaction. The findings support that convenience affect customer satisfaction and customer experience mediates this relationship which proves that perceived convenience leads to higher customer experience which in turn leads to customer
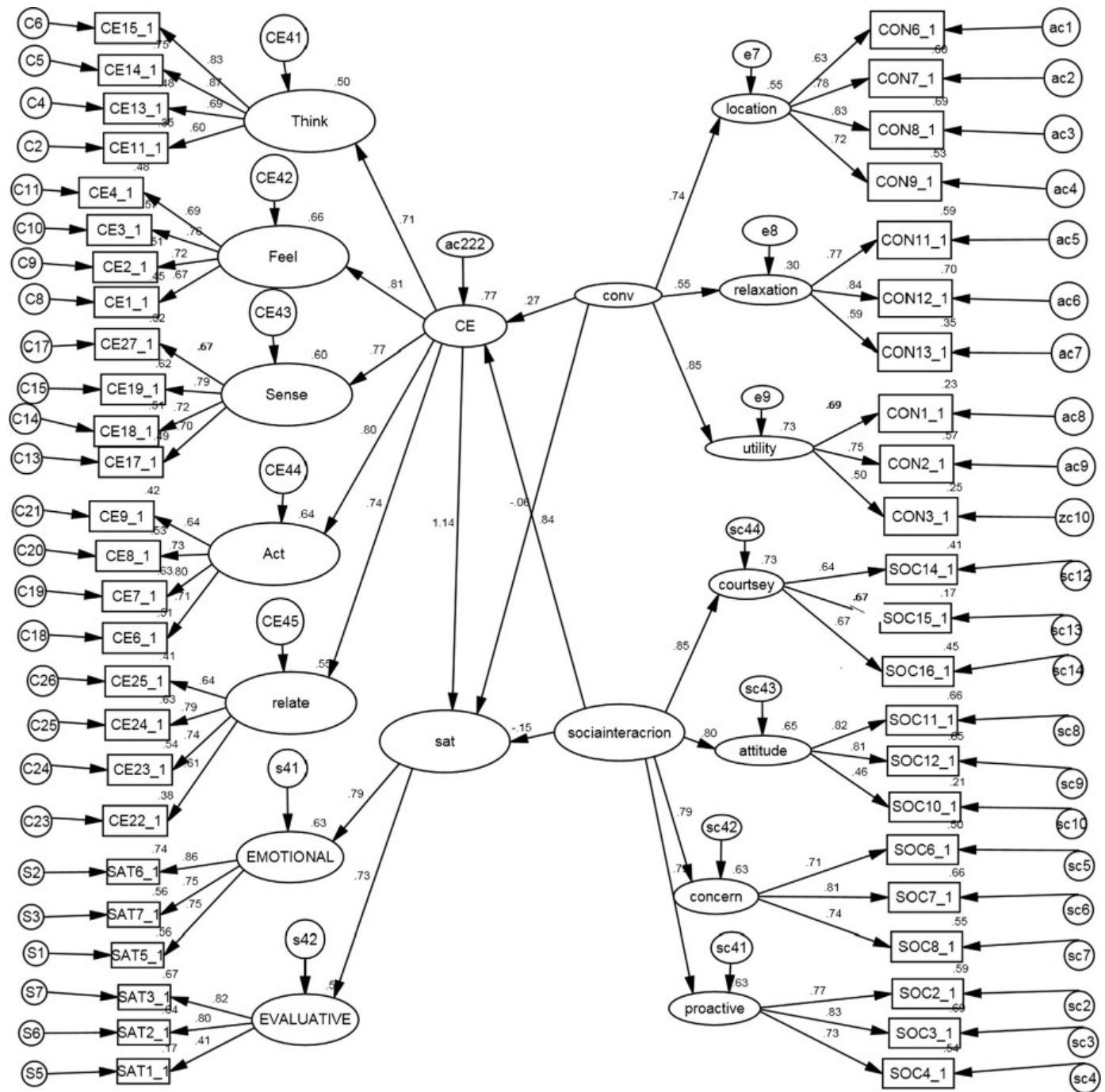
Fig. 2. Standardised loading of the measurement model and structural model.

satisfaction. Thus the indirect effect is stronger and enduring. Sobel test tells whether a mediator variable significantly carries the influence of an independent variable to a dependent variable; i.e., whether the indirect effect of the independent variable on the dependent variable through the mediator variable is significant. The indirect effect of convenience was 6.06 (significant at 0.001).

We also found that the effect of social interaction on customer satisfaction did drop from 0.198 to −0.15 at ($p < 0.163$), indicating support for the mediating influence of customer experience on the relationship between social interaction and customer satisfaction. The indirect effect for social inter action was 9.78 (significant at 0.001). The results also show that customer experience completely mediates the relationship between both the antecedents of customer satisfaction.

6. Discussion

Social interaction is a significant predictor of satisfaction via customer experience. The study findings are in line with Harris (2007) who proposed that personal interaction is important in the process of building customer experience, as it is the heart of the relationship between customers and employees. Moreover, Yoon et al. (2004) indicated that the service quality perceived by customer is one of the most important performances achieved by contact employees in their interaction with customers. Previous studies have also indicated that employees have an influence on the creating of value experience through their interaction with customers (Puccinelli et al., 2009). Moreover, Keng et al. (2007) studied the impact of service encounter which includes personal

Table 3
Path analysis results of direct effects and indirect effect.

	Model 1 No mediation	Model 2 Mediation	
Convenience→customer experience	0.273*	0.345* (6.759**)	Supported
Social inter action→customer experience	1.043*	0.883* (13.464)	Supported
Convenience→satisfaction	0.22*	−0.077 (−1.218)	Completely mediated
Social interaction→satisfaction	1.032*	−0.15 (−1.397)	Completely mediated
Customer experience→satisfaction		1.107* (8.922**)	Supported
Chi-square	3753.66	3.655	
df	1063	1062	
Chi-sq/df	3.531	3.442	
GFI	0.91	0.966	
AGFI	0.932	0.941	
NFI	0.814	0.824	
CFI	0.863	0.86	
RMSEA	0.055	0.054	

$* p=.05$, $** p=.001$ level of significance.

interaction on customer experience. Their results indicated that personal interaction strongly supports and influences customer experience positively.

Winsted (1997) in her research observed that social interaction was a critical factors that influence retail service quality and for this reason have an effect on customer satisfaction. She (Winsted, 1997) reports that small things like feeling about the store, personal communication, trustworthiness, physical features and problem solving significantly affect customer satisfaction and as a result stores should concentrate more on personal interaction.

As against that, It is also necessary to point out that consumer satisfaction can be attributed to various other dimensions such as satisfaction with the frontline employees, the core service or the organization in general (Lewis and Soureli, 2006). One must remember that satisfaction as an overall evaluation, representing a sum of subjective reactions from a customer regarding products with varied attributes. As it is a post-consumption evaluation, customers experience become an important determinant of CS. This experience is created not only by those factors that the retailer can control (e.g., service interface, retail atmosphere, assortment, and price) but also by the intangible offering.

The present study provides support to the contention that CE performs the role of a mediator between the social interaction and convenience and satisfaction demonstrate that customer experience is the key to customer satisfaction and explains 61% of the variance in satisfaction. The indirect effect of social interaction and convenience on satisfaction is more enduring and stronger on customer satisfaction. Verhoef et al. (2009) emphasized the importance of past customer experiences, store environments, service interfaces, and store brands on future experiences thus demonstrating the importance of customer experience in retail setting. Most department stores hope to attract customers on the basis of the experience they provide to the shoppers. Increasingly, retailers are emphasizing on the 'retail experience'. Merchandize variety and assortment are a differentiating and essential feature because of which the retailers are known for. However, these advantages are easily copied and hence the service that a retailer offers becomes a key input in the customer experience frame work and a critical element of the retailer's strategy. Since CE is a psychological feeling existing in the mind of the customer, experience cannot sell the same product and service or providers benefits directly, but it can gather emotions of the customer's need and stimulate motivation to buy the product or service (Ruiping and Yujuan, 2006). Thus, customer experience can bring benefit to the company only indirectly.

Our findings are also in line with the findings of previous studies which have recognized that the affect experienced during the acquisition and consumption of the product or service can also have a significant influence on satisfaction judgments (Homburg et al., 2006; Burns and Neisner, 2006).To sum up, literature suggests that the most common component of evaluation is experience by the consumer (Andreassen and Lindestad, 1998). Each experience leads to an evaluation and an accompanying emotional reaction by the customer.

6.1. Managerial implications

Our research has a number of strengths. First, whereas most prior research has focused on the direct relationship between social interaction and convenience with customer satisfaction, we conceptually and empirically explored the role of customer experience in this relationship. As consumers consider their buying choices ever more carefully and think hard about if, and where, to spend their money, a great customer experience can significantly increase the chances that they return to the same store and spend more money. We have used all constructs as second order thus demonstrating the use of second order in mediation model. Both these findings are important for theory building in marketing and consumer context.

An important practical implication of this research is that an organization should be selective when investing resources into developing a high service climate. It is costly in terms of time, money, and resources to successfully develop and maintain a high service climate, so it is important for organizations to allocate such capital. The results of this research suggest that when a service requires frontline service employees working together, the efforts invested in developing a high service climate may well be worth it. A clearer understanding of the sequence of the relationship will lead to more effective utilization of the marketing resources.

In the increasingly competitive environment, retailer's pursuit for customer satisfaction is paramount. In order to remain competitive retailers must understand the ingredients that provide sustainable competitive advantage for achieving satisfaction. CE is the key to this competitive advantage. Our proposed mediating effect of CE improves the predictions and explanations of the theoretical relationship between the antecedents and customer satisfaction. The service consumption experience per se can be regarded as the major output of service organizations (Bitner, 1992). Maintaining and/or enhancing customer satisfaction are critical for successful marketing and this research reveals that

consumers' subjective evaluation of satisfaction is based on their consumption experience.

6.2. Limitations and scope for further research

The results may not be generalized to other formats of the retail industry. In addition, the sample selection for this study was not purely random. As noted, pure random sampling is almost impossible in the retail industry. Thus, future studies should develop a systematic design that better represents the population. The importance of customer experience and satisfaction is demonstrated in the present study. However, the aim of the organization is to build customer loyalty which has not been studied here. Further studies could study the impact of customer experience on Loyalty and the role of customer satisfaction. There could be other potential determinants of CE and CS for developing alternate models.

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