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The Role of Customer Satisfaction Index (CSI) Award in Building Trust and Loyalty: A Retail Perspective Across Mature and Emerging Markets

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Abstract

Purpose: This study examines the role of Customer Satisfaction Index (CSI) awards in retailing on shaping consumer behavior through the Stimulus-Organism-Response (S-O-R) framework, with a focus on the moderating effect of market maturity. By comparing institutionalized markets like Korea and emerging markets like Vietnam, the study confirms all proposed hypotheses, highlighting the significant impact of CSI awards on functional experiences, trust, and recommendation intentions. **Research design, data and methodology:** Data were collected using a 2X2 factorial design and hypotheses were tested using Process Macro Model and two-way ANCOVA. **Results:** The findings reveal that in Korea, where CSI systems are well-established, awards act as powerful stimuli, directly enhancing functional experiences, trust, and recommendation intentions. In contrast, in Vietnam, where CSI systems are nascent, the effects are weaker, with functional experiences and relational factors such as pricing transparency playing a more critical role in fostering trust and driving recommendations. **Conclusions:** The results emphasize the importance of tailoring CSI strategies to market-specific contexts. In mature markets, leveraging the established credibility of CSI systems can directly enhance consumer perceptions of quality and reliability. In emerging markets, strategies should focus on increasing awareness and familiarity with CSI awards through educational campaigns, personalized engagement, and relational trust-building initiatives.

Keywords : CSI(Customer Satisfaction Index), Retailer, S-O-R, Mature vs. Emerging Markets in Retailing

JEL Classification Code: C12, F23, M16, M31

1. Introduction

Large-scale retailers, including discount stores and hypermarkets, are currently facing a crisis due to intensifying competition and shifting consumer expectations, even though they are characterized by extensive product assortments, multifaceted shopping experiences, and the simultaneous deployment of omnichannel strategies (Grewal et al., 2009).

It is crucial to acknowledge that the retail sector undergoes continual transformation, and those that fail to innovate in line with these shifts are likely to incur significant setbacks. As an evolving industry, retail must continually adapt to emerging trends and consumer demands to remain competitive. In such a complex environment, building long-term relationships with consumers is essential for securing sales and sustaining business performance (e.g., Dywer et

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al., 1987; Morgan & Hunt, 1994; Rokkan et al., 2003). Trust-based corporate images, in particular, profoundly influence repatronage intentions, satisfaction, and word-of-mouth (e.g., Kim et al., 2014; Le & Hoang, 2020). Although these retailers utilize physical store environments, customer service, and promotional events to enhance consumer experiences (Bustamante & Rubio, 2017), such efforts must be grounded in trust.

Customer Satisfaction Index (CSI) have become indispensable tools for evaluating service quality, fostering trust, and enhancing brand loyalty in competitive markets (Fornell et al., 1996; Sun & Kim, 2013). By providing external assurances of quality, CSI enable consumers to navigate complex decision-making processes with greater confidence. Their significance extends beyond quality measurement to influencing consumer perceptions, behaviors, and long-term loyalty (Bowen & Chen, 2001; McColl-Kennedy & Schneider, 2000). From the perspective of retailers, maintaining competitiveness in increasingly saturated markets presents significant challenges. Retailers operate at a critical interface with consumers, where the immediate assessment of service quality and trust may occur before the purchase is made. In particular, the retail sector is often characterized by intense price wars, rapidly evolving consumer expectations, and perceptual innovation pressures, all of which contribute to fierce competition. Retailers must navigate evolving consumer expectations, intensifying competition, and the need to differentiate their offerings through trust and quality assurance. By utilizing CSI awards as external quality signals, retailers can demonstrate credibility and reduce consumer uncertainty in decision-making process. In this context, CSI awards serve as powerful tools for signaling reliability and excellence, enabling retailers to strengthen their market position and build long-term loyalty. However, leveraging these awards effectively requires retailers to align their service quality with consumer expectations, particularly in markets with varying levels of institutional maturity.

The Korean Customer Satisfaction Index (KCSI) has played a significant role in shaping consumer behavior in South Korea for over three decades. Its deep institutional credibility has positioned it as a trusted benchmark for assessing service quality and influencing consumer trust, satisfaction, and financial performances (Fornell et al., 2006; Morgan & Rego, 2006). Korean consumers strongly associate KCSI (Korean Customer Satisfaction Index) awards with reliability and service excellence. These accolades serve as authoritative quality signals in an institutionalized market, effectively reducing consumer uncertainty and reinforcing perceptions of brand credibility. The established credibility of KCSI awards amplifies their influence on trust, encouraging positive evaluations of retailers and fostering consumer advocacy through

recommendations. As a result, KCSI awards become pivotal in driving behavioral outcomes such as customer loyalty and word-of-mouth promotion. Although the influence of CSIs has been widely studied, their impact varies significantly across different market contexts. Factors such as market maturity and consumer familiarity with CSI frameworks play critical roles in determining their effectiveness. In mature markets like Korea, where the credibility of CSI systems is well-established, awards act as strong external signals directly influencing consumer trust, satisfaction, and loyalty. Conversely, in emerging markets, the limited history and institutional presence of CSIs may weaken the connection between awards and consumer trust. Instead, consumers may prioritize relational dynamics and direct service experiences over external quality signals when forming perceptions of dependability.

Therefore, this research addresses two critical gaps in the existing literature. First, it examines the role of CSIs as external stimuli influencing consumer behavior, an area that has received limited empirical attention. There is not much research in this area, especially in the context of retailers. Focusing on retailers is particularly relevant because they are the last link in the value chain, where the customer's final buying decision is shaped by a combination of store cues, service quality, and trust.

Second, it investigates how market maturity moderates the effectiveness of CSIs, contributing to the broader understanding of cross-cultural consumer behavior. This study adopts the Stimulus-Organism-Response (S-O-R) framework to explore these dynamics across mature and emerging markets. The S-O-R model provides a theoretical foundation for understanding how external stimuli (S) influences internal cognitive and emotional processes (O), which subsequently drive behavioral outcomes (R). Within this framework, CSI awards are conceptualized as external stimuli that shape consumers' functional experiences and trust. These cognitive and emotional responses mediate the relationship between CSI awards and behavioral outcomes, such as recommendation intentions and loyalty behaviors. By applying this model, the study offers a novel perspective on how quality signals influence consumer behavior across markets with varying levels of institutional maturity.

Third, given the increasing importance of experience for retailers (e.g., Cachero-Martinez & Vázquez-Casielles, 2017), This research seeks to determine the impact of CSI awards on functional experience, and how this relationship varies with market maturity. In doing so, this study suggests the need for contextualizing CSI strategies when retailers enter overseas markets.

The findings of this study hold implications for markets worldwide, especially for retailers, where the maturity of institutional frameworks varies significantly, influencing the role of external quality signals in shaping trust and

loyalty. By offering actionable insights, this research aims to guide businesses in leveraging CSIs as strategic tools to enhance consumer trust and loyalty in diverse market environments. Furthermore, retailers can optimize the visibility and promotion of CSI awards in store or online channels, substantially shaping consumer choices and encouraging positive word-of-mouth.

2. Theoretical Background

2.1. Customer Satisfaction Index

The Customer Satisfaction Index (CSI) was introduced in the 1990s by Anderson and Fornell at the National Quality Research Center of the University of Michigan. Designed as a reliable and objective measure of customer satisfaction, the American Customer Satisfaction Index (ACSI) offers critical insights into firm performance and consumer sentiment across industries and economies (Anderson et al., 1994; Fornell, 1992; Fornell et al., 1996; McColl-Kennedy & Schnieder, 2000). Its predictive power for economic returns underscores the principle that satisfied customers are valuable assets for firms (Anderson et al., 1997; Anderson & Fornell, 2000; Fornell et al., 2006; Sun & Kim, 2013). CSI awards, derived from such index, act as external quality signals, enabling firms to differentiate themselves in competitive markets by reducing consumer uncertainty and fostering trust (Anderson & Sullivan, 1993; Bowen & Chen, 2001).

In Korea, the Korean Customer Satisfaction Index (KCSI) has been a central component of consumer decision-making for over three decades, acting as a credible institutional framework. The KCSI, developed in 1992 by the Korea Management Association Consulting (KMAC), measures customer satisfaction across various industries in Korea. Recognized as the most established and credible index in Korea, it predates the American Customer Satisfaction Index (ACSI) by two years and the National Customer Satisfaction Index (NCSI) by six years. Representing industries that account for 74% of Korea's GDP, the KCSI is a key benchmark for customer satisfaction. The KCSI functions as a multifaceted framework, bridging the gap between consumers, businesses, and policymakers. Its sustained relevance over three decades highlights its adaptability and importance in fostering a customer-centric economy in Korea. By providing consistent and credible evaluations of service and product quality, the KCSI has become deeply ingrained in the fabric of consumer decision-making, reflecting a high level of institutional trust and market sophistication. By contrast, there are countries where a Customer Satisfaction Index (CSI) system has not yet been introduced or fully developed, leaving a gap in structured

consumer feedback mechanisms. For example, Vietnam has only recently taken steps in this direction with the introduction of the Vietnam Customer Satisfaction Index (VCSI) in 2024. This provides a novel context to explore the role of CSI awards in a market where institutional credibility and consumer familiarity are still developing. For the VCSI to achieve a similar level of influence, it must first establish credibility through transparent methodologies, consistent evaluations, and meaningful recognition of businesses that prioritize customer satisfaction. Additionally, raising consumer awareness and educating the market on the value of CSI rankings will be critical to its success.

2.2. The Importance of Experience in Retailers

There are different views on the role and definition of experience. First, Pine and Gilmore (1999) approach experiences from the perspective of value-added creation. They view experiences through the lens of the evolution of the economy and propose an experience economy, which is the view that experiences, not products or services, are the source of added value and emphasizes the sensory feelings of consumers. In other words, they view experiences as sensations, which they categorize into four types of experiences based on participation (passive vs. active) and absorption, immersion (sensory vs. mental): entertainment, educational, aesthetic, and escapist.

First, entertainment experiences are those that involve passive participation and engagement with the five senses where customers are entertained and amused. Examples include concerts, movie theaters, and theme parks. Educational experience is actively engaging and involves all five senses, where the customer learns new knowledge or gains a skill. For example, a cooking class or workshop. An esthetic experience is a non-physical but mentally engaging experience where the customer appreciates beauty or art, such as visiting an art museum or enjoying a natural landscape. Finally, an escapist experience is an active and mental engagement, where the customer escapes from their daily routine and immerses themselves in another world. Examples include traveling, virtual reality games, and more.

Another perspective on experience is Schmitt's (1999) view that experience is a holistic experience that is felt during the process of consuming a product. According to this view, experiences can be categorized into sensory, emotional, cognitive, behavioral, and relational experiences, which are referred to as Strategic Experiential Modules (SEMs). The response of consumers to a company's marketing activities is considered experiential marketing, and it is argued that in order to impress consumers, the consumption of goods and services must be accompanied by a unique experience. The five types of experiential marketing are as follows.

First, sensory marketing appeals to customers by stimulating the five senses (sight, sound, touch, taste, and smell). Sensory marketing is used to attract customers and differentiate a company or product, but the prerequisite is that the senses must be clearly perceptible to the consumer and always new and fresh to them. To be successful, sensory marketing requires an understanding of what stimuli are most appropriate for those senses and how to influence them.

Second, emotional marketing taps into people's emotions and feelings to create an emotional experience with an object, varying from associating moderate favorable moods with a brand (e.g., for low-involvement, non-durable goods) to associating strong emotions such as pleasure and pride (e.g., for durable goods, social marketing campaigns). This approach primarily influences the process by which consumers consume a product. In addition, emotional marketing requires an understanding of the stimuli that triggers specific emotions and the willingness of consumers to adopt them.

Third, cognitive marketing is an approach that appeals to the consumer's intellect by stimulating their intellectual desires and encouraging them to think creatively to produce a cognitive and problem-solving experience with the object. This approach consists of divergent thinking, which leads to flexible and associative reasoning, and convergent thinking, which leads to analytical reasoning. And while it's most commonly used in new high-tech products, it's also widely used in retail, communications, and product design in many industries.

Fourth, behavioral marketing aims to influence customers' physical experiences, lifestyles, and interactions. This approach targets behavioral experiences, demonstrations of different ways of doing things, different lifestyles, and interactions to enhance the lives of customers. And behavioral marketing is usually delivered through role models, such as movie stars or famous athletes.

Finally, relationship marketing focuses on building a brand community to create a social relationship between the brand and its customers. It involves aspects of sensory, emotional, and cognitive marketing. However, relationship marketing extends beyond the personal and private feelings of each individual to increase personal experiences and relationships with other individuals. Relationship marketing appeals to an individual's desire to enhance their sense of self by connecting them to their ideal self or to other cultures and is a form of marketing that emphasizes social relationships (Schmitt, 2008).

Consumer experience can also be an important differentiator for retailers. Cachero-Martinez and Vázquez-Casielles (2017) categorize the consumer experiences that retailers can modify into sensory experience, intellectual experience, social experience, and pragmatic experience. Sensory experience involves stimulating the five senses

(sight, sound, touch, taste, and smell). Intellectual experience is about stimulating consumers' curiosity and encouraging creative thinking. The social experience is the experience consumers get from interacting with other people, which is related to the sense of belonging they feel in the store.

Finally, practical experiences are those that result from the practical activities of the retailer (Schmitt, 2010). Pragmatic experiences are desirable for consumers who value functionality, utility, and monetary value, and to attract these consumers, retailers can encourage them by offering a variety of products and brands of good quality and interesting price points, as well as consumer promotions (Cachero-Martinez & Vázquez-Casielles, 2017). Thus, in supermarkets, the pragmatic experience is the most important experience that can be controlled and therefore plays an important role in delivering value to consumers for the following reasons.

First, the pragmatic experience in supermarkets is the experience from a functional/efficiency perspective that consumers feel when using a product or service (Cachero-Martinez & Vázquez-Casielles, 2017). Therefore, by providing pragmatic experiences, such as convenient payment systems or clear product information, supermarkets can provide real value to consumers, increase brand loyalty, and enhance their competitiveness in the marketplace (Cachero-Martinez & Vázquez-Casielles, 2017).

In addition, the higher the level of practical experience a supermarket offers, the easier it is for consumers to find the products they want and complete the purchase process. In other words, practical experiences help consumers build trust in the store, which can lead to revisit intention (Bascur & Rusu, 2020).

3. Hypothesis Setting

The Stimulus-Organism-Response (S-O-R) framework, conceptualized by Mehrabian and Russell (1974), posits that external stimuli influence internal psychological states, which subsequently drive behavioral outcomes. Initially applied in environmental psychology, the framework has since been adapted to diverse fields such as online shopping (Parboteeah, et al., 2009), and tourism (Cao & Sun, 2018; Deng et al., 2013; Jani & Han, 2014). Within this framework, stimuli represent external cues—such as CSI awards—that signal quality and reliability to consumers in mature markets like Korea, the credibility of CSI awards is well-established, amplifying their influence on consumer perceptions by reducing uncertainty and reinforcing trust. For example, research shows that long-standing award systems like the KCSI can directly enhance consumer confidence in retailers by serving as authoritative quality signals (Sahin et al., 2011). Conversely, in emerging markets like Vietnam, consumers

are less familiar with institutional frameworks for CSI awards. In such contexts, relational cues, such as pricing strategies, word-of-mouth recommendations, and community endorsements, play a more significant role in influencing perceptions (Nguyen et al., 2007).

The application of the S-O-R framework to the impact of KCSI awards can also be explained by the consumption motive theory. According to existing research, the consumption process involves a combination of utilitarian motives (motivations related to the acceptance of outcomes expressed by specific attributes of a product or service) and hedonic motives (motivations to experience emotional evocation through the process of symbolic meaning making) (Batra & Ahtola, 1991; Gutman, 1982; Hirshman & Holbrook, 1982). Utilitarian motives are related to functional benefits, while hedonic motives are related to psychological benefits, where functional benefits are the outcomes of using a product with objective and concrete attributes, while psychological benefits are the outcomes of consumer reactions to subjective and abstract attributes (Claeys et al., 1995; Gutman, 1982). To relate this to the shopping process in supermarkets, display and promotional factors that facilitate the comparison process between purchase alternatives or the information-seeking process experienced during the shopping process correspond to the functional benefits provided by supermarkets and relate to pragmatic experiences. The perception of these functional benefits can be influenced by emotions, with consumers believing that the shopping process can be enjoyable for monetary reasons, entertainment reasons, or even the simple feeling of getting a good deal (Alba & William, 2013). Building on this understanding, the following hypothesis is proposed:

H1: The impact of CSI awards on functional experiences is moderated by market maturity, with stronger effects observed in institutionalized markets (e.g., Korea) compared to emerging markets (e.g., Vietnam).

The organism represents internal cognitive and emotional responses triggered by external stimuli, such as functional experiences and trust (Bascur & Rusu, 2020; Batra & Ahtola, 1991; Kaveh et al., 2012). Functional experiences—defined as practical and utilitarian benefits such as efficiency, convenience, and transparency—play a central role in shaping consumer perceptions of dependability (Kim, et al., 2012; Schmitt, 1999; 2012; Schmitt, et al., 2009; Zarantonello, et al., 2013). For instance, in retail settings, seamless navigation, clear product labeling, and efficient payment systems enhance customer perceptions of reliability and trust (Hassenzahl et al., 2013). Within the S-O-R framework, functional experiences are expected to mediate the relationship between external stimuli (CSI awards) and behavioral responses. High-quality functional experiences not only reduce uncertainty but also strengthen

consumer confidence in purchasing decisions (Bueno et al., 2019; Parasuraman et al., 1988). The competitive nature of CSI awards drives businesses to innovate in areas such as navigation, transparency, and service efficiency, translating these efforts into tangible functional benefits for consumers. In Korea, CSI awards evoke emotional responses such as pride and confidence, further reinforcing perceptions of retailer reliability (Schmitt, 2012). Conversely, in Vietnam, where the influence of CSI awards is less pronounced, personalized engagement and localized campaigns emphasizing interpersonal interactions have proven effective in fostering trust (Nguyen et al., 2015). Based on this understanding, H2 is suggested as follows.

H2: Functional experiences positively influence trust, as consumers interpret practical benefits as indicators of retailer dependability.

The response in the S-O-R framework includes observable behaviors, such as recommendation intentions, loyalty, and repeat purchases. Trust serves as a critical mediator in this relationship, reducing perceived risk and fostering long-term consumer-retailer relationships (Chen et al., 2010; Morgan & Hunt, 1994; Sahin et al., 2011). High levels of trust encourage brand advocacy by promoting positive word-of-mouth and recommendation behaviors (Balakrishnan & Dwivedi, 2021; Schmitt, 2012). In mature markets like Korea, trust is bolstered by consistent quality signals, such as KCSI awards, which validate retailer credibility. For example, KCSI awards directly enhance consumers' willingness to recommend retailers by strengthening trust and reinforcing perceptions of reliability. In mature markets, trust driven by institutional mechanisms such as KCSI awards fosters confidence in retailer reliability, translating into behaviors such as brand advocacy and positive word-of-mouth recommendations. In emerging markets like Vietnam, however, where institutional credibility is less developed, trust often relies on relational cues such as community endorsements, interpersonal interactions, or partnerships with local influencers. These relational mechanisms substitute for institutional trust and serve as significant drivers of recommendation intentions, particularly in contexts where interpersonal trust holds greater weight than institutional validation (Nguyen et al., 2021). Trust positively influences recommendation intentions, encouraging consumers to endorse the retailer to others. The strength of this relationship is expected to be moderated by market maturity, with institutional cues being more effective in mature markets and relational cues taking precedence in emerging ones.

H3: Trust positively influences recommendation intentions, encouraging consumers to endorse the retailer to others.

Market maturity significantly moderates the pathway from stimulus to response in the S-O-R framework. In institutionalized markets, CSI awards create a direct pathway to behavioral outcomes by enhancing functional experiences and trust. These awards serve as credible external stimuli that validate retailer reliability and quality, reducing consumer uncertainty and reinforcing dependability. As a result, CSI awards directly influence recommendation intentions through trust and functional experiences, making them a powerful driver of consumer advocacy. By contrast, in emerging markets, where CSI systems lack institutional credibility, the pathway from stimulus to response is less direct and heavily influenced by relational and emotional factors. Here, the absence of established institutional trust requires alternative mechanisms to build consumer confidence (Jani & Han, 2014). Relational trust, cultivated through localized initiatives, interpersonal interactions, and community endorsements, plays a compensatory role (Dagger & O'Brien, 2010). Emotional engagement, driven by personalized marketing campaigns or collaborations with local influencers, also serves to strengthen the perceived relevance of CSI awards (Koo & Ju, 2010). This dynamic underscores the critical role of market maturity in determining the effectiveness of external stimuli such as CSI awards. For example, in Vietnam, emphasizing localized strategies—such as community-driven initiatives or partnerships with trusted local figures—may enhance the relevance of CSI awards in consumer decision-making (Marquis & Raynard, 2015). These strategies help bridge the gap in institutional trust, allowing functional experiences and relational trust to mediate the effects of CSI awards on behavioral responses like recommendation intentions. Based on these understandings, the following hypothesis is suggested.

H4: The indirect effects of CSI awards on recommendation intentions, mediated by functional experiences and trust, differ between Korea and Vietnam.

4. Methodology

The survey employed a two-by-two factorial design to compare Vietnamese and Korean customers while examining the impact of customer satisfaction awards on functional experiences, trust, and recommendation intentions. This survey design was selected because it allows for a robust analysis of the interaction between market maturity (Vietnam vs. Korea) and external stimuli (presence vs. absence of CSI awards). The design effectively isolates the effects of CSI awards by introducing a control group (no-notice condition) and captures the moderating role of market maturity, making it possible to draw meaningful comparisons across institutionalized and emerging markets. By directly

manipulating the presence of the CSI award notice, the study achieves experimental control and enhances internal validity. Using the research company, Macromill Embrain, surveys were successfully conducted for 350 Korean and 200 Vietnamese customers over a one-month period, from September 1 to October 1, 2024. Macromill Embrain, Korea's leading research firm, manages over 1.7 million research panels, ensuring high response rates and precise survey execution. As part of the global Macromill Group, operating across six countries with 20 networks, Embrain strengthens its global presence through subsidiaries in Taiwan and Malaysia. Surveys are randomly distributed among the panel members, and only respondents who pass the screening questions are allowed to complete the survey. To eliminate demographic bias, quotas are assigned based on gender and age.

A screening question was included at the start of the survey to ensure participant relevance. Participants were asked, "Have you visited Lotte Mart within the past six months?" with response options of "Yes" or "No." Only participants who responded "Yes" were allowed to proceed with the survey, ensuring responses reflected recent and relevant experiences. Participants were randomly assigned to one of two conditions: a survey with a CSI award notice or a survey without it. In the CSI award notice condition, participants were shown the following statement before answering the survey: "Lotte Mart ranked first in the discount store category in the 2023 Korean Customer Satisfaction Index (KCSI)." Participants in the no-notice condition proceeded directly to the survey without seeing this statement. This design enabled the study to assess how the presence of CSI awards and market maturity interact to shape consumer perceptions and behaviors.

Functional experience was assessed using two items adapted from previous studies (Batra & Ahtola, 1991; Kim et al., 2012; Sahin et al., 2011); "This product/service was convenient and efficient to use" and "This product/service effectively performed the functions I wanted." Trust was measured through three items derived from previous studies (Bueno et al., 2019; Zeithaml et al., 1996), including: "Lotte Mart is a trustworthy brand," "I trust Lotte Mart's brand," and "I believe Lotte Mart operates its business with integrity." Intention to recommendation was measured using single item adapted from previous research (East et al., 2011; Reichheld, 2003): "Overall, how likely are you to recommend Lotte Mart to someone who you know?" (1 to 10).

In order to control the influence of variables that may affect the causal relationship proposed in this study, we set up retailer involvement and knowledge of Lotte Mart as control variables. Involvement with retailers was measured on a Likert scale (1 to 7) using the items "Retail stores are very important to me," "Which retailer I go to is very important to me," and "Retail stores are very connected to

my daily life”. Knowledge of Lotte Mart was measured through three 7-point Likert scales as follows: “I frequently visit Lotte Mart’s official social media accounts”, “I trust the content posted on Lotte Mart’s official social media”, and “I trust Lotte Mart’s corporate advertisements”.

5. Data Analysis

To verify the hypothesis presented in this study, 320 questionnaires were collected (Korea=200; Vietnam=120). The gender ratio of both Country had a 50% male/female ratio (Korea: male=100, Female=100; Vietnam: male=60, Female=60). In terms of respondents’ residences, Korea was Seoul=52 (26.0%), metropolitan area (excluding Seoul) =74 (37.0%), provincial metropolitan area=49 (24.5%), and other areas=25 (12.5%), while Vietnam was Hanoi=59 (49.2%), urban area=31 (25.8%), provincial metropolitan area=19 (15.8%), and other areas=11 (9.2%). In terms of age distribution, Korea was 20-29=27 (13.5%), 30-39=62 (31.0%), 40-49=49 (24.5%), 50-59=46 (23.0%), and 60+ =16 (8.0%), while Vietnam was 20-29=34 (28.3%), 30-39 =34 (28.3%), 40-49=34 (28.3%), 50-59=15 (12.5%), and 60+ =3 (2.5%).

Prior to the hypothesis testing, “Functional experience” and “Trust” were measured as multi-item variables in this study. Cronbach’s alpha was 0.832 for Functional experience and 0.939 for Trust, which confirmed internal consistency.

To test the hypothesis, the analysis was conducted using Process Macro Model #83 with a confidence interval of 95% and bootstrapping 5,000 re-sampling. In the process, we analyzed the involvement in the retailer and knowledge of Lotte Mart as control variables. The results of the analysis are shown in Figure 1. The significance of the model was determined by R-square, and the significance of the hypothesis and β was determined by p-value and CI [LLCI, ULCI].

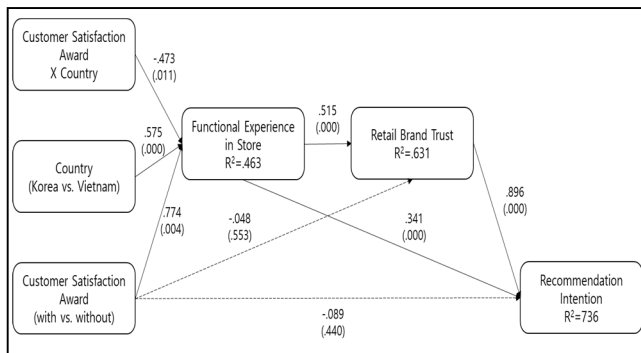


Figure 1: Hypothesis Verification Results

The analysis for Hypothesis 1 examined the interaction effect between customer satisfaction award status (with vs. without) and country (Korea vs. Vietnam) on pragmatic in-store experiences. The results indicate that the coefficient

for the interaction term was $\beta=-0.473$ with a p-value of 0.011 and CI of $[-0.8368, -0.1087]$. These results suggest that the interaction effect is statistically significant, confirming that the relationship between CSI awards and functional experiences differs based on the country. To further explore this interaction, conditional effects were analyzed for each country. In Korea, the impact of CSI awards on functional experiences was positive and significant, with a coefficient of $\beta=0.301$ a t-value of 2.328, and a $p<0.01$ with the confidence interval ranging from $[0.0782, 0.5242]$. These results indicate that in Korea, CSI awards significantly enhance functional experiences. In contrast, in Vietnam, the effect of CSI awards was not significant, with a coefficient of $\beta=-0.172$, t-value of -1.172, and $p>0.10$. CI ranging from $[-0.4596, 0.1165]$. This finding suggests that in Vietnam, the presence of a CSI award does not significantly impact consumers’ functional experiences.

To further investigate the moderating role of market maturity, a two-way ANCOVA was conducted. The analysis included retailer involvement and knowledge of Lotte Mart as control variables. The results from this analysis, as shown in Figure 2, indicate that the interaction effect between country and CSI award status was statistically significant, with $F=6.530$ and $p<0.01$. When examining the individual effects by country, the results show that in Korea, the effect of CSI awards was significant, with $F=5.607$ and $p<0.05$. However, in Vietnam, the effect of CSI awards was not significant, with $F=2.103$ and $p>0.10$. These findings provide further support for the hypothesis that the impact of CSI awards on functional experiences is moderated by market maturity, with significant effects observed in institutionalized markets like Korea but not in emerging markets like Vietnam.

The same analysis (2-way ANCOVA) was conducted for the other endogenous variables in the path model, retail brand trust and recommendation intention, and both were found to be insignificant (Retail brand trust: $F=.352, p>.10$; recommendation intention: $F=.274, p>.10$). This confirms the path model proposed in this study.

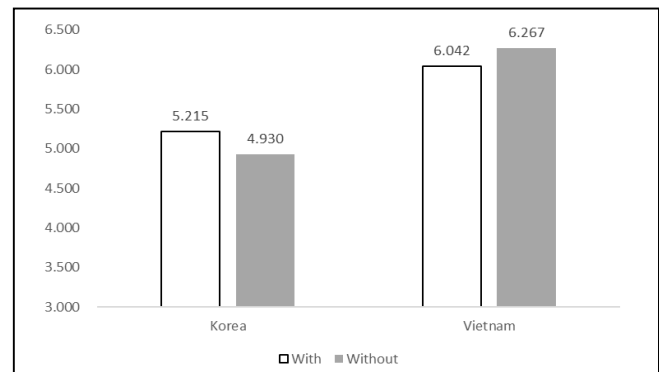


Figure 2: Result of 2-Way ANCOVA

Based on these findings, Hypothesis 1 is supported. The results demonstrate that CSI awards significantly enhance functional experiences in institutionalized markets where consumers are familiar with and trust such systems. In contrast, in emerging markets, where CSI systems are less established, these awards do not exert the same influence on consumer experiences. These findings underscore the importance of market maturity in moderating the relationship between external stimuli, such as CSI awards, and consumer perceptions.

The analysis for Hypothesis 2 revealed a statistically significant positive relationship between functional experiences and trust. The coefficient was $\beta=0.515$, with $p<0.01$ and a confidence interval (CI) of [0.4151, 0.6127]. These results indicate that consumers who derive practical benefits from their interactions with a retailer are more likely to perceive the retailer as dependable and trustworthy. This finding supports Hypothesis 2, confirming that functional experiences play a critical role in fostering consumer trust.

The analysis for Hypothesis 3 also demonstrated a statistically significant positive relationship. The coefficient was $\beta=0.896$ with $p<0.01$ and a confidence interval (CI) of [0.7372, 1.0547]. These results indicate that higher levels of trust in a retail brand significantly increase the likelihood that consumers will recommend the retailer to others. This finding provides strong support for Hypothesis 3, highlighting trust as a key driver of recommendation intentions.

The analysis for Hypothesis 4 tested whether the mediation effect of customer satisfaction award status (with vs. without) on recommendation intention through functional in-store experiences and retail brand trust differs between Korea and Vietnam. The results showed that the mediation effect was significant in Korea (effect=0.135, CI [0.0211, 0.2619]) but not significant in Vietnam (effect=-0.077, CI [-0.1801, 0.0182]). These findings indicate that in Korea, CSI awards significantly influence recommendation intentions through functional experiences and trust, while this pathway is not observed in Vietnam. The index of moderated mediation was -0.211 with a confidence interval of [-0.3787, -0.0651], supporting that the mediating effect of CSI awards on recommendation intentions is significantly moderated by market maturity. This result supports the hypothesis that the strength of the mediation pathway differs between institutionalized markets, such as Korea, and emerging markets, such as Vietnam.

To further investigate differences in mediation pathways by country, a Process Macro analysis (Model #6) was conducted. The analysis was performed using a 95% confidence interval, with 5,000 bootstrap re-samples. Retailer involvement and knowledge of Lotte Mart were included as control variables. The results, presented in Figure 3, provide additional evidence of the moderated

mediation effect. The analysis confirms that the mediation pathway—where CSI award status influences recommendation intentions through functional experiences and trust—is robust and significant in Korea (indirect effect=0.144; CI=0.0248 to 0.2856). However, in Vietnam, the same pathway is not statistically supported (indirect effect=-0.032; CI=-0.0954 to 0.0096), indicating that the lack of institutional credibility in emerging markets diminishes the effectiveness of CSI awards in influencing consumer behavior.

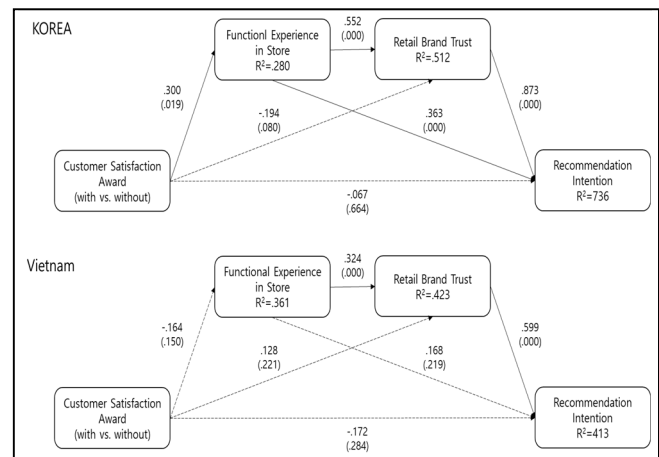


Figure 3: Cross-country Path Coefficient (Korea vs. Vietnam)

The results support Hypothesis 4, demonstrating that the mediating effect of CSI awards on recommendation intentions varies based on market maturity. In Korea, where institutional frameworks for CSI systems are well-established, the awards significantly enhance consumer experiences, build trust, and drive recommendation intentions. In Vietnam, where CSI systems are less familiar, these awards fail to establish a similar mediating effect. The findings highlight the importance of considering market-specific factors, such as institutional maturity and consumer familiarity, when leveraging CSI awards to influence consumer behavior.

6. Conclusion

This study provides evidence supporting the importance of market maturity, functional experiences, and trust in shaping consumer behavior through the Stimulus-Organism-Response (S-O-R) framework in retail situations. The results confirm all four hypotheses and highlight significant findings about how customer satisfaction awards influence consumer perceptions and behaviors across different market contexts. Followings are the summary of the results.

First, retailers' customer satisfaction awards have a positive impact on the in-store functional experience, with this causal relationship moderated by market maturity. In Korea, where institutional frameworks for CSI systems are well-established, customer satisfaction awards significantly enhance functional experiences ($\beta=0.301, p<.01$) reflecting retailers' credibility and trustworthiness. In contrast, in Vietnam, an emerging market, the effect of customer satisfaction awards on functional experiences is not significant. The influence of market maturity can be further justified by the following analysis. The cross-country differences in the two control variables (retailer involvement and knowledge of Lotte Mart) applied in the path analysis of this study are higher in Vietnam than in Korea (retailer involvement: Korea=5.062, Vietnam=5.889, $t=8.270, p<.01$; knowledge of Lotte Mart: Korea=3.855, Vietnam=5.550, $t=13.095, p<.01$). These results confirm the moderating role of market maturity.

Second, the analysis confirms that functional experiences positively and significantly influence trust. Practical benefits derived from functional experiences strengthen perceptions of retailer dependability ($\beta=0.515, p<.01$). This finding highlights the critical role of functional experiences as a key driver of consumer trust in both mature and emerging markets. Third, trust is shown to be a significant driver of recommendation intentions, with higher levels of trust substantially increasing the likelihood of consumers recommending the retailer to others ($\beta=0.896, p<.01$). This emphasizes trust as a universal mediator in fostering consumer loyalty across diverse market contexts.

Fourth, the mediation pathway from customer satisfaction awards to recommendation intentions differs significantly based on market maturity. In Korea, the indirect effect through functional experiences and trust is significant, demonstrating the effectiveness of CSI awards in driving behavioral outcomes in institutionalized markets. In Vietnam, this mediation pathway is not significant, reflecting the absence of robust institutional frameworks and consumer familiarity with CSI systems. The moderated mediation index confirms that market maturity significantly influences the strength of this mediation pathway. These findings emphasize the critical role of trust and market maturity for retailers in leveraging customer satisfaction awards to influence consumer behavior. In mature markets, retailers can capitalize on the established credibility of customer satisfaction awards to directly enhance functional experiences and trust. In emerging markets, strategies should focus on building consumer familiarity with CSI systems and strengthening relational trust to compensate for the lack of institutional credibility. By contextualizing CSI strategies to reflect market-specific dynamics, businesses and policymakers can enhance trust, foster consumer loyalty,

and maximize the effectiveness of customer satisfaction awards in diverse market environments.

The practical implications are as follows. First, retailers in mature markets, such as Korea, should maximize the credibility of CSI awards to reinforce consumer perceptions of quality and reliability. For example, companies can feature CSI awards prominently in their advertising campaigns, such as TV commercials, digital banners, and social media posts. Point-of-sale materials, such as certificates or badges displayed in physical stores, can act as immediate quality signals to in-store shoppers. Large-scale retailers could also highlight their awards during annual customer appreciation events, using this as an opportunity to solidify their brand reputation. Additionally, firms should collaborate with respected institutions, such as government bodies or consumer advocacy groups, to validate the authenticity of their awards and reassure consumers of their reliability.

Second, in emerging markets like Vietnam, increasing awareness and relevance of CSI awards is essential. Policymakers and consumer protection agencies can organize campaigns to educate the public about the purpose and benefits of these awards. For instance, public service announcements on television, radio, and social media platforms could explain how CSI awards signify service quality. Collaboration with local influencers or community leaders to share personal endorsements of award-winning brands could enhance their appeal and reach. Retailers in emerging markets can further build trust by offering free product trials or interactive demonstrations that allow consumers to experience the quality recognized by the awards firsthand. Grocery retailers could provide sampling events in-store, while electronics companies could host workshops to showcase award-winning features. Loyalty programs that highlight award-winning products, such as exclusive discounts or points for purchasing these items, could also encourage trust and consumer engagement.

Third, for companies operating in both mature and emerging markets, tailored strategies are necessary to align with the institutional maturity of the market. In Korea, businesses can use CSI awards as the central theme of seasonal promotional campaigns. For example, a retailer might launch a "CSI Quality Month" campaign, offering discounts on award-winning products and running customer contests centered around their commitment to excellence. In Vietnam, where trust in institutional systems is still developing, companies can complement CSI awards with consumer engagement initiatives. Introducing a post-purchase feedback system that invites customers to rate their experience with award-winning services can create a dialogue that fosters trust. Retailers can also sponsor local events, such as festivals or community gatherings, to highlight their commitment to quality in a way that resonates

with cultural values. Fourth, it is important to prioritize trust as a universal driver. Across markets, trust consistently drives consumer loyalty and recommendation intentions. To strengthen trust, companies can adopt transparent practices such as clearly labeling product origins, providing detailed information about quality standards, and offering price-matching guarantees. A retailer in Korea might launch a transparency campaign showcasing the sourcing and quality checks behind its award-winning products. In Vietnam, businesses could introduce personalized engagement initiatives, such as tailored promotions for repeat customers or dedicated customer support teams, to build relational trust. Additionally, retailers in both markets could use digital platforms to enhance trust. E-commerce companies could display customer testimonials and ratings prominently on their websites, with special sections dedicated to highlighting feedback on award-winning products. For example, a “What Customers Are Saying” section could emphasize how specific awards align with consumer satisfaction.

In conclusion, this study provides empirical evidence on the role of CSI awards in retailing as external stimuli influencing consumer behavior through the lens of the Stimulus-Organism-Response (S-O-R) framework. By examining the contrasting contexts of Korea and Vietnam, it confirms all proposed hypotheses and underscores the moderating effect of market maturity on the stimulus-response process. In Korea, where CSI systems have over 30 years of history, awards act as powerful stimuli that directly enhances functional experiences, trust, and recommendation intentions. The institutionalized credibility of these awards reinforces their impact, demonstrating the importance of long-standing systems in shaping consumer behavior. In Vietnam, where CSI systems are nascent, awards have a weaker direct impact. Instead, functional experiences and relational factors, such as interpersonal interactions and pricing transparency, play a more critical role in building trust and driving recommendation intentions.

These findings highlight the importance of tailoring CSI strategies to market-specific contexts when establishing strategies for distribution companies to enter overseas markets. When a retailer decides to expand into a foreign market, it's important to consider the maturity of the market. In mature markets, leveraging the credibility of established CSI systems is key to enhancing consumer trust and loyalty. In emerging markets, building familiarity with CSI systems through educational campaigns, personalized engagement, and relational trust-building is essential to maximize their effectiveness. Retailers can extend the impact of CSI awards by incorporating them into multiple aspects of operations and communication. For example, a retailer could launch a customer engagement program that allows shoppers to obtain exclusive benefits for trying award-winning products,

thereby bridging the gap between award recognition and customer behavior. Similarly, collaborations with local community organizations or trusted NGOs can help retailers demonstrate their long-term commitment to society, a factor that can further enhance brand image and trust.

There are several limitations of this study, and we suggest the following directions for future research. First, this study selected “Lotte Mart” as the target retailer and “Korea” and “Vietnam” as the countries for the study. However, the generalizability of the findings of this study is limited to a specific brand and a few countries. Therefore, it is necessary to conduct research on various retail brands in various countries to increase the generalizability of the findings of this study. Second, there are variables that may affect the causal relationships proposed in this study that were not considered. For example, a variety of variables such as price sensitivity, brand reputation, WOM influence, digital trust, and consumer shopping characteristics may affect the proposed variables but were not considered in this study.

Moreover, future research should explore the role of digital platforms in amplifying the visibility and impact of CSI awards. Additionally, examining how cultural dimensions, such as individualism versus collectivism, influence consumer responses to CSI systems could provide valuable insights. By contextualizing CSI strategies to reflect market maturity, cultural nuances, and evolving consumer behaviors, retailers and policymakers can design initiatives that enhance consumer trust and loyalty, optimizing the potential of CSI awards in diverse environments.

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