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1.0 Introduction

Consumers are exposed to an extensive number of products and services from different brands and companies all over the world. The competition amongst the providers has increased as a result of globalization, making it harder for brands and companies to compete in the global market place (Gentile, Spiller, & Noci, 2007). The introduction of internet has facilitated retailers to reach a broader audience by launch their stores online as an extension to their physical stores, or solely as an online-store (Lee & Tan, 2003). This has enabled the consumers to choose amongst many product and services, comparing and finding the most suitable offering for themselves. The increased number of products offered has in turn amplified the consumers' expectations as people instinctively compare a new experience, either positive or negative, with previous experiences and judge it accordingly (Meyer & Schwager, 2007). The consumers' expectations are in other words shaped by their previous experiences regarding a company's or brand's products or services.

In recent years, the dynamics of the customers purchase habits have been changing. The market is in a constant change, evolving and expanding in terms of when, how and where the consumption takes place. More consumers tend to do many of their pucrases online rather than in a physical store, often using various devices such as phones, tablets and computers, enabling them to compare products more easily and making a purchase wherever they are (Dibs, 2017; Lee & Tan, 2003). The trend of Norwegian consumers choosing to purchase online have had a steady growth the last few years. A report made by PostNord (2017) on e-commerce in the Nordic countries reveals that 65% of the Norwegian population between 18 and 79 made at least one online purchase a month in 2017, and that 54% of the online customers uses their smartphones when shopping online, instead of a computer or a tablet (Dibs, 2017).

The change of habits has made it more difficult for the retailers to succeed, as the retailers must interact with their online customers in a different way than they are used to with consumers in a physical store (Lee & Tan, 2003). Past research reveals that effective retail management are linked to the creation of a customer experience, resulting in a positive performance outcome for a given brand or

company. (Bilgihan, Kandampully, & Zhang, 2016; Gentile et al., 2007; Grewal, Levy, & Kumar, 2009; Rose, Clark, Samouel, & Hair, 2012; Verhoef et al., 2009). For a company to be able to succeed in this though marketplace it is therefore crucial to have a product that stand out from the competition as well as meeting the customers' expectations (Verhoef et al., 2009).

2.0 Research Questions and Objectives of the Thesis

2.1 Objectives

The objectives for this study is to (a) develop a model that will incorporate important variables of online retailing and explain their role in regard of customer experience leading to customer satisfaction, loyalty and trust, and (b) to test the model by conducting a survey, finding correlations and relations between the parameters, proving that the model explains the relationships tested. By examining other models made regarding customer experience both online and offline, one can see that variables such as the consumers' cognitive and affective state, social aspects such as customer handling, and extrinsic attributes regarding the online store, delivery, and packaging, plays an important role in creating customer experience (Bilgihan et al., 2016; Bustamante & Rubio, 2017; Gentile et al., 2007; Klaus & Maklan, 2013; Rose et al., 2012).

2.2 Research questions

The overall research question for this study will be the following:

How to create a good customer experience online from a customer's point of view, in the Norwegian online retail market?

Further on we have some secondary research questions or alternatives, more specific to the variables we want to test and get a better understand of:

- How does the consumer perceive a good customer experience online in the retail business?
- Which parameters are important to create/maintain a good customer experience online in the retail business?

- Which factors does customers value most while considering being loyal to an online retail business?
- How does the customer experience affect the customers' loyalty online within the retail industry?

3.0 Conceptual background

3.1 Customer experience

Customer experience have become an important concept for marketers, as the purchase behavior amongst consumers have changed extensively the past decade (Lee & Tan, 2003). Consumer does no longer consider a an offer solely based on its features, but instead compares and judges the products and services against previous experiences (Meyer & Schwager, 2007). Because of this, there have been done a lot of research regarding this field, as both marketers and researchers have acknowledged its importance. The concept of customer experience can be defined as an internal and subjective response of a customer when being in contact with a company or a brand (Meyer & Schwager, 2007). The connection between a customer and the company or brand can be either direct; when purchasing a product, using it or being in contact with the customer service, or indirect; in terms of word-of-mouth, reviews, unplanned encounters and further on. The total experience a customer has when purchasing a product or service can further on influence the consumers attitude and future purchase intentions related to the product or service the experience is linked to (Rose et al., 2012). His highlights the importance of this concept, as retailers might gain or lose customer as a result of a good or bad experience with the given retail.

This concept of customer experience have become an central objective in today's retail environment both in physical stores as well as in online stores (Verhoef et al., 2009). Studies have shown that creation of customer experience can be linked to effective retail management, which in turn leads to positive performance and outcomes for the retailer (Bilgihan et al., 2016; Gentile et al., 2007; Grewal et al., 2009; Rose et al., 2012; Verhoef et al., 2009). Meyer & Schwager (2007) states that a successful brand or firm shapes the customers' experiences by embedding

the fundamental value proposition in every aspect of an offering, making sure that the customers have a good experience when purchasing a product or service.

3.1.1 Customer experience online

The customer experience online is a significant factor that becomes more and more crucial as online retailer are constantly increasing (Dibs, 2017). It seems that when customers shop online, the threshold limit for visiting another online shop are far less, than the threshold limit for going from store to store (physical), which requires physical movement. Customers potential for choosing amongst several brands and stores, becomes more convenient and attractive. Hence, creating loyal customer becomes more challenging in an online context, than for physical stores. One can also see that, encouraging spontaneous purchases is less facilitated online, when the customer does not have an attendant to persuade the customer, it all depends on the online web design.

The market continuously evolves with the increasingly digitalization and globalization, resulting in people expand their range of purchases online. Hence, the companies face stronger competition when the online stores are generally not limited for geographical borders (Lenka, Parida, & Wincent, 2017). Furthermore, it occurs a value co-creation when the customer acquires to guide their own way through the online shop, in addition, incorporating the formal information including payment- and delivery details (Lenka et al., 2017). As the trend of purchasing online increases, the companies should focus more on the online customer experience, and locate success criterions to create good customer experience.

Much of the research done regarding customer experience are in an physical retail retting, and accounts for the consumers cognitive and affective state, social aspects and physical surroundings (Bustamante & Rubio, 2017; Klaus & Maklan, 2013; Rose et al., 2012). However, there seem to be a lack of research that accounts for packaging, freight and delivery as variables that can affect the customer experience online, in addition to the above-mentioned variables. A recent report regarding online retailing in the Nordic countries have highlighted that freight cost, how long it takes to receive a package and the possibility of choosing amongst several delivery options are important factors for Norwegian

consumers shopping online (PostNord, 2017). It is therefore interesting to take these variables into account, investigating whether they have an impact on the online customer experience.

4.0 Conceptual framework

Thoughts and paragraphs considered in this section, a work in progress. The hypothesis will be presented in this section of the thesis.

4.1 Customer experience, loyalty, satisfaction (introduction to the framework)

4.1.1 Model

Examining existing models regarding customer experience and loyalty have helped us to develop a model that hopefully will contribute to a better understanding of what parameters that affect the customer experience, loyalty, satisfaction and trust in an online retail (Bilgihan et al., 2016; Bustamante & Rubio, 2017; Gentile et al., 2007; Klaus & Maklan, 2013; Rose et al., 2012). Based on the examination of previous models, we will investigate how variables such as the cognitive and affective state of a consumer plays a role in the customer experience, as well as the social aspect in terms of customer handling and communication, and extrinsic attributes related to the online store, packaging and delivery of the product. Most of the exiting models within this field are investigating the customer experience in a retail setting, however, making our model we have been examining models based on both in-store and online customer experience.

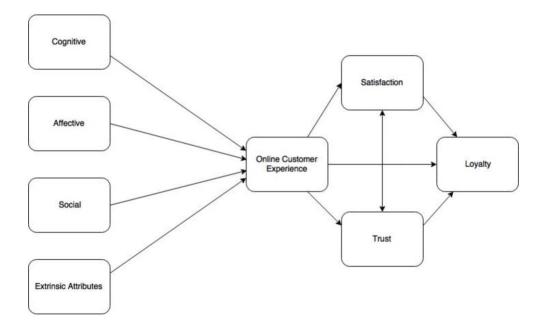


Figure 1: The conceptual model

This model is a temporarily model, that may be altered or modified as we will gather more information regarding customer experience online and the parameters that might affect it. We have planned to interview an expert within this field within a few weeks. This expert is the founder of a successful Norwegian online store (Hektapatur.no), who can contribute with relevant knowledge and experiences that we can build upon when further investigating the field of online customer experience.

4.2 Loyalty

The companies depend on recruiting and retaining customers, to keep in balance. Loyalty, is therefore, a crucial aspect that the companies continuously needs to maintain and evolve. As an advantage, the companies can act on customer loyalty, both attitudinal- and behavior loyalty are important aspects (Cossío-Silva, Revilla-Camacho, Vega-Vázquez, & Palacios-Florencio, 2016). Further, attitudinal loyalty can lead to behavior loyalty, a significant intangible asset for companies.

According to (Valvi & Fragkos, 2012), they have purposed a general conceptual framework that guides to e-loyalty (loyalty in online purchases). However, the model is divided into three steps; pre-purchase, during-purchase and after-

purchase. These steps include important aspects as e-reputation, the customer's pc-knowledge, e-trust, satisfaction, etc. that are fundamental for e-loyalty. Several theories and studies has been conducted on e-loyalty, however, we failed to locate any studies conducted in the online retail field in the Norwegian market. Thus, the Norwegian market is yet to be examine regarding e-loyalty among Norwegian customers online.

4.3 Satisfaction

4.4 Trust (in online shopping?)

4.5 Cognitive

4.5.1 Previous experiences and knowledge

4.5.2 Price and price-knowledge

When a consumer is considering to purchasing a product, the consumer evaluates the price by comparing the prices seen in the store (External Reference Price, ERP), with the ones the consumer remembers (Internal Reference Price, IRP) (Van Oest, 2013). Research suggests that consumer tend to be more loss averse to prices above the reference price, as the consumer experiences a loss. While a gain in terms of prices below the reference, make the consumers less loss averse (Tversky & Kahneman, 1986). Thus, Van Oest (2013) finds that the loss aversion differs whether the reference price is internal or external. Consumers tend to be less loss averse for IRP's than they are for ERP's.

(Comparing prices)

4.5.3 Perceived quality

(Define quality: Durability, robust)

Quality is something most customers take into consideration when purchasing a product. It is considered as one of the main cues for the customer, as most customers are interested in investing their money in a best possible way, getting value for their money (Mugge & Schoormans, 2012; Völckner & Hofmann, 2007). The term *perceived quality* implies the customer's perception on the quality of a product, being the customer's overall judgement of the product

(Tsiotsou, 2006). This implies that what quality the customers perceive the product to have, is an influential factor of whether the customer chooses to purchase the product or not. A study performed by Chaudhuri, (2002), revealed that the higher quality a product is perceived to have, the higher is thus the purchase intention. This is further proved as perceived quality are found to correlate positively with purchase intention (Tsiotsou, 2006). This is an interesting finding ...

4.6 Affective

4.6.1 Risk perception

4.6.2 Trust

4.7 Social

4.7.1 Interactions with the customers Customer handling/ service

4.7.2 Interaction with employees (?)

4.8 Extrinsic attributes

4.8.1 Website

4.8.2 Packaging

The packaging of a product is an important element, both from a marketer's point of view, and for the customer. People tend to "judge a book by its cover", and thus make assumptions regarding the product, its quality, usefulness, and/or performance, based on the packaging of the product (Magnier, Schoormans, & Mugge, 2016). It is therefore important for a brand, a company, or a store to have in mind what kind of packaging they choose to make and/or use for their products. Considering the customer journey, packaging will occur in the post-purchase phase. The post-purchase phase is critical, due to the fact that it is the last phase in the customer journey. Hence, it can be a crucial driver to make a final impression

on the customer's perceived- satisfaction and customer experience (Valvi & Fragkos, 2012). The packaging will be one of the final steps in the customer journey, which makes it crucial to provide and excel good service.

4.8.3 Delivery/ freight/returns (time and price)

5.0 Methodology

5.1 In-depth interviews

We want to conduct three to eight in-depth interviews that will serve as a basis for the consumers understanding of customer experience, as well as being a basis when creating a survey. The interviews will be regarding the participants' perceptions, thoughts and impression of customer experience online, and how this experience can relate to and or result in loyalty, satisfaction and trust with an online retail. The sample will consist of consumers who frequently shops online; men and women in the gage range of 18-54 (Dibs, 2017; PostNord, 2017)

5.2 Survey

Further we have planned to conduct a survey, finding correlations and relations between the different variables in the model, and how they are linked to the online customer experience, resulting in customer satisfaction, trust and loyalty online. The variables that will be tested in regards to the customer experience are; the consumers cognitive and affective state; the social context in terms of customer service and the stores interactions with the customers pre, during and post purchase; as well as extrinsic attributes, such as packaging, delivery and web site layout.

The sample will similarly as the in-depth interviews consist of an even distribution of men and women in the age range of 18-54. This range is chosen based on reports from 2017, highlighting that these consumers stands for most of the online purchases in the Norwegian retail market (Dibs, 2017; PostNord, 2017).

Within a quantitative survey design, it is essential to have an adequate sample size and dealing with nonresponse biases (Bartlett II, Kotrlik, & Higgins, 2001). From SSB (2018) one can find that the current population in Norway, within our chosen age range of 18-54 are 2 636 196. Calculating the sample size by using the size of the population, in addition to a significant level of 95% (alpha = 0.05) and an error margin of 10%, gave us an adequate sample size of 96 (Bartlett II et al., 2001). However, as we want to be sure that the size is sufficient, we want to have a sample size of 150. (The calculation will be provided in the thesis)

Constructing the survey questions, we are going to use several articles as reference; Cronin, Brady, & Hult (2000); Danaher & Haddrell (1996); McMullan & Gilmore (2003), that already has applied questions with significant measures. We want to use a seven point likert scale for many of the questions, measuring the continuous variables related to customer experience, cognitive and affective state of the consumers, social aspects in terms of customer handling, as well as the extrinsic attributes (Bartlett II et al., 2001).

We will under present some thoughts about which type of question we want to include in the survey. However, the questions are just our thoughts for now, and a work in progress, and will thus be changed in reference to the articles mentioned in the previous section (Cronin et al., 2000; Danaher & Haddrell, 1996; McMullan & Gilmore, 2003). The aspect and intention of some of these questions can also might also be used in the in-depth interviews, after some alterations.

- Have you purchased anything online during the past six months?
 - If No, "Block" out of the survey
- Why do you shop online?
 - Convenience
 - Easy to compare prices
 - Good offers/prices
- What do you typically purchase online?
 - Clothes (Apparel) and shoes
 - Media/ entertainment products and services (Books, streaming netflix etc, audio books, magazines)

- Smaller electronic devices (Hjemmeelektronikk, PC, Headphones etc.)
- Beauty and health related products
- Sports and leisure equipment
- Child equipment and clothes
- Boat/car/motorcycle equipment and accessories
- Groceries
- Approximately, how many percent of your yearly retail purchases are made online?
 - Slider with percentages
 - 10 point intervals
- What factors are important when you purchase something online? (divide this question into categories)
 - Fast delivery
 - Free delivery
 - Easy return
 - Free return
 - Choice of way of delivery (e.g home at the door, in the mail next day, post office, etc.)
 - If this is chosen, the next question will be regarding ways of delivery, and if the participants are willing to pay for certain delivery methods
 - Sufficient information regarding delivery (time, tracking, etc.)
 - Easy to complain
 - The page is easy to understand/navigate
 - Trustworthiness of the page
 - Good illustrations of the product
 - Good price
 - Good and clear information
 - Sufficient search option
 - Safety Ratification
 - Customer ratings
 - Easy to get in touch with customer service
 - Fast customer service
 - Easy to check out

- Easy to pay
- Choose amongst different payment options
- Packaging
- Loyalty
- Trust
- Satisfaction

6.0 Thesis progression and data collection plan

5.1 Thesis progression and data collection plan

Week/ date	What to do
3 15.01-21.01	 Plan and prepare for meeting with Hektapatur.no Meeting with adviser Construct the in-depth interviews Revise preliminary (depending on when we get the feedback)
4 22.01-21.01	 Revise preliminary (depending on when we get the feedback) Revise the meeting with Hektapatur.no Literature review Methodology Conduct in depth interviews
5 29.01-04.02	 Revise preliminary (depending on when we get the feedback) Literature review Methodology Conduct in depth interviews
6 05.02-11.02	 Revise preliminary (depending on when we get the feedback) Conduct in depth interviews Collect data from in depth interviews and run some analysis
7 12.02-18.02	 Interpret data from in depth interviews Finish up literature review + hand it in to advisor Construct the survey
8 19.02-25.02 (Winter break) 9	 Corrections of the literature review Construct the survey Send out survey Methodology Conduct survey

26.02-04.03	Methodology
20.02 04.03	In depth interviews data/ insights
10	Conduct survey Einich and in death interviewe data (incidents) hand it
05.03-11.03	• Finish up in depth interviews data/ insights + hand it
	in to advisor
11	Conduct survey
12.03-18.03	Corrections of interviews
	• Finish up the methodology + hand it in to advisor
	Corrections of the methodology
12	Conduct survey
19.03-25.03	• Clean up the dataset
	Survey analysis
13	• One week slack in case we need more time on
26.03-01.04	collecting the data from the survey
(Easter break)	
14	 Interpret survey insights/results
02.04-08.04	• Write up the result
15	• Interpret survey insights/results
09.04-15.04	• Write up the result
16	• Write up the result
16.04-22.04	
17	• Finish up the results + hand it in to advisor
23.04-29.04	Discussion and limitations
23.04-29.04	• Executive summary
10	Discussion and limitations
18 30.04-06.05	• Executive summary
30.04-00.03	Conclusion
19	• Hand in thesis draft for corrections to advisor
07.05-13.05	
20	• Read for the exams
14.05-20.05	• Marius exam: 23.05
21	• Both: Strategic Marketing Issues Exam: 25.05
21.05-27.05	
22	AM Spain?
28.05-03.06	-
23	• Both: Exam: 04.06? Considering to re-take a course
04.06-10.06	 AM Spain?
24	Corrections and references
11.06-17.06	
25	Corrections and references
18.06-24.06	
26	• Our temporally deadline for the thesis: 01.07.18
25.06-01.07	- Our temporary deadline for the thesis, 01.07.16
20.00 01.07	

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