

IMPROVING CUSTOMER SATISFACTION IN THE IMMERSIVE EXPERIENCES ERA

Andreea PORANCEA-RĂULEA

“Nicolae Bălcescu” Land Forces Academy, Sibiu, Romania
porancea.raulea.andreea@gmail.com

ABSTRACT

For an organization to succeed, it is essential to have customers. In order to evolve and grow, they must become loyal consumers. This approach is challenging in the current era, which is characterized by rapid changes and the increasing use of artificial intelligence. Historically, customers were satisfied with quality alone. However, in the modern context, factors such as globalization, virtual reality, artificial intelligence, and generational differences have made it more difficult for organizations to understand and meet their customers' needs, and to foster customer loyalty. The objectives of this review paper are twofold: firstly, to collate and examine the existing evidence concerning customer satisfaction, and secondly, to identify strategies and measures that will prove effective in the context of the current era of immersive experiences. The principal conclusion is that the assurance of customer satisfaction is not contingent solely upon the deployment of AI technologies; rather, they exert a considerable influence upon this objective.

KEYWORDS: customer satisfaction, digital, quality, strategy

1. Introduction

Despite the in-depth immersion in technology, the main focus of organizations should be customer satisfaction. Customers are the lifeblood of any organization. They dictate trends and set expectations. Organizations have to meet these expectations to survive in the marketplace and be at the top of their preferences. Achieving this is an increasingly complicated process given the generational and cultural differences amplified by technological developments. Today's times are increasingly complicated in terms of meeting customer needs. The multitude of variants to choose from, and the immediate availability of substitutes make this a complicated task even with the new technologies and innovations now available. Moreover, it is necessary to implement a quality management system with a focus on prioritizing customer expectations.

Quality management, technology and customer satisfaction play a crucial role in building bridges in a globalized world. These three elements are interconnected and contribute to facilitating organizational success, strategic understanding and the development of global relationships.

Recent research highlights the importance of customer satisfaction in the digital era, particularly for online businesses and financial services. Studies show that digitalization is a crucial dimension of service quality, positively impacting customer satisfaction and loyalty (Zouari & Abdelhedi, 2020). The digital customer experience plays a significant role in shaping customer attitudes and behaviors, with factors such as expectations, process experiences, and surprise effects influencing overall satisfaction (Méndez-Aparicio, Jiménez-Zarco, Izquierdo-Yusta & Blazquez-Resino, 2020). To measure and

improve customer satisfaction in digital environments, researchers have proposed extended models that incorporate digital-specific dimensions alongside traditional service quality factors (Taherdoost, 2020; Zouari & Abdelhedi, 2020). These studies emphasize the need for businesses to adapt their customer service strategies to the digital age, focusing on both the delivery of services and compliance with industry-specific requirements.

In the past, customer satisfaction was much easier to achieve because, on the one hand, their expectations were not so high and, on the other hand, because competition existed at local, at most national, level. In recent times, competition is global and customer expectations are in line with it.

The evolution of how customer satisfaction is achieved has evolved from product orientation to today's immersive experience orientation. A few decades ago, the development of products that corresponded in terms of quality characteristics was the guarantee of customer choice. Subsequently, the focus shifted to customer orientation. Customers' wishes and expectations took precedence and investments were made in developing the means and technologies to ensure their fulfillment. The evolution did not stop there. Customer focus turned to sustainability. Organizations that have put the integration of sustainability practices at the forefront have won the day and have prevailed in customer choices.

The digital revolution has taken things further and has brought significant changes in the evolution of how customers and their expectations can be met. The introduction of digital solutions constituted the first phase of the transition towards artificial intelligence and immersive experiences, designed to anticipate and fulfill customer requirements.

The question currently being asked by all organizations is how to satisfy

customers in an era where being digital is normal. Digital native generations are much harder to impress. Born with the Internet as an integrated part of their lives, they have no clear delineation between online and offline and their pragmatism and nonconformism makes them hard to please.

In this review paper the aim is to collect and analyze some realities regarding the satisfaction of customer needs and to find strategies and measures that will be effective in the era of immersive experiences.

2. Strategies for Enhancing Customer Satisfaction

The differing generational attitudes of customers present a challenge for organizations seeking to address their needs effectively. The younger generations, Z and Alpha, are seeking novel and noteworthy experiences that align with their specific needs and expectations. Conversely, individuals belonging to Generation Y and to the baby boomer generation, who were not born digital natives, are seeking an entirely different experience in order to derive satisfaction from the goods and services they consume.

Nevertheless, it is of the utmost importance that the fulfilment of customer requirements becomes increasingly digitally oriented, regardless of the customer's age. But digital experience is not enough. Customer satisfaction requires an immersive, multisensory, interactive, participatory, frictionless, experience based on storytelling events (Kotler, Kartajaya & Setiawan, 2023).

In order to achieve this, it is essential that organisations have a clear understanding of the implications of physical and digital experiences and are able to identify instances where digital events can be used as a substitute for physical ones without affecting the level of customer engagement.

The multiplicity of customer perspectives and preferences presents

businesses with a duality of opportunities and challenges. This double-edged sword offers challenges and opportunities. This double-edged sword offers chances and opportunities in equal measure. The complexity of the segments to be analyzed, allocating resources efficiently, and managing vastly different customer preferences are challenges that organizations must navigate today. At the opposite pole are the opportunities that derive from understanding the diversity and

expandability of market segments, facilitating innovation by incorporating multiple desires and expectations into a single product. The abundance of data that can be gathered about consumers online can be utilized to inform the development of novel products that are tailored to their specific needs and preferences. This approach can foster a sense of empowerment among consumers and often leads to increased brand loyalty.

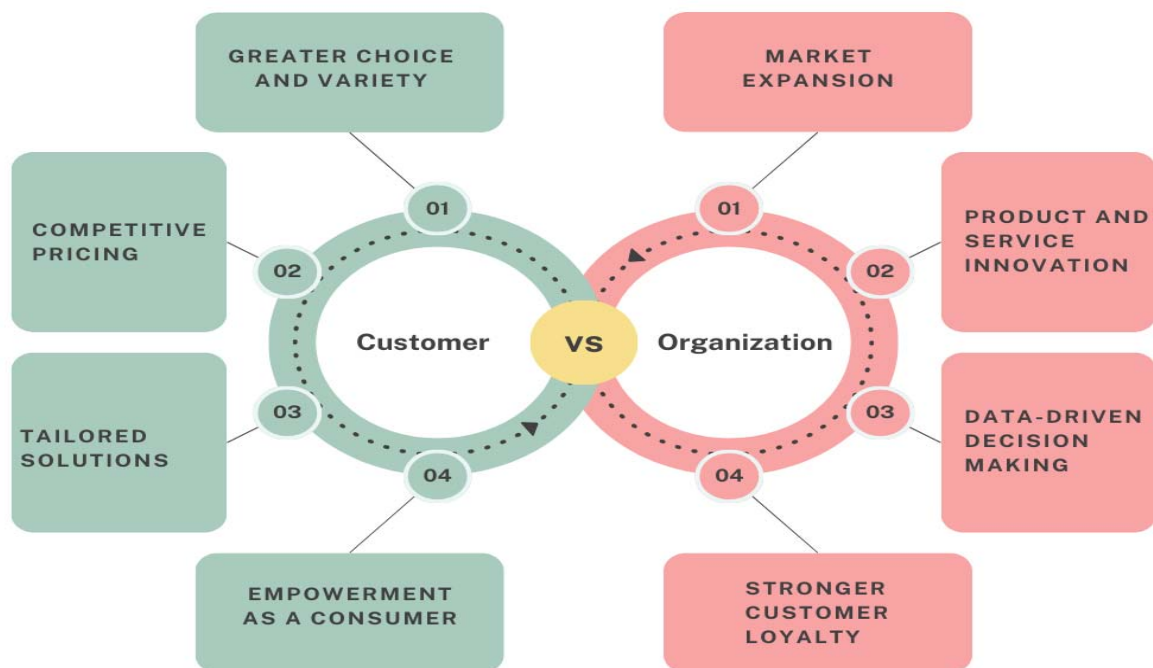


Figure no. 1: *Customer vs. Organization diagram*
(Source: Own creation)

Digital marketing strategies have become crucial for enhancing customer satisfaction in the modern business landscape. Effective approaches include understanding target markets, selecting appropriate platforms, creating engaging content, optimizing for search engines, and maintaining customer interactions (Zanubiya, Meria & Muhamad, 2023). These strategies help businesses adapt to new challenges and opportunities in the digital era, particularly for products like clothing, books, and banking services (Jain, 2014). By integrating technology into marketing practices,

companies can reach larger audiences and meet their primary marketing requirements (Gibson, 2018). Recent research emphasizes the importance of personalized marketing, data-driven decision-making, and continuous adaptation of digital platforms to align with changing trends. Organizations that actively enhance their digital strategies, invest in staff training, and incorporate customer feedback systems tend to achieve the most favorable results in terms of customer satisfaction and overall marketing effectiveness (Al-Gasawneh et al., 2024).

However, the digital landscape is constantly evolving. To stay ahead, businesses must go beyond these core strategies. In order to achieve the optimal level of customer satisfaction, it is necessary to consider a number of additional factors. The ascendance of micro-trends within the digital environment encompasses a multitude of domains, including content, social media, e-commerce, artificial intelligence, and devices. In the context of digital strategies, it is evident that digital micro-moments occupy a pivotal role. The influence and visibility of social networks among users belonging to the Alpha and Y-generations necessitates a comprehensive understanding of their inclinations and expectations. Brand positioning cannot be confined to digitisation issues alone; rather, it must extend beyond that to encompass authenticity and pragmatism, which can collectively drive consumer loyalty.

A study conducted by PwC revealed that 63% of customers anticipate personalized engagement as a standard of service (Puthiyamadam & Reyes, 2018). This indicates that a significant proportion of organizational attention should be directed in this direction. As previously stated, the provision of superior products is no longer a sufficient strategy. In order to enhance customer loyalty and ensure the fulfillment of one of the fundamental principles of quality management, it is essential to complement high-quality products with personalized experiences that are tailored to the specific context and stage of the customer decision-making process.

It is encouraging to note that a proven formula for executing customer-experience transformations has been established. This formula comprises specific steps across three core building blocks: a clearly defined aspiration, an agile transformation approach, and a thoughtful deployment of new capabilities, particularly advanced analytics. The combination of all three

building blocks enables companies to create a competitive advantage in their industry (Bough, Breuer, Maechler, & Ungerman, 2020).

Customer satisfaction is a strategic asset that should be optimized. Rather than seeking to maximise satisfaction, it is more beneficial to optimise it in conjunction with other factors, such as quality, value and complaint handling. This approach allows organizations to thrive by aligning their actions with customer expectations and utilising their resources effectively.

2. The Impact of Artificial Intelligence and Chatbots on Customer Satisfaction

The year 2023 saw the advent of generative Artificial Intelligence and the subsequent global recognition of its potential. The subsequent year, 2024, marked the beginning of its widespread implementation by organizations, with the objective of deriving business value from this novel technology.

In a mere 30 years, e-commerce has transformed the manner in which consumers engage in shopping activities. The concept of shopping has evolved considerably in recent decades. It is no longer limited to the act of visiting a physical store, selecting and paying for items, and then transporting them to one's residence. The time required for a shopping trip has been reduced from hours to seconds, with the additional benefit of being able to complete the task from any location with internet access.

The continued advancement of technology has introduced new elements, namely those pertaining to artificial intelligence. The advent of hyper-personalized online shopping, characterized by implicit suggestions and preferential payment options, has contributed to a notable increase in the number of purchases made online. As can be seen in the figure below, data reveals a consistent upward

trajectory, indicating a steady expansion of the e-commerce industry over the past two decades as the numbers of e-commerce sales tells. This growth is attributed to factors such as increased internet penetration, advancements in technology, and changing consumer preferences.

The steady growth of e-commerce presents both opportunities and challenges for businesses. Organizations must adapt to the evolving online landscape by investing in e-commerce platforms, enhancing their digital marketing strategies, and providing a seamless customer experience.

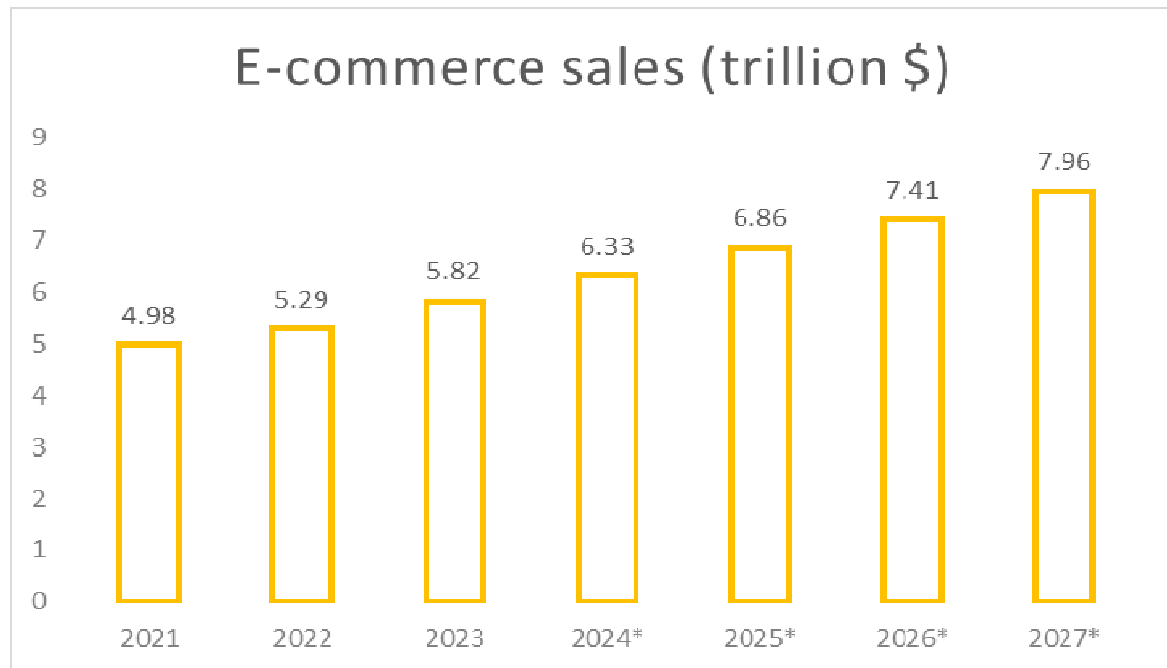


Figure no.2: *E-commerce sales*
(Source: Cramer-Flood, 2024)

Recent studies have examined the impact of AI chatbots on customer satisfaction in e-commerce and customer service contexts. Research indicates that chatbots generally increase user satisfaction compared to conventional customer service by providing comfort, efficiency, and tailored experiences (Antonio et al., 2023). Key factors influencing customer satisfaction include information quality, service quality, perceived usefulness, and ease of use (Ashfaq et al., 2020). The most influential factors are response relevance and problem resolution, which positively affect customer satisfaction and increase the likelihood of continued chatbot usage and product recommendations (Nicolescu & Tudorache, 2022). However, chatbots may also lower customer satisfaction due to unsatisfying answers and inhuman

behavior (Antonio et al., 2022). To effectively replace human customer service agents, chatbots need to excel in privacy, reliability, personalization, and responsiveness. While chatbots offer cost-saving benefits, further research is needed to optimize their performance and enhance customer satisfaction in various service scenarios.

Hyper-personalization is emerging as a crucial strategy for improving customer satisfaction in the digital era. It goes beyond traditional personalization by utilizing real-time data, artificial intelligence, and machine learning to deliver highly tailored experiences to individual customers (Desai, 2022; Tyagi & Bhatnagar, 2021). This approach aims to address customers' implicit needs and

provide the right information at the right time through the right channel (Desai, 2022). Implementing hyper-personalization requires a robust data foundation, including customer identity, contactability, and traceability information (Valdez Mendia & Flores-Cuautle, 2022). By integrating these elements, organizations can enhance customer relationship management and create more engaging interactions (Pukas, 2022). Benefits of hyper-personalization include simplified shopping experiences, reduced choice overload, and improved customer loyalty (Tyagi & Bhatnagar, 2021). However, further research is needed to fully understand the potential of hyper-personalization as a customer relationship management tool in smart organizations (Pukas, 2022).

A significant majority (80%) of executives have attested to the existence of quantifiable enhancements in customer satisfaction as a consequence of the implementation of conversational AI (MIT Technology Review Insights, 2018). There is a notable shift in focus among companies towards the provision of optimal customer experiences and the automation of interactions at a gradual but consistent rate. The utilisation of AI and automation in customer service is rapidly becoming a standard practice, yet there are still numerous potential developments that have yet to be fully actualised. It is anticipated that the global market for conversational AI will reach a value of approximately \$14 billion by 2025 (Comes, Schatsky & Chauhan, 2021).

In a report published by PwC in 2018, 82% of surveyed executives indicated their belief that AI will prove to be the most significant business advantage of the future (PwC, 2017). This finding aligns with the growing body of research highlighting the transformative potential of AI across various industries. AI technologies are rapidly evolving, offering businesses a multitude of advantages, including process automation, improved decision-making, and enhanced customer experiences. The ability to leverage AI effectively can lead to significant gains in efficiency, productivity, and profitability.

A survey conducted by McKinsey on 3,600 consumers across multiple sectors, including banking, auto insurance, retail energy, health insurance, and mobile communications, revealed a significant correlation between the quality and availability of digital interactions and customer satisfaction. However, while the incorporation of digital offerings is a crucial aspect of maintaining competitiveness in the face of evolving customer expectations, it is not the sole factor (Breuer, Fanderl, Hedwig, & Meuer, 2020).

The typical organisation utilising generative AI does so in two principal functions: most frequently, in marketing and sales, and in product and service development. These are the two functions in which previous research has determined that generative AI adoption can generate the most value (Chui et al., 2023).

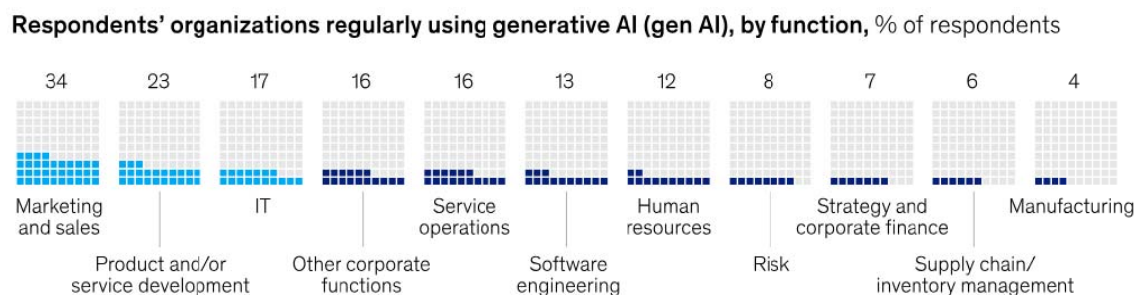


Figure no. 3: *The use of Artificial Intelligence by function*
(Source: Singla, Sukharevsky, Yee & Chui, 2024)

This focus on marketing and sales, as well as product and service development, can be attributed to the inherent capabilities of generative AI in these areas. For instance, generative AI can be used to create personalized marketing content, automate customer interactions, and generate new product ideas and prototypes. The application of AI can facilitate a more profound comprehension of consumer requirements, a sustained oversight of the brand experience, and a distinctive differentiation of the organisation's proposition to consumers. But, as can be seen in the figure above there are multiple other segments that benefit from AI.

4. Conclusions

The objective for any company is to provide customers with an excellent experience, which will result in increased sales, greater customer loyalty and positive word-of-mouth recommendations. However, despite this being a common goal, there is a discrepancy between the expectations of consumers and the reality of their experiences. This can be attributed to a lack of focus on the most meaningful aspects of customer experience, despite companies investing in the latest technology or design.

In the contemporary business environment, customers have high expectations of the companies with which they engage in commercial transactions. In a market where customers can readily switch to a competitor, companies that fail to adapt their practices to meet these evolving expectations risk losing opportunities.

The evidence is unequivocal: the time to prioritize investment in customer experience is now. In the context of economic uncertainty, the manner in which businesses choose to invest in their customer experience will determine the trajectory of their reputation with customers and, subsequently, their success.

The utilization of artificial intelligence and chatbots serves to facilitate the success of an organization in the creation of immersive experiences that ultimately lead to customer satisfaction.

It is imperative for organizations to devise an exceptional customer experience. In the contemporary business environment, customers are no longer merely comparing organizations and their respective offerings to their competitors. Instead, they are engaged in a process of comparison that extends to the highest standards set by the best companies and brands across all industries. This shift in customer expectations has led to a heightened complexity in the development of customer satisfaction strategies. Despite the implementation of cutting-edge technologies and innovations, such as AI and chatbots, research indicates that this is not a sufficient approach.

In order to gain and retain customer loyalty, organizations must strive to provide immersive and hyper-personalized experiences that align with their customers' ethical principles and foster a sense of belonging to the brand, both online and offline.

The topic of customer satisfaction is both intriguing and significant. It would be unwise to adopt an extreme position of either maximizing or ignoring the issue. In light of the diversity of customers and the alternative options available to them, the most appropriate approach is optimisation. Organizations flourish when they align their offerings with the expectations of their customers. However, this is accomplished through the provision of superior quality, enhanced value, and the effective management of customer complaints. The objective, therefore, is to manage the optimisation of satisfaction in relation to customer expectations and the resources employed by the business.

Meeting customer expectations is directly related to market share. Therefore,

it is essential for organizations to understand customer needs, collect relevant data and use it to create products and experiences that lead to increased customer satisfaction and, consequently, market share.

However, increasing market share is a challenging endeavour, given the increased diversity of customers to satisfy and understand. Consequently, the goal of increasing market share by satisfying customer needs presents both challenges and opportunities.

REFERENCES

- Al-Gasawneh, J., Alsoud, M., Alhawamdeh, Z.M., Bani-Ata, T.J., Alghizzawi, M., & Daoud, M.K. (2024). Exploring the Influence of Digital Marketing Strategies on Enhancing Customer Satisfaction in Contemporary Business Environments. In *2024 2nd International Conference on Cyber Resilience (ICCR)*, 1-7. DOI:10.1109/ICCR61006.2024.10532885.
- Antonio, E.R.P., Fadhilah, M.F., Faiq, F., Fredyan, R., & Pranoto, H. (2023). Analyzing the Impact of Customer Service Chatbots on User Satisfaction. *15th International Congress on Advanced Applied Informatics Winter (IIAI-AAI-Winter)*. Available at: <https://doi.org/10.1109/iiat-aaai-winter61682.2023.00023>.
- Antonio, R., Tyandra, N., Nusantara, L.T., Anderies, & Gunawan, A.A.S. (2022). Study Literature Review: Discovering the Effect of Chatbot Implementation in E-commerce Customer Service System Towards Customer Satisfaction. *2022 International Seminar on Application for Technology of Information and Communication (iSemantic)*. Available at: <https://doi.org/10.1109/isemantic55962.2022.9920434>.
- Ashfaq, M., Yun, J., Yu, S., & Maria, S. (2020). I, Chatbot: Modeling the determinants of users' satisfaction and continuance intention of AI-powered service agents. *Telematics and Informatics*, Vol. 54, 101473-101473. Available at: <https://doi.org/10.1016/j.tele.2020.101473>.
- Bough, V., Breuer, R., Maechler, N., & Ungerman, K. (2020, October 27). *The three building blocks of successful customer-experience transformations*. McKinsey & Company. Available at: <https://www.mckinsey.com/capabilities/growth-marketing-and-sales/our-insights/the-three-building-blocks-of-successful-customer-experience-transformations>.
- Breuer, R., Fanderl, H., Hedwig, M., & Meuer, M. (2020, April 30). *Service industries can fuel growth by making digital customer experiences a priority*. McKinsey & Company. Available at: <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/service-industries-can-fuel-growth-by-making-digital-customer-experiences-a-priority>.
- Chui, M., et al. (2023, June 13). *The economic potential of generative AI: The next productivity frontier*. McKinsey & Company. Available at: <https://www.mckinsey.com/capabilities/mckinsey-digital/our-insights/the-economic-potential-of-generative-ai-the-next-productivity-frontier#introduction>.
- Comes, S., Schatsky, D., & Chauhan, R. (2021, August 25). *Conversational AI*. Deloitte Insights. Available at: <https://www2.deloitte.com/us/en/insights/focus/signals-for-strategists/the-future-of-conversational-ai.html>.
- Cramer-Flood, E. (2024, February 27). *Worldwide Retail Ecommerce Forecast 2024*. EMARKETER. Available at: <https://www.emarketer.com/content/worldwide-retail-ecommerce-forecast-2024>.

Desai, D. (2022). *Hyper-personalization: an AI-enabled personalization for customer-centric marketing*. In *Adoption and Implementation of AI in Customer Relationship Management*, 40-53. IGI Global.

Gibson, C. (2018). The Most Effective Digital Marketing Strategies & Approaches: A Review of Literature. *International Journal of Scientific and Research Publications*, Vol. 8, Issue 2. Available at: <https://www.ijsrp.org/research-paper-0218/ijsrp-p7404.pdf>.

Harahap, F., Fauzi, A., & Helmi, S. (2023). The Influence of Digital Customer Experience and Enjoyment on Flip E-Wallet E-Loyalty through E-Trust in Medan City Millennial Generations. *International Journal of Economic, Business, Accounting, Agriculture Management and Sharia Administration (IJEBAAS)*, Vol. 3, Issue 2, 488-505.

Jain, S. (2014). The study and thought of customers knowledge & satisfaction of adapting digital marketing strategies in a new interactive market scenario. *JIMS8I International Journal of Information Communication and Computing Technology*, Vol. 10, Issue 1, 564-572. Available at: <https://www.indianjournals.com/ijor.aspx?target=ijor:jims8i&volume=10&issue=1&article=005>.

Kotler, P., Kartajaya, H., & Setiawan, I. (2023). *Marketing 6.0: the future is immersive*. John Wiley & Sons.

Méndez-Aparicio, M.D., Jiménez-Zarco, A., Izquierdo-Yusta, A., & Blazquez-Resino, J.J. (2020). Customer Experience and Satisfaction in Private Insurance Web Areas. *Frontiers in Psychology*, Vol. 11. Available at: <https://doi.org/10.3389/fpsyg.2020.581659>.

MIT Technology Review Insights. (2018, November 15). *Humans + bots: Tension and opportunity*. Available at: <https://www.technologyreview.com/2018/11/14/239924/humans-bots-tension-and-opportunity/>, accessed on July 11, 2024.

Nicolescu, L., & Tudorache, M.T. (2022). Human-Computer Interaction in Customer Service: The Experience with AI Chatbots – A Systematic Literature Review. *Electronics*, Vol. 11, Issue 10, 1579-1579. Available at: <https://doi.org/10.3390/electronics11101579>.

Pukas, A. (2022). Hyper-personalization as a customer relationship management tool in a SMART organization. *Problemy Zarządzania*, Vol. 20, Issue 3 (97), 95-108.

Puthiyamadam, T., & Reyes, J. (2018). Experience is everything: Here's how to get it right. In *PWC*. Available at: <https://www.pwc.com/us/en/advisory-services/publications/consumer-intelligence-series/pwc-consumer-intelligence-series-customer-experience.pdf>.

PwC. (2017). The Macroeconomic Impact of AI Technical Report of Artiazakhstan the Macroeconomic Impact of Artificial Intelligence. *PWC*. Available at: <https://www.pwc.co.uk/economic-services/assets/macro-economic-impact-of-ai-technical-report-feb-18.pdf>.

Singla, A., Sukharevsky, A., Yee, L., & Chui, M. (2024, May 30). *The state of AI in early 2024: Gen AI adoption spikes and starts to generate value*. Available at: <https://www.mckinsey.com/capabilities/quantumblack/our-insights/the-state-of-ai>, accessed on July 11, 2024.

Taherdoost, H. (2020). Evaluation of Customer Satisfaction in the Digital Environment. *Advances in Business Strategy and Competitive Advantage Book Series*, 195-222. Available at: <https://doi.org/10.4018/978-1-7998-5175-2.ch011>.

Tyagi, B., & Bhatnagar, V. (2021). Hyper-Personalized Recommendation Systems: A Systematic Literature Mapping. *Disruptive Technologies for Society 5.0*, 69-86.

Valdez Mendia, J.M., & Flores-Cuautle, J.D.J.A. (2022). Toward customer hyper-personalization experience – A data-driven approach. *Cogent Business & Management*, Vol. 9, Issue 1, 2041384.

Zanubiya, J., Meria, L. & Muhamad, A.D.J. (2023). Increasing Consumers with Satisfaction Application based Digital Marketing Strategies. *Startupreneur Bisnis Digital (SABDA)*, Vol. 2, Issue 1. Accessed on July 8, 2024.

Zouari, G., & Abdelhedi, M. (2020). Customer satisfaction in the digital era: evidence from Islamic banking. *Journal of Innovation and Entrepreneurship*. Available at: website: <https://www.semanticscholar.org/paper/Customer-satisfaction-in-the-digital-era%3A-evidence-Zouari-Abdelhedi/942eb9756539ced281b6a8255565f0c0a8017882>.