

Customer Experience in Volatile Economic Conditions: A Study in Mangaluru

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ABSTRACT

This research investigates the relationship between customer perceptions and their recommendations of Reliance Retail during the current economic uncertainty. A total of 152 respondents were selected through simple random sampling to participate in the study. Inferential statistical methods, including correlation and chi-square analysis, were employed to test the research hypotheses. The findings reveal the complexity of customer behavior and suggest that factors beyond those studied may have a more significant influence on customer recommendations. The study highlights the importance of exceptional customer experiences in driving long-term success and revenue maximization for companies. In contrast, inadequate customer experiences can lead to negative outcomes, emphasizing the need for organizations to prioritize customer satisfaction in order to maintain competitiveness in a challenging market environment.

Keywords: *Brand image, customer loyalty, customer satisfaction, economic uncertainty, perception.*

INTRODUCTION

The contemporary business landscape is characterized by increasing economic volatility, presenting significant challenges for companies of all sizes. Amidst these uncertain times, delivering exceptional customer experiences has become paramount for organizations seeking to maintain competitiveness and long-term sustainability. Understanding how customer perceptions and behaviors evolve during economic downturns is crucial for businesses to adapt their strategies and ensure continued success. We live in a connected, fast-paced world where economic swings are inevitable. The shifting economic landscape presents enormous difficulties to all industries worldwide. The likely causes of the economic oscillations are shifts in consumer spending, variations in the exchange rate, and changes in government policies. Customers and industries need to understand the effects of variations in order to successfully navigate through periods of turbulent economic conditions.

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Customer Experience (CX) is the overall impression a customer forms of a brand or company through their interactions. It encompasses every touchpoint, from initial marketing to post-purchase support. A positive CX fosters customer loyalty, advocacy, and ultimately, business growth. Conversely, negative experiences can lead to customer churn and damage brand reputation. Prioritizing CX becomes especially crucial in volatile markets. Economic downturns, supply chain disruptions, and unforeseen events can significantly impact customer behavior and expectations. Businesses must adapt their strategies to not only survive but thrive in these challenging conditions. The COVID-19 pandemic serves as a prime example of market volatility. Consumers faced unprecedented uncertainty, and their purchasing habits shifted dramatically. To navigate these challenges, companies had to quickly pivot their approaches to CX. For instance, the surge in online shopping necessitated robust e-commerce platforms and efficient delivery services. Additionally, providing exceptional customer support became paramount as customers sought assistance with order cancellations, refunds, and product inquiries. Effective CX in volatile markets requires a multifaceted approach. Building trust and empathy is essential. Brands must demonstrate genuine care for their customers' well-being and address their concerns promptly. Open and transparent communication is crucial to managing expectations and maintaining customer confidence. Moreover, leveraging technology to enhance customer interactions can streamline processes and improve overall satisfaction.

LITERATURE REVIEW

Tong et al (2023)² made an effort to comprehend how the economy reacts to uncertainty. The study focuses on stock return volatility, new metrics for measuring economic uncertainty, and econometric recommendations for framing measurements and determining the link between volatility and uncertainty.

Lim et al (2022)⁸ observe in their study that key themes in consumer behaviour include the processing of consumer information, consumption communities' values, sustainable consumption, intergenerational behaviour, brand relationships, ethics, and conditional relationships. **Yurievna (2022)**¹⁵ examines in study that, the shifting dynamics of the economy have led to a variety of behavioural shifts in consumers. Consumers tend to reduce their purchases during recessions, and increase their purchases during prosperous times. **Guleria et al (2022)**⁷ in their study examined the exchange and spatial arrangement between markets that produce and consume tomatoes. In the current study, monthly series data on arrivals and prices for a given time period were employed. **David De Cremer and Garry Kasparov (2021)**⁴ AI highlight the increasing challenges for humans to keep pace with rapidly changing technology and the necessity of continuously building up competencies with upgraded

technologies to remain relevant in the market. **Juana et al, (2019)¹²** in their research has shown that a circular economy always has a beneficial impact on the economy and has a significant influence on sustainability. Companies and economies that tend to increase their own involvement in the economy should prioritise consumption and consumers. **Ayuso (2019)⁵** studies hypothesis that emerges organically from the transmission mechanism's financial perspective. According to the study, depending on the state of the financial markets, an exogenous rise in economic uncertainty can have drastically different macroeconomic effects. **Gafar et al, (2017)⁶** in their study investigated the factors that affect the development of customer experiences in Malaysia's retail sector. The study's findings indicate that three factors have a good and significant association with customer experience: assortment, retail atmosphere, and service interface. **Umashankar et al (2016)¹³** believes that because devoted clients are less price-sensitive, service businesses perform well. According to research, one of the main factors attenuating the positive relationship between price sensitivity and behavioural loyalty is improved service experiences and attitudes towards loyalty. **Mukhopadhyay (2016)¹⁰** opines that the primary indicator for business is the volatility of the micro economy. The study attempts to determine why sales of two-wheelers are lower in Tamilnadu than in other states. It was found that the primary cause of the decline in two-wheelers was a change in consumption behaviour. **Caldara et al (2016)³** considers shocks related to money and uncertainty are significant causes of changes in the economy. Research looks into the major impact financial shocks have on economic results. Shocks of uncertainty have a detrimental effect on the economy by tightening financial conditions. **Kumar et al., (2014)¹⁴** opine in their study that, service-oriented businesses work hard to satisfy their customers. The study's goal was to investigate how shifting economic conditions affect consumer experiences and disposable income, which in turn affects how customers choose which services to buy. According to a study, consumers with lower incomes are more perceptive to shifts in the economy than those with higher incomes. **Jabłoński, M. (2019)⁹** In practice, many business models are volatile—unstable and highly susceptible to various factors—which makes them incapable of guaranteeing success **Frank and Enkawa (2009)¹** in their study examine the impact of seven countries' economies on consumer satisfaction. According to research, economic growth fosters optimism for consumer satisfaction whereas economic expectations have the opposite effect. According to the study, businesses should enhance their approach when evaluating the findings of firm-level customer satisfaction surveys. **Ogikubo and Enkawa (2007)¹¹** in their study disclose intriguing research results. For their cross-country comparison, two countries in their consumer behaviour rating survey did not take purchasing parties into account. Rather than making direct comparisons between the countries, data on the economic impact of customer happiness was gathered, which is more trustworthy inside the nation. The methodological and cultural influences on customer satisfaction are eliminated by this process. **Kent and Anna (2000)⁴** – opine that the relationships created during interactions with the parties have a major impact

on client retention. A conceptual model is developed and evaluated using a representative sample of professional services business partnerships. Customer retention is increased when they make purchases. Research demonstrates how specific types of relationship content affect client retention. **John and Argia (1995)**⁹ opines that a consumers' gloomy views about the economy will eventually cause output to decline. The study makes a compelling case for the necessity of building a link between changes in the economy and consumer confidence. **Amjed, Sohail. (2019)** The impact of volatile economic conditions on corporate capital structure adjustment towards dynamic target in Pakistan. In a volatile economic environment, a common characteristic of developing economies, a firm's ability to leverage resilience against random economic shocks positively impacts its financial performance, thereby increasing the firm's value

AIMS AND OBJECTIVE

The study is intended to assess the relationship between customer's perception and recommendation of the company during current economic condition in Mangalore City. The study also analyses the impact of customer satisfaction with the value for money of the company's products/services on their continued usage during economic uncertainty

HYPOTHESES OF THE STUDY

It is formulated as follows;

H1: Customers who perceive that the company has adapted well to the current economic conditions are more likely to recommend the company to others.

H2: Customers who are satisfied with the value for money of the company's products/services during economic uncertainty are more likely to continue using the company's products/services.

RESEARCH METHODOLOGY

This study is focused on determining customer perception, satisfaction and recommendation. Descriptive research design has been followed in this study. Both primary as well as secondary data is utilized. The primary information is gathered using a structured questionnaire. 152 respondents are selected for the study based on simple random sampling. The study is covered in Mangalore City. There was limited time and resources to review a larger number, hence only a manageable number of high quality respondents are considered. The measurement instruments were

constructed and extracted a more comprehensive questionnaire based on the items of interest for this study cronbach's alpha value is 0.947 which is higher than the minimum value (0.7) which shows that test results are acceptable and study is considered to be reliable.

DATA ANALYSIS AND INTERPRETATION

Data collected was tabulated and analysis was carried out by using Simple percentage analysis, Descriptive analysis using mean and standard deviation and inferential analysis such as correlation and chisquare analysis. Data was analyzed as follows;

Respondents profile:

The present study considered respondents from Mangalore city as participants. Respondents above the age group of 30 are considered as they have more established careers, financial responsibilities when compared to younger demographics, also older respondents may have experienced previous economic downturns, providing valuable insight into how they perceive and respond to current economic condition.

Company profile:

Reliance Industries Limited, amidst the current economic uncertainty, remains a pivotal player in India's corporate landscape, known for its diversified business interests spanning petrochemicals, refining, telecommunications, and retail. The company's resilience is underscored by its strategic investments in digital services through Jio Platforms, which have bolstered its revenue streams despite economic fluctuations. Reliance's commitment to innovation and sustainability continues to drive its growth trajectory, evidenced by its initiatives in renewable energy and green technologies. Despite challenges posed by global economic volatility, Reliance's robust financial health and market leadership position it favorably for navigating uncertain times and capitalizing on emerging opportunities. As a cornerstone of India's industrial sector, Reliance's adaptability and forward-thinking strategies position it as a resilient force in the face of economic uncertainty.

Net Promoter Score (NPS) was presented by Reichheld in the Harvard Business Review, in an article entitled 'The Only Number You Need to Grow'. The respondents are given a response option of a rating scale from 0 to 10. Customers answering 0 to 6 are to be considered 'detractors', 7 and 8 'passive', and 9 and 10 'promoters'. The NPS index, expressed in a percentage, is calculated by subtracting the detractors' scores from the promoters' scores and dividing the total by the number of questionnaires. Passive customers are not considered.

How likely would you be to recommend the product or service?

Detractors	Passives	Promoter
0 1 2 3 4 5 6	7 8	9 10
Not likely at all		Extremely likely

Table 1: Recommendation of the product/service

Promoters	42.1
Passives	22.4
Detractors	35.5

Company tries to meet customer expectation at very interaction. With this data it can be analysed that the promoters are the one who spread positive word of mouth and stay loyal. The company need to formulate strategy to increase the count of promoters. The negative emotion of the customers i.e through detractors the brand image of the company will be destroyed.

H1: Customers who perceive that the company has adapted well to the current economic conditions are more likely to recommend the company to others.

Table 2: Karl Pearson's correlation coefficient between Customers who perceive that the company has adapted well to the current economic conditions are more likely to recommend the company to others.

VARIABLES	Recommendation	
Customer perseverance	Pearson Correlation	0.773
	P	1

The above table shows Karl Pearson's correlation coefficient between Customers who perceive that the company has adapted well to the current economic conditions are more likely to recommend the company to others. The results demonstrate that there is a correlation between overall shopping experience contentment and the likelihood of recommending the store ($r = 0.773$, $p > 0.01$). The study reveals that there is a no correlation between Customers who perceive that the company has adapted well to the current economic conditions are more likely to recommend the company to others. Therefore, H1 is rejected. This outcome highlights the complexity of customer behaviour and suggest that other factors may be more influential in driving customer recommendations.

H2: Customers who are satisfied with the value for money of the company's products/services during economic uncertainty are more likely to continue using the company's products/services.

The test result of chisquare shows that there is strong evidence to suggest that there is a significant association between customer satisfaction with the value for money of the company's products and services and their likelihood to continue using the company's products and services during economic uncertainty as $p < 0.01$. hence H2 is accepted. This result supports hypothesis that satisfied customers are more likely to continue using the company's products and services. It implies that improving customer satisfaction with value for money could positively influence customer retention during uncertain economic times.

IMPLICATIONS OF THE STUDY

The study implies that companies might need to focus on other aspects of their customer experience, such as product quality, service excellence, or emotional connections, to encourage recommendations. The strong association between customer satisfaction with value for money and their likelihood to continue using the company's products/services highlights the importance of pricing strategies during economic uncertainty. By prioritizing customer satisfaction and building strong relationships, companies can improve their resilience and long-term sustainability.

CONCLUSION

A significant portion of Reliance Retail's customer base consists of promoters, who are highly satisfied and likely to recommend the company's products and services to others. This indicates a strong level of customer satisfaction and loyalty among a substantial segment of customers. A considerable proportion of customers are detractors, who are dissatisfied and likely to speak negatively about the company. This high percentage highlights significant issues that need to be addressed to improve customer satisfaction and reduce negative word-of-mouth. However, the substantial number of detractors calls for immediate attention to identify and rectify the underlying issues causing dissatisfaction. Efforts should be made to engage the passive customers more effectively, as they represent a group that could potentially be converted into promoters with the right strategies and improvements in service. It is recommended to establish robust feedback mechanisms to gather insights from detractors and passives, enabling the company to make informed improvements. Continue to engage and reward promoters to maintain their loyalty and encourage positive word-of-mouth. While adaptation to economic conditions does not

significantly impact recommendations, other factors such as product quality, customer service, and brand reputation might play a more critical role. Understanding and enhancing these factors could be crucial for increasing customer recommendations. Improving customer satisfaction, particularly in terms of perceived value for money, is essential. This can positively influence customer retention, as satisfied customers are more resilient to economic uncertainties and are likely to maintain their loyalty to the brand. Ensuring that products and services are perceived as offering good value for money is critical. Strategies to enhance this perception can include competitive pricing, high-quality offerings, and exceptional customer service. Further research could be conducted to identify the key factors that drive customer recommendations. These conclusions provide a clear and actionable summary of the findings, highlighting the importance of focusing on customer satisfaction and identifying key drivers of customer recommendations for strategic improvement.

LIMITATION OF THE STUDY

Sample Size: The study is limited by a relatively small sample size, which could affect the generalizability of the findings to the larger population.

Geographic Scope: The study was conducted in Mangalore City, and the results may not be representative of other regions or countries with different economic conditions or cultural contexts.

Self-reported Data: The study relied on self-reported data, which may be subject to biases such as social desirability bias or recall bias

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