



# Exploring the UK high street retail experience: is the service encounter still valued?

Exploring the  
UK high street  
retail experience

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## Abstract

**Purpose** – The purpose of this paper is to explore the relationship between service quality, the service encounter and the retail experience within a changing UK retail environment.

**Design/methodology/approach** – Data were gathered from 40 customers and 20 staff of an established UK health and beauty retailer with a long-standing reputation for personal customer service. A qualitative analysis was applied using both a service quality and a customer value template.

**Findings** – Customers focused more on the utilitarian features of the service experience and less on “extraordinary” aspects, but service staff still perceived that the customer encounter remained a key requisite for successful service delivery.

**Research limitations/implications** – Recent environmental developments – involving customers, markets and retail platform structure – are challenging traditional service expectations.

**Practical implications** – Retailers may need to reassess the role of the service encounter as part of their on-going value proposition.

**Originality/value** – Limited research to date on the perception of shoppers to the service encounter in a changing retail environment and to the evolving notions of effort and convenience.

**Keywords** Qualitative, Service quality, Value, Retail, Service encounters

**Paper type** Research paper

## Introduction

As differentiation through goods becomes increasingly difficult to achieve (Reinartz and Ulaga, 2008) interaction between retail staff and customers becomes increasingly important (Gremler and Gwinner, 2008), as this represents the primary means by which retailers establish relationships with customers (Bolton *et al.*, 2007; Jayawardhena and Farrell, 2011). Retail organisations, more than most, are able to distinguish their service offering through customer facing staff, and the human element in retail settings is arguably the most important (Fowler *et al.*, 2007) – primarily because, in their search for information, customers draw upon such encounters to help constitute their buying decisions (Naylor and Frank, 2000). It could be further argued that service staff play an important role in influencing customers’ evaluation of service quality (Gupta and Zeithaml, 2006), and that the level of service offered combined with other factors such as physical facilities, merchandise, post-transaction satisfaction and store atmosphere – collectively create what has now come to be known as the “retail experience” (e.g. Frow and Payne, 2007; Grewal *et al.*, 2009; Verhoef *et al.*, 2009).

As goods dominant organisations look increasingly towards a service-led offering (Ostrom *et al.*, 2010) the customer/staff interaction, or encounter, has assumed greater prominence (Svensson, 2006a) and a number of high-profile retailers have looked to establish and maintain a position of on-going strength by focusing on this particular aspect of their overall high-street proposition, underpinning the idea that



firms co-create value with their customers (Vargo and Lusch, 2004). Indeed, it has been suggested that the delivery of high-quality service is an essential aspect of contemporary retail strategy (Siu and Cheung, 2001). However, realising full service potential within retail settings can be problematic since this is a highly complex environment that relies on a mix of factors that include not only service, but goods and price, too (Mehta *et al.*, 2000), collectively characterised as “value” (Bolton and Drew, 1991) – and which exists, currently, in a highly turbulent and challenging market environment (Taylor, 2013).

Although the service literature has traditionally positioned the service encounter as an integral part of service quality delivery (Wong and Sohal, 2003; Svensson, 2006a) the rapidly changing retail environment in the UK (Intel, 2010; Salmon, 2012; DBIS, 2012) suggests that customer shopping behaviours are becoming increasingly diverse (Hart *et al.*, 2007) and also, perhaps, less certain or predictable. The growth and development of self-service technologies, multi-channel access and the continuing recession implies that “things will never be the same again” (Piercy *et al.*, 2010), and the evolving nature of the collectively re-configured retail environment will inevitably impact how the one-to-one service encounter is both enacted and perceived.

The purpose of this paper is to explore the role of retail service encounters in the contemporary UK retail environment and to compare how customers and retail staff view the role of service within this context. Specifically we wish to understand, given the present retail climate: how important customers regard the provision of a personalised/high-quality service encounter, how important front-line sales staff consider the provision of such encounters to be, and whether there any differences between these two perspectives and, if so, the nature of those differences.

The research setting is a single company, a well-known UK high-street health and beauty retailer, an exemplar of retail-encounter focused business, and which has a long standing reputation for personal customer service. The study adopts an iterative, or emergent, approach to analysis and the focus latterly moves from service quality/encounters towards a consideration of the broader notion of value as a function of the retail experience. The paper begins with a review of service quality, service encounter and service experience and acknowledges linkages between the three concepts. An outline of the UK retail environment is also provided, followed by details of research methodology and design. Empirical qualitative findings are subsequently presented, discussed and, finally, interpreted.

## Literature review

### *Retail service quality*

The evaluation of retail organisation performance may depend on goods quality, process quality and imagery (Burton *et al.*, 2001), and it is this highly complex mix that makes retail service quality research such a challenge (Huang, 2009). Services have been characterised differently to goods and are said to be defined by their intangibility; inseparability and simultaneous production, distribution, and consumption (Parasuraman *et al.*, 1985). Conventionally, services are considered highly participative (Svensson, 2006a), and high-street retail, especially, can be characterised by its relatively high level of customer/employee interaction (Gupta and Zeithaml, 2006). The essential nature of retail services infers that protagonists on both sides of the counter will be heterogeneous and that service delivery will vary from provider to provider, from customer to customer and also, from episode to episode (Parasuraman *et al.*, 1985).

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It is broadly believed, though, that a high level of retail service quality is necessary to create and sustain competitive advantage (Dabholkar *et al.*, 1996; Siu and Cheung, 2001) and there is a general consensus that service quality can be conceptualised as the resultant of a comparison between expectations and perceptions regarding service-related activity (Grönroos, 1984; Parasuraman *et al.*, 1985, 1988). Although others have suggested alternative frameworks (e.g. Cronin and Taylor, 1992) the service quality model proposed by Parasuraman *et al.* (1985) has come to represent the received wisdom, and the suggestion that word of mouth, past experience, personal need and external communication all shape service expectations; and that five service dimensions – tangibles, reliability, responsiveness, assurance and empathy – represents a contended (e.g. Gabbott and Hogg, 1999) but extensively applied attributes framework.

The relatively atypical nature of the retail store offering, comprising both service and goods in more-or-less equal measure, means the application of these service quality dimensions (and the derived service quality measure, SERVQUAL; Parasuraman *et al.*, 1988) may not translate well into a retail environment. Alternative frameworks for evaluating retail service quality have been suggested (Dabholkar *et al.*, 1996; Mehta *et al.*, 2000) but more recent, related, studies in retail settings (e.g. Wong and Sohal, 2003; Raven and Welsh, 2004; Gupta and Zeithaml, 2006; Gunawardane, 2011) have adhered to the original Parasuraman *et al.* (1988) model, and it could be argued that where the retailer's value proposition is heavily customer service oriented that this model remains highly relevant.

Tangibles are clearly a major point of interest in retail (representing both the goods purchased, the appearance of service staff and the servicescape in which transactions take place), but customer impressions of store experience have traditionally depended also on the quality of their interactions with staff (Farrell *et al.*, 2001; Jayawardhena and Farrell, 2011) and these contribute significantly to overall retail experience quality. Teixeira *et al.* (2012, p. 366) who suggests that customers have specific "customer experience requirements" and that the conventional Parasuraman *et al.* (1988) service quality framework, with its substantive focus on affective quality attributes – responsiveness, empathy and assurance – is highly pertinent, not least because these attributes resonate strongly with customer beliefs concerning the nature of the personal relationships that are relevant to the traditional retail experience (Bienstock *et al.*, 2003; Fowler *et al.*, 2007)

It is interesting to note, though, that the idea of "experience" can be interpreted in different ways. Often, of course, this is expressed via the deployment of hedonistic terms including, enjoyment, fantasy and novelty (see Tynan and McKechnie, 2009); indeed Holbrook and Hirschmann – in their seminal 1982 exposition of the experiential domain – focused specifically on the three "f"s of consumption experience – fantasy, feeling and fun – whilst Arnould and Price (1993) introduced the concept of the "extraordinary" or "peak" experience. Schmitt (2011), however, distinguishes between the "ordinary" and the "extraordinary" experience, and draws on a range of non-marketing sources to demonstrate the importance of factors including routine, passivity, well-being and satisfaction to the flow of daily life, and point out that a successful consumption experience need not necessarily be instantly memorable. There is, too, substantial current practitioner interest in the "customer effort" metric (see Dixon *et al.*, 2010) that considers not how much engagement the service experience delivers, but – on the contrary – how little. In bricks and mortar store environments staff are frequently perceived as the embodiment of the retail experience, and the

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service encounter – or buyer/seller engagement – has for some while been considered a critical component of an effective (however, that might be considered) retail service experience (Gudergan *et al.*, 2008; Pappasolomou and Vrontis, 2006).

*Retail service encounters*

Service encounters are “shaped by customer perceptions of service providers” (Keng *et al.*, 2007, p. 350) and what occurs during these encounters is central to total service delivery/experience perceptions. They are, effectively, the bridge between buyer and seller, embodying both relations with service employees and interaction with other customers, and are often the focus of reaction to the retail experience (Harris and Baron, 2004). From an employee perspective service encounter quality can be assessed across a range of factors, including competence – listening skills and dedication level (Keng *et al.*, 2007) – and personal communication – including exchange of information and knowledge. Studies suggest that customers have come to expect a conversational context from a bricks and mortar retail experience (Harris and Lee, 2004) and that both customers and staff will have prior expectations regarding the nature and purpose of the associated dialogue.

Whilst some have focused on the physical appearance of service staff (Nickson *et al.*, 2005; Luoh and Tsaur, 2009) and on non-verbal communication (Kim and Kim, 2012) others (Klemz, 1999; Kim *et al.*, 2010) have targeted discourse and similar “social cues” (Hu and Jasper, 2006). It has been proposed, for example, that good service encounter quality is achieved through customer facing staff who are extrovert, have agreeable personalities and have a high level of customer empathy (Fowler *et al.*, 2007). Further studies suggest that service encounter quality works on a relational basis whereby the various dimensions of the interaction evolve into consistent patterns of performance, perceptions and attitude reflecting the level of competence by which the service encounter is delivered (Wong and Sohal, 2003). Service heterogeneity, however, means that customers experience differently constituted encounters on different occasions and in different ways and the inseparable nature of service production and consumption suggests that a “poor” service encounter will substantially influence perceptions of the total service experience, both in the present and for the future (Baron *et al.*, 2009).

The literature implies that the service orientation of retail employees will impact on the overall quality of service delivery (Jayawardhena and Farrell, 2011) but the retail experience, in general, can also be indirectly impacted by the nature of the goods on offer; the price at which those goods are sold; and the economic and social climate pertaining at the time. Retail activity does not exist within a vacuum (Pal *et al.*, 2006) and although the literature suggests the key determinant of retail service quality is the service encounter, there is a lack of research on how this relationship is affected by changing market environments.

*UK retail environment*

The UK has a long history of retailing. The traditional high street has a hallowed place in the British psyche, delivering a physical fabric, a social infrastructure and providing the heart to a local community (Grimsey, 2013). The UK retail sector accounts for 20 per cent of GDP; employs one in nine of the workforce; represents the third largest retail sector in the world; and is home to some of the most competitive, innovative and globally recognised brands such as Tesco, Marks and Spencer and Boots (BIS, 2012). Fifty years ago the UK retail sector comprised primarily “bricks and mortar” stores, accounting for almost 100 per cent of retail goods transactions, but by 2008 this figure

had declined to less than 40 per cent resulting in one in six shops in the UK becoming vacant (Grimsey, 2013). A significant threat to the physical retail store has undoubtedly been technology, and the impact of internet shopping has been particularly intense (Griffiths and Howard, 2008). Consumers are no longer restricted to physical interfaces and now seek an integrated, multi-channel shopping experience (Avery *et al.*, 2012). This has led to a change in consumer perspectives in respect of the traditional retail model which, for high-end stores, has traditionally focused upon personal service encounters and the creation of a “noticeable”, or “extraordinary” service experience (Salmon, 2012).

These changes are not unique to the UK, of course, and apply on an international basis. Uncles (cited in Krafft and Mantrala, 2010) for example, identifies four global forces driving change in retail; the rise of the technology-savvy customer; increasing fad/fashion consciousness, the growing importance of experimental shopping and increasing consumer assertiveness. Multi-channel shopping, enabling consumers to purchase across a number of different retail platforms is reshaping the traditional retail experience (Dougal *et al.*, 2012), as is the growing trend towards automated self-checkout systems. This latter allows customers to complete purchases themselves and, in consequence, reduce their reliance on customer-facing service staff and the more “engaging”, or complex, service encounters (Singh, 2012). Retailing in the twenty-first century is changing at a rapid pace and established modes of practice are subject to constant challenge. The old shopping pattern is “broken” (Grimsey, 2013) and it is both timely and pertinent, therefore, that we explore the continuing value of the interpersonal/face-to-face service encounter, conventionally synonymous with high-street retailing practice.

### **Research strategy**

The purpose of this paper is to explore the nature and importance of personal service encounters, utilising a high-street retailer whose value proposition has been characterised by a focus on the relationship between employees and customers, and to assesses how this currently contributes to our understanding of consumers’ perspectives on the quality of retail service specifically, and on the retail experience generally. The study adopts an exploratory approach with a view to both exploring and generating theory, in an environment that has received limited recent theoretical evaluation to date. A single-case research strategy has been used, allowing the authors to explore contemporary retail phenomena in a real-life context (Yin, 1994; Nati and Ojasaklo, 2008). Via the use of naturalistic enquiry (recommended by Tynan and McKechnie, 2009, for the evaluation of experiential consumption activity) the researchers have been able to explore respondent attitudes in a relatively unconstrained manner, and to study how both employees and customers understand the connected notions of service quality, service encounter, and service experience in an organisation that is especially relevant to the aims of the study (Barbour, 2008).

### *The retailer*

There are a number of levels at which data collection and analysis can take place in a case study and could, for example, include individuals, organisations or an event (Kervin, 1992). In this study the research setting is a leading UK health and beauty retailer with an on-going policy of employing knowledgeable, well-trained staff, and for providing a high standard of customer care and personal service. Whilst particular staff members were trained in very specific customer service skills (such as those

relevant to healthcare and cosmetics), all employees are required, at all times, to offer a friendly/personalised service. The nature of health and beauty is also such that a relatively high proportion of business requires sales staff to interact with customers to help explain, for example, product usage and benefits, and the company concerned approaches this task from a largely service, rather than commodity, perspective. As a supplement to its emphasis on high-quality customer service, the retailer also offers a loyalty card, launched in 1997. This provides points for money spent which can subsequently be redeemed against product purchases. The card has 16.7 million holders and is one of the largest UK loyalty card schemes (Mintel, 2010).

#### *Data collection*

To strengthen study findings, data were collected from multiple units within the subject retailer's store network. The units of analysis concerned were four flagship stores located in the central region of the UK, selected because they were of a similar size, had a large footfall and were amongst the most frequently visited stores in the region. The store manager in all four stores had agreed, with the support of the head office, for their store to participate in the study. Across the four stores a total of 60 semi-structured interviews were conducted – five with service staff and ten with customers in each location. A “bilateral perspective” to the study was adopted as materials were collected from both customers and employees as these groups of participants represented both sides of the personal service encounter in the same retail setting (Czepiel, 1990; Svensson, 2006b). Interviews were deemed the most appropriate means of collecting data as these were considered more likely to facilitate in-depth exploration of opinions and attitudes relating to service quality, encounter and experience.

The 20 customer-facing store staff, comprising 15 females and five males – average age, 37 years – were selected via purposive sampling. Interviewees worked in a range of store areas and were selected because they had different levels of responsibility, and included healthcare and cosmetics staff, store managers, deputy store managers, pharmacists, beauty supervisors and photographic supervisors. Where staff were unavailable for interview, alternative staff members were identified with the help of the store manager. The interviews, lasting approximately 45 minutes, were semi-structured and focused upon topics relating to consumers' reasons for store choice, understandings of what constituted service quality, the quality of the service provided, and the nature/purpose of staff/customer interactions.

The responding customers were observed shopping in the store and subsequently approached by the researchers and asked to take part in an interview *in situ*. The researchers explained that they were conducting research for their university and given the option to decline the interview if they preferred. Where this happened, the researchers approached other customers until they successfully recruited a participant. This resulted in purposive/convenience sample of 40 volunteers: no incentive for the interview was either given or asked for. Respondents were selected across a range of both gender and age in order to broadly reflect the observed customer profile. The sample comprised 45 female and 15 male customers who shopped at the subject retailer at least once a month, with 50 per cent of customers shopping at least once a week. A shorter semi-structured interview, designed to obtain maximum information with minimum customer inconvenience, was utilised, and comprised a range of informal questions focusing on customer understandings of service quality and its attributes, the nature of personal service, reasons for shopping at this

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health and beauty retailer and the quality of service staff performance. Interview duration in each case was approximately 15 minutes. Whilst it is recognised that convenience sampling has limitations it was considered in this case to be the most efficient, effective and authentic means of eliciting meaningful responses.

### *Methods of analysis*

All interviews were digitally recorded and transcribed, and template analysis was used to identify key themes in the data (Crabtree and Miller, 1999). Template analysis is an analytical approach which is suited to comparative evaluation of different groups of people, or individuals, within a specific context (King, 2004). Furthermore, the development of a list of codes (the “template”) helps the researcher make sense of large amounts of rich textual data via the use of structured and systematic analytical methods (Waring and Wainwright, 2008). As the study was focused primarily on service quality and service encounters, our template comprised a priori codes drawn from the literature, such as the five service quality dimensions (Parasuraman *et al.*, 1988) and others pertaining to attributes specific to the retail context (Meng *et al.*, 2009).

Although this study was designed primarily to capture subjective impressions of service quality and the service encounter in the context of a traditional, customer service based, high-street retailer, the exploratory nature of our questions allowed respondent focus to deviate into other areas of store experience, and after having completed our initial service quality/encounters analysis, we noted a portion of “surplus” data that had either not been coded or which deviated from normative perspectives on service quality (i.e. it was price or outcome related). Clearly, we needed to investigate this “surplus” either through emergent *in vivo* codes or via a second a priori template, and our research design consequently took on an emergent character. Merz (2002, p. 141) suggests this involves “going beyond the research agenda [...]” and works “[...] as a way of understanding and respecting the data”. We chose to interrogate the data again via a template based upon “customer value”, a concept that sprung to prominence in the early 1990s (e.g. Holbrook, 1994; Gale, 1994). This concept has increasingly been seen as relevant to a full understanding of the consumption experience and, as a consequence, we determined that this would be a suitable avenue for further exploration. In the context of retailing, Babin *et al.* (1994) and Sweeney *et al.* (1999) are amongst the earliest and best-known value studies, whilst other more recent contributions include Arnold and Reynolds (2003), Jones *et al.* (2006), Rintamäki *et al.* (2007), Wang *et al.* (2012) and Nsairi (2012).

There is some degree of consensus within these studies that the shopping experience can be perceived as part fun and part work, and there is a consequent focus on the dyadic notions of hedonic and utilitarian value. A further perspective on value (Woodall, 2003) offers a different – but related – view, that suggests value in market contexts can be perceived and/or expressed in five, rather than two, different ways. These five ways, or meanings, represent the various interpretations that have been applied to the value concept within the marketing literature and identify different ways in which “value for the customer” might be interpreted. The five value types are detailed in list below adapted from Woodall (2003), and characterise the second template we applied to our data:

- (1) as attributes only – that is, product/service features that consumers find to be of benefit, or value (called “Marketing VC” in Woodall (2003));

- (2) as bargain, or cheapest option, usually focused on minimum possible sacrifice (“Sale VC”);
- (3) as outcomes only – benefits, or value, that consumers obtain from use and/or experience of product/service offerings (“Derived VC”);
- (4) as a readily rationalised balance of benefits and sacrifices, usually based on price and attributes (plus the more obvious outcomes), often termed “value for money” (“Rational VC”); and
- (5) as a complex, unconsciously balanced, combination of all the benefits (outcomes and/or attributes) and all the sacrifices (monetary and/or non-monetary) perceived to be associated with a particular product/service offering, the resultant of which can be termed net value (“Net VC”).

“Net value” might be considered the most complete perspective on value, unconsciously applied by the customer (Woodall, 2003) and representing a balance of all the benefits and all the sacrifices (Zeithaml, 1988) associated with a specific offering. This can be readily operationalised via the use of a simple “value equation” (Heskett *et al.*, 1997; Grönroos, 1997) that allows customer opinions and attitudes to be organised in respect of: product/service attributes, consumption outcomes, price considerations and both monetary and non-monetary acquisition and relationship costs (see Woodall *et al.*, 2012). In this study the equation has been used (see Table III) to organise interview content so as to surface key issues of interest – in this case, whether the nature of the value being sought/derived by the health and beauty retailers’ customers might best be described as attribute oriented, outcome/experience oriented or price oriented (and whether this latter was focused on low price or on “value for money”); that is, which of the four conscious perspectives on value might be most relevant to customers (see list above).

### **Research findings**

The findings, further below, demonstrate the iterative nature of our research. We focus first on results obtained via the service quality/encounters template (Tables I and II) – considering both expectations and perceptions, and relating to both customers and staff – and, subsequently, we show the outcomes of further analysis designed to interrogate “surplus” data (emerging from customer interviews only) via a second, value-related, template (Table III).

#### *Expectations and perceptions of service quality*

Table I summarises how both customers and staff developed their expectations of service quality (in respect of the subject retailer) and also how those expectations manifested themselves. Selected quotations are used to illustrate this analysis.

We note that an established reputation for reliability, trustworthiness, plus quality products and service, engendered positive word of mouth in respect of corporate image and reputation (Grönroos, 1984). Heritage was also a key factor contributing to case retailer image, and positive store associations were achieved via a long-established presence on the high street. Customers had shopped in this store throughout their lives and a positive message has been communicated through generations of shoppers. Although not illustrated in Table I we also found that the strong brand heritage and extensive range of products proved attractive to a wide range of customers in terms of both age and gender. Similarly, reported frequencies with which customers



	Word of mouth	Past experience	Personal need	External communication
Store customers	<p>“good image”</p> <p>“people shop here because their mum and gran shops here”</p> <p>“has a good reputation”</p> <p>“solid reliable company”</p>	<p>“been around for so long”</p> <p>“they always have what I need”</p> <p>“can get advise if I need it”</p> <p>“Loads to choose from”</p> <p>“Professional”</p> <p>“sell lots of things”</p>	<p>“If you get a cough or a cold, you come here”</p> <p>“good variety of products”</p> <p>“speed. I want to get in and out quickly”</p> <p>“location of store x”</p>	<p>“I see the adverts for the 3 for 2s offers”</p> <p>“they have decent offers”</p>
Store staff	<p>“this retailer has been an institution in Britain for decades”</p> <p>“renown name”</p> <p>“we have an upmarket image”</p> <p>“we are known for good customer service”</p>	<p>“knowledgeable and friendly staff”</p> <p>“they trust us”</p> <p>“we really know our stuff”</p> <p>“knowledge and expertise”</p> <p>“reliable products and service”</p> <p>“good customer service”</p>	<p>“destination shop”</p> <p>“come in for something quick”</p> <p>“expect a high level of service”</p> <p>“we have time for customers”</p>	<p>“we advertise to women”</p> <p>“they see us as quite specialized”</p> <p>“we are seen as the next step up from Tesco or Superdrug”</p> <p>“we do offers on 3 for 2”</p>

**Table I.**  
Customer expectations  
regarding service quality

**Table II.**  
Perceptions of the service  
encounter – customer  
and staff

	Tangibles	Reliability	Responsiveness	Assurance	Empathy
Store customers	<p>“the person is friendly and dressed smartly”</p> <p>“you can get a pushchair down the aisle”</p> <p>“always clean and tidy”</p> <p>“it is nicely set out [...] its easy to walk round”</p>	<p>“good selection of products”</p> <p>“known for good customer service”</p> <p>“everything under one roof”</p> <p>“got everything when I need it”</p>	<p>“always a massive queue at the cash and wrap”</p> <p>“I want to be quick and efficient”</p> <p>“sometimes kept waiting at the pharmacy”</p> <p>“the queues are long at busy times”</p>	<p>“products are safe”</p> <p>“you can guarantee it’s pretty safe”</p> <p>“they are professional”</p> <p>“they have specialist knowledge”</p>	<p>“I will ask them if I need anything”</p> <p>“someone who is willing to help but they’re not in your face”</p> <p>“I’m not harassed but someone to give advice when needed”;</p>
Store staff	<p>“Stores are attractive to shop”</p> <p>“I think our appearance definitely helps”</p> <p>“they would rather deal with a person in a uniform” “clean environment”</p>	<p>“we are known for good customer service”</p> <p>“Staff are trained to a high standard”</p> <p>“offer a good range of products”</p>	<p>“on speed we are pretty good”</p> <p>“speed quite quick”</p> <p>“They don’t want to queue”</p>	<p>“professional knowledge”</p> <p>“know they can get professional advice”</p>	<p>“someone who put a smile on the customer’s face”</p> <p>“everyone to be approachable”</p> <p>“the customer needs to know you’re interested in them”</p> <p>“we have a relationship with certain customers”</p>

Attributes of the offering	Consumption outcomes
Store	General experience
Spacious/well organised, nice, tidy, quick, efficient, quiet, bright, cheerful, <i>variety</i> , solid, reliable, <i>convenient</i> , <i>clean</i> , quality, own brand, choice, availability	Enjoy shopping, means to an end, get in and out, ASAP, quick, easy, <i>no queues</i>
Staff	Staff encounters
Knowledgeable, well-trained, <i>polite</i> , professional, <i>friendly</i> , <i>clean</i> , tidy	No complaints, really helpful, commendable, great service, expectations met, good, very good, pretty good, no problems, fantastic, fine, OK, nice, helpful
Price considerations	Acquisition/relationship costs
Loyalty points	<i>Queues</i>
Offers	Don't like shopping
3 for 2s	Staff busy
Best-buys	Impersonal
Deals	Over-attentiveness
Reasonably priced	
Cheap and good	
Inexpensive	
Expensive	

**Table III.**  
Net value equation for  
health and beauty retailer

visited this retailer and the association they have with the brand suggests that personal need, word of mouth recommendations and past experience of the store (Parasuraman *et al.*, 1988) and store image (Grönroos, 1984) are integral/synchronous expectation factors, which evolve as habit, and translate into “bonds” (Storbacka *et al.*, 1994).

The subject retailer was recognised by both customers and employees for being knowledgeable across its offering, with staff perceiving that well-trained personnel were a source of competitive advantage (Fowler *et al.*, 2007). Staff perceived, too, that they delivered high levels of friendliness and believed this was not only intrinsic to service quality but also transformed the service encounter relationship onto a higher friendship plane (Svensson, 2006a). Customers, however, appeared not to favour this closer relationship, preferring staff as advisors to be accessed as time and need demanded.

The importance of sales staff appearance (a “tangibles” issue), though, was acknowledged both by employees and customers, and was believed to contribute substantially to encounter experience (Nickson *et al.*, 2005; Foster and Resnick, 2013) primarily because of the nature of the store offering (health and beauty products/services) – and this was seen as an important signifier of store image. One service quality dimension that caused customer disappointment, though, was that of responsiveness, articulated as long and slowly dissipating queues. Store staff, however, believed they met customer needs in respect of service speed. Customer perceptions, generally, though, were at odds with those of staff in respect of the five service primary service quality dimensions (Parasuraman *et al.*, 1988). Staff both believed in, and believed they provided, a service that was at once intimate, effective and efficient, but for customers it appeared the latter was most important – though execution left much to be desired – and other attributes, including price offers, served as incentives to shop.

*Perceptions of customer value*

Table III identifies the various objects that emerged as significant for customers based on a value-related content analysis of data collected from the 40 customer interviews. For demonstration purposes data has been synthesised/refined through several iterations and comprises either single words or short phrases representing key customer concerns and/or observations. Items in *italic* are those that arose most frequently.

Our primary observation concerned the relatively high frequency of comments regarding price – or, rather, comments concerning those factors that helped bring prices down: loyalty points, offers, and “3 for 2s”. Almost half the respondents raised this, typical comments being: “you get your loyalty points; you get all the deals and it’s reasonably priced”; or, “I like the points. It’s a good system as the points build up and you get something”. References, generally, to “own brand”, “best buys”, “points” and “deals” occurred often and contributed to a general sense of collective frugality. Occasionally, customers suggested that prices were too expensive but this served just to focus attention on compensating benefits such as offers and points.

It was also interesting to note that descriptors relating to store attributes frequently alluded to the practical rather than the “extraordinary”. Customers appeared most concerned with space, cleanliness and variety, but the latter was primarily related to choice on prices rather than with range and opportunity. The availability of own-label goods alongside more recognised brands meant that customers could more easily control level of spend, whilst a focus on reliability, solidity and tidiness appeared to resonate with a largely utilitarian approach to shopping. A further point to note was the relatively frequent use of terms such as “quick”, “efficient” and “convenient” – especially when considered in conjunction with outcomes-associated terms: “means to an end”, “ASAP”, “quick”, “easy”. Only two customers alluded to their shopping trip as anything other than a function or assignment, and both – exceptionally – said they enjoyed the experience.

Opinions on staff, based on shared encounters and the outcomes these conveyed, were largely complementary. Suggestions that service had been “fantastic”, “very good” or “great”, however, were overwhelmed by statements of faint praise – “no complaints”, “no problems”, “pretty good”, “fine”, “nice” and “OK” – implying, again, that efficiency was both favoured and largely achieved; and some respondents stated that over-attentiveness would not have been appreciated anyhow. Information regarding offers and goods location was appreciated, and staff attributes that impressed were characterised via the words “polite”, “friendly” and “clean” – worthy attributes, but hardly redolent of Pine and Gilmore’s (1998) “experience economy”.

From all the above we concluded that customers applied a “value for money” (see list above) perspective to the store – neither solely focused on minimal sacrifice, nor rejecting entirely the traditional attributes the store had to offer, but certainly demonstrating evidence of a relatively straitened view of the retail encounter. A focus on queues (both presence and absence) similarly indicated a preference for efficiency and the facilitation of a largely utilitarian shopping event. That other acquisition and relationship costs were low in both range and frequency (Interviewer: “What do you dislike about shopping at [health and beauty retailer]? Customer: “Nothing”, “Nothing really”, “Cannot think of anything”) means that most “must haves” were in place, but also implied that “delighters/exciters” were not sought and were only occasionally acknowledged outcomes.

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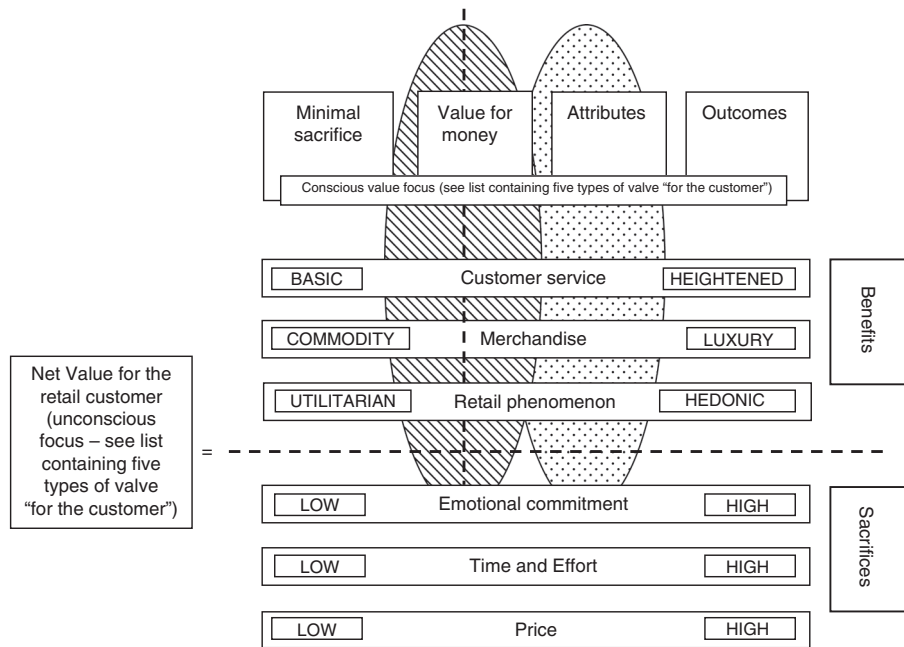
## Discussion

The retailer chosen for this study has been an established fixture in the UK for many generations. That it has been judged a “quality”, rather than a commodity, shopping destination for many years goes a long way towards explaining its enduring appeal. Staff clearly pride themselves on providing high-quality customer service and perceive this to be a key reason for customers to shop in the store. Our findings suggest, though, that customers shopped here not because the store had a good range of quality products and helpful, knowledgeable staff, but because their offering incorporated attractive promotions, a generous loyalty scheme and a level of convenience and efficiency. The exceptional service encounter, which the store staff perceived to be a key component of competitive advantage was no longer considered by respondents to be a “customer experience requirement” (Teixeira *et al.*, 2012), or pre-requisite for using the store.

Zeithaml (1988, p. 15) suggests “perception of value depends on the frame of reference in which the consumer is making an evaluation”, and if environmental factors loom large (strained economic circumstances, e.g. or the omnipresence of other means by which customers can access good and services) then these will surely influence the way that people think about the way they shop and the nature of the experience they expect. Both our initial service quality/encounters template and our subsequent “value” template revealed similar results, with customers focusing primarily on the more astringent aspects of retail endeavour engaging, effectively, in what Atkins and Kim (2012) term “smart shopping”. The first of our analyses revealed an unexpected shift away from a high-context/personalised service focus, and the second allowed us to surface additional insights that reinforced these outcomes.

This approach contrasted with the opinions of employees, who believed customers were especially appreciative of a heightened, predominantly personalised, level of service characterised via the service quality dimensions, assurance and empathy. Although this retailer was acknowledged for its personal service and knowledgeable employees there was no overriding evidence that a close service relationship was valued by customers, who more generally desired quick and efficient, albeit friendly, staff interaction. Responsiveness emerged as the service dimension most criticised by customers, with queues the major concern. According to Rintamäki *et al.* (2007) customer value propositions arise from a conjoint consideration of economic, functional, emotional and symbolic dimensions of the offering. They also suggest that competitive advantage arises out of the suitability, or appropriateness, of resources and competencies utilised by the firm. Figure 1 identifies a range of possible value propositions, or offerings, based upon the Woodall (2003) model discussed earlier. Moving from left to right these suggest a continuum moving from a cheapest price (“minimum sacrifice”) offering at one end, to an outcomes-oriented offering at the other end, that could also be seen to align with a utilitarian/ordinary experience-to-hedonic/extraordinary experience continuum.

Drawing on ideas suggested by Rintamäki *et al.* (2007) and recognising key characteristics of the store offering, this also identifies key dimensions of the retail experience expressed as either benefits or sacrifices. Continua are also represented by these offering characteristics, or dimensions, and show the nature and range of the benefits and sacrifices that are pertinent to each point along the value proposition continuum. Thus, at the minimum sacrifice point, the experience is utilitarian/ordinary, and though benefits are characterised as basic/commodity the associated sacrifices in terms of price, emotional commitment and time/effort are similarly low; thus providing sufficient Net Value for customers. At the “outcomes” focused pole of the continuum



**Figure 1.**  
Value proposition map  
for UK high street health  
and beauty retailer

the retail experience, or phenomenon, is hedonic/extraordinary with benefits characterised as heightened/luxury; but sacrifices are similarly extreme with price, time/effort and emotional commitment all high. Again, Net Value for customers is sufficient as the customers' overall aim is to achieve equilibrium as a minimum at whichever point along the continuum is perceived by customers as being the "best" considering their circumstances and preferences. In between the poles are less extreme positions, represented by a "value for money" proposition and an "attributes" focused position, the latter considered analogous to a focus on store features, including service/encounter quality.

Based upon our analysis of interview data we deduce that that current customers are prepared, largely, to sacrifice the more hedonistic aspects of the retail offering, elevating expedience and efficiency over "personal and memorable experiences" (Chang and Horng, 2010) and high-context service encounters. Competitive prices; reasonable range and quality; an astringent – but not "cheap" or neglectful – store environment; appear to be key desired components of this specific contemporary high-street domain. The preferred value proposition is represented on Figure 1 by the shaded oval superimposed vertically over the various continua.

Buttle (2000) suggests it is the customer's perception of the proposition that is important, not the retailers, and that this proposition it is only a source of value if the customer agrees. The value proposition should, essentially, be a value alignment mechanism (Frow and Payne, 2011) but, clearly, the "service advantage" articulated and pursued by staff was neither recognised nor regarded as the most important benefit by most of the customers we interviewed. Staff believed that traditional store attributes and in particular the level of personal service that they delivered – were the key focus for customers, whereas customers themselves were more concerned with value for money with the store card the key symbolic representation of the offering.

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In an ideal situation, of course, both ovals would occupy the same horizontal point on the value proposition map.

Verhoef *et al.* (2009, p. 31) suggest “Creating superior customer experience seems to be one of the central objectives in today’s retailing environment” but, clearly, this is not always essential. Customers want what they want, and this is not inevitably a superior, or extraordinary, experience exemplified via high levels of service quality. As Dixon *et al.* (2010) suggest, solving customers’ problems may be much more important than “the bells and whistles” that most organisations assume their customers want; but perhaps this is just reflective of the changing mood of the times. It has been suggested that the tension between hedonism and utilitarianism in retail environments is mediated by a range of factors – for example, store environment (Mattila and Wirtz, 2008), gender and store atmosphere (Borges *et al.*, 2013) and self-identity (Davis and Gregory, 2003) – but little attention has been paid either to general economic conditions or to the evolving service expectations of the consumer. We suggest, here, evidence of a shifting agenda; one that is coincidentally redolent of straitened consumer circumstance, time-constrained lifestyles and a more diverting/diversified retail experience, and where the complementary notions of both reduced effort and convenience (e.g. Dixon *et al.*, 2010; Farquhar and Rowley, 2009; Sieders *et al.*, 2007; Nguyen *et al.*, 2012) are becoming increasingly more relevant. Based upon a historical study of consumer behaviour patterns Flatters and Willmott (2009) predict, for the present “post-recession consumer”, both a decline in experience seeking and an increased demand for pragmatic simplicity; and our evidence may support such a reading.

### Conclusions and future research

Our study provides a snapshot of a retail environment in flux. It contributes to current understandings of an evolving high street by both capturing the dilemmas faced by retail organisations in periods of rapid economic and social change, and also challenges the conventional wisdom regarding the universal potency of the “extraordinary” retail experience. We also demonstrate the further efficacy of using the “value” construct as a means of evaluating core aspects of consumer behaviour and use this also to categorise the nature of value propositions in bricks and mortar service environments. Methodologically, we show how the use of an emergent research design can provide a means of responding, in an agile fashion, to unforeseen findings.

Customer expectations regarding the service encounter for this particular high-street retailer appear to have evolved. Whilst staff remain fixated upon the personal service aspect of the store offering, an aspect that has been a source of distinctiveness over many years and which has set this particular retailer apart from other more recently established high-street competitors, consumers appear to have moved on. Personal customer service seemed not to act as an incentive to use this particular retail store and, consequently, would appear no longer to be a significant source of competitive advantage.

Our results imply that consumers are becoming less predictable in terms of their regular shopping requirements, which – for this particular retailer – now encompasses efficient and effective service delivery and a range of more utilitarian service attributes that, coincidentally, provide practical and social benefits. Aspects of the health and beauty retailer’s offering that were perhaps once considered ancillary now appear to resonate with a coincidentally evolving economic and social climate, and loyalty card, attractively priced promotions, product offers and convenience have become its new “must haves”. This may also signal potentially wider acceptance

of the incorporation of “new” technological interventions into the service offering (e.g. self-service checkouts), which would put further strain on the perceived service wisdom. This health and beauty retailer has relied on the service encounter as a means of differentiating itself from its competitors; and we would suggest the challenge is now for it to find ways of promoting a more relevant retail offering.

It would not, of course, be appropriate for us to suggest that our single study, at a single point in time, and at a single UK location, can be unquestionably generalised across the wider retail environment. Evidence of social change is frequently disparate, sometimes contradictory, and certainly incremental; and we offer our observations as a contribution to, rather than representation of, understanding in respect of post-recession consumer retail behaviour. More research is clearly needed to establish both the underlying issues underpinning our health and beauty customers’ perspectives on service quality and the ongoing role/importance of the service encounter in contemporary retail environments. The extent to which convenience, effort and keen pricing may be challenging assumptions concerning the desirability of personal service and the special/uncommon experience is evidently of substantial interest, and understanding how consumers balance utilitarian and hedonistic imperatives is clearly key. This research suggests the need for organisations to continuously review and, where necessary, update their service proposition (Ostrom *et al.*, 2010), so as to take full account of shifting social and economic agendas.

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### Further reading

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