

CHAPTER 2 – LITERATURE REVIEW

2.1. Theoretical Framework

This chapter will explore the constructs or variables used in this research. The variables are Visual Communication Design (VCD), Customer Experience (CE) and Customer Retention (CR). VCD is the part of communication that using visual elements to deliver information to customers and influence them. CE is the variable to see how the experience of customer can impact to retention. CR are one of key point of company's performance. All variables in this research and their grand theories are shown in the Table 2.1 below.

Table 2.1 Theoretical framework of variables

Variables	Visual communication design	Customer experience	Customer Retention
Theory	Visual communication design	Customer experience	Customer Retention

2.1.1. Customer Retention (CR)

Literature on CR definition is widely available. Several previous studies suggest the relationship between CR and profitability of a company are correlated (Ahmad & Buttle, 2002). CR becomes important in management because it costs less to retain the customer than to attract the new customer. It is important how a company retain their customers to survive. Dawkins & Reichheld (1990) in (Ahmad & Buttle, 2002) stated that as retention rate high, it leads to higher profitability. Keeping existing customers to come back or repurchase is one type of customer behavior which company wants to (Ascarza et al., 2017). Retention is believed as observable behavior in the context of services. Retaining existing customers is more cost-effective than picking up the new one through marketing creation (Edith-Onajite Hamilton-Ibama, 2022). CR can be influenced by preferences, belief, engagement and commitment towards a brand. In the end, it can improve company's growth and profitability (Hanaysha, 2017) through frequently purchase behavior (Simarmata & Ikhsan, 2017). The plan of CR management is through offerings and CE that represent the feeling of excitement and entertained (Gao et al., 2021).

In line with it, Kotler (2008) in (Ahmad & Buttle, 2002) stated that CR is about how a company maintain their customers with a good relationship. He also said that sales of a company can be achieved from new and repeat customers. Unfortunately, attracting new customers can cost five times higher than pleasing existing customers. Thus, CR has become a critical aspect where customer satisfaction is the key to it. Customers who are highly satisfied stay loyal longer will purchase more as the company introduces new products or improvements. Customers will share favorably about the company and the products, focus more on the company than competing brands, less sensitive to price, offer suggestions to the business and will be less expensive to serve than new clients.

Typically, customers do not stay loyal or keep coming back to one company, unless the company implement their strategies to attract the customers. Customers might purchase product or service from the competitors. In short, there are customers who do not want a long-term relationship. Though, there are also customers who desire long term relationship. So, the company needs to build their relationship with their customers and retain them (Kurtz & Clow, 1998). Reichheld said that a company can do several things in measuring the retention, get the right customers, improve the distribution channel, reduce adverse selection of customers, rewarding sales force for retaining customers, giving reward for continuity and create special programs to attract valued customers. Page et al. (1996) in (Ahmad & Buttle, 2002) argue for a fresh approach treat the customers based on six dimensions such as: 1) product and service design; 2) pricing; 3) sales; 4) advertising; 5) direct marketing; 6) distribution.

A company can determine CR by looking how routine and constant the purchasing activities of their customers. It could be brought on by the experience that beyond expectation. It encourages customers to feel at ease doing a business with a company and returning in the future. In addition, emotional and psychological attachment can promote CR. The output from this attachment can be spreading favorable word of mouth about a company and its product or services to a social group or community by serving as an evangelists or street ambassador for the company. Customers who already recognize the quality of company's product or services might be identified by the company from their lack of complaint behavior. Besides, the customers would not

mind paying slightly higher prices for higher quality of product or services. Normally, these customers will continue to purchase all year-round even without a financial reward such as discount (Gengesswari et al., 2013).

Several previous studies shows that perceived value, reputation, trust, commitment, switching costs, word of mouth, noncomplaining behavior and repurchase behavior as antecedents to CR which may result in increasing organization performance.

From explanation above, the researcher concludes that retained customers are those that do business with a company for an extended period. In this context, a company give their effort in influencing their retained customers to do expected behavior. The retention can be supported by several marketing actions such as offerings and other activities. Relevant indicators or dimensions which the researcher will employ in this research include word of mouth, noncomplaining behavior, repurchase behavior and price insensitivity. Word of mouth refers to customer's willingness to say positive words to others in order to encourage them to choose the company. Noncomplaining behavior is attitude that rarely or never complains to a company, even when they have a little negative experience. Repurchase behavior is the attitude of repurchase the product or services. Price insensitivity is when a customer is willing to pay a somewhat higher price. Summary of relevant dimension and indicators of CR in this research are presented in the Table 2.2 below.

Table 2.2 Dimensions & Indicators of Customer Retention Used in This Research.

Dimension	Indicators	References
Word of mouth	Recommend to others	(Al-Hashem, 2022; Al-Hawari, 2006; Gengesswari et al., 2013; Simarmata & Ikhsan, 2017; Teicher & Rost, 2003)
	Sharing information.	
	Encourage others	
	Being spokesperson	
Noncomplaining behavior	Rarely dissatisfied	
	Positive reviews	
	Have less complaint	
	Consider as first choice	
Repurchase behavior	Plan to revisit	
	Frequently visit	

	Intent to not switch	
	Loyalty	
Price insensitivity	Willingness to spend	
	Pay with regular price	
	Not influenced by price	
	Value for money	

2.1.2. Visual Communication Design (VCD)

Eroglu (1996) in (Günay, 2021) stated that numerous studies explain that communication nature is a core element of hierarchy of needs. It is about conveying information from one to another. Around 40,000 years ago before the early 20th century, shamans who painted their visions may have constructed caverns, stone walls, and ceilings that served as early examples of visual communication (Baltezarević & Baltezarević, 2015; Günay, 2021). Visual communication is growing more powerful and popular with each new technological advancement. Because visual communication has a greater impact than written language, the development of photography, television, and moving pictures led to a rise in human imagination. Nearly 75% of the information that the human brain processes is used for visual communication (Sharma et al., 2012).

Since it provides richer experience, it constantly persuades customers to buy by using visuals, especially when the supplied good or service is essential and fulfills their requirements or desire. This kind of communication is about visual language which transmitting specific message to specific audience or solving problems effectively through powerful and simplified visual. Since people tend to believe and easily influenced by what they see, a good visual communication design should be able to grab attention of the audience. Previous research has demonstrated that visual advertisement is more persuasive than spoken advertisement because they transmit significant amount s of transformation quickly. Thus, the mix of verbal and visual communication appears to elicit best reactions from their audience (Kujur & Singh, 2020).

In establishing and fostering relationships, it is noted how important visual communication is as a precondition to consumer engagement.. High-quality visual information is regarded as the value for establishing connections that can increase credibility, impact, and action (Kujur & Singh, 2020).

The visual should be able to be captured by people's eyes (Guo, 2022). When it comes to three-dimensional form, VCD becomes more interactive and effective. Generally, the visual display is represented by two dimensional images such as art, signs, symbols, graphic designs, photographs, typography, drawing and color experience (Baltezarević & Baltezarević, 2015; Kujur & Singh, 2020). Numerous studies have widely taken into account two elements of visual material, namely images and videos. Though, it can be categorized into three types: illustrations, comics, videos. Illustration is a static visual includes drawings or photographs which typically includes a line of text to describe the visual. Comics are compilations of pictures and text that have defined story and organized properly includes infographic or visual stories. Videos are collection of moving pictures in the form of snippets with a concise message and clear narrative.

Delivering precise information using visual elements to a specific audience in order to elicit the intended response is known as VCD (Pageh & Swandi, 2022). The sense of vision underpins all other senses, therefore visual is as if it was glued for humanity from the beginning. After the modern era, design became more crucial to visual communication, and visual communication gained in various ways. One could claim that such a component is heavily utilized in advertising and social media, and that it has reached every area that our eyes can see. As the technology develops, the fields of corporate design, environmental design, motion design, interactive design, font design, publication design, book design, packages, brand and identity design, information design, and advertising design are all subsets of visual communication.

Table 2.3 Field of VCD

Field	Description
Corporate design	Companies invests in marketing and communications teams to complete projects and maintain the consistency of their brands in the eyes of consumers.
Environmental design	Dimensional environment design features are used by architects and advanced design trade fairs to present their structured products.
Motion design	Dynamic "animation" of images, music, and motion into the scene for emotive or intricate creative ideas.
Interactive design	Using a touch screen device and computer-based software that enables the creation of interactive designs broadcast over the internet,
Font design	Introducing fresh letterforms and fonts (variations like strong and italics) to create a full typeface family with a united aesthetic character, numbers, ligatures (when two letters are connected), and punctuation are some of the components.
Publication design	Periodical publication such as magazines and newspapers. Designs may incorporate journalism, photography and typography
Book design	Well-organized design themes, including appropriate graphics, fonts, layouts, content, and book covers, and then setting up the book for printing or online uploading
Packages	Making a thing appealing requires a synergy between form, structure, materials, color, imagery, typography, and regulatory information.

Brand and identity design	Brand identity of the business, which includes the logo, stationery, collateral materials, websites, etc.
Information design	Displaying data with effective visual design that gives contents
Advertising design	Ads that are launched in many readily available and reasonably priced mediums are part of well-designed campaigns that are personalized for each client and particular product while combining a particular target demographic.

Source: (Hammouri et al., 2019)

Visual languages should be understandable, enticing, and informative. Because of this, it can convey both cognitive and emotional meaning (Günay, 2021). They ought to be content-aware, therefore message efficacy should be considered in addition to visual presentation. The aim is to inform, impact and modify audience's way of behaving according to the objective to be achieved, thus the design can be accounted for. The scope of visual communication design also varies, there are logo, advertisements, posters, book covers, comics, animations, interactive design, typography and advertising media.

A design should be informative and entertaining since visual communication related to customer's preferences can affect audience's memory, behavior and attitude (Baltezarević & Baltezarević, 2015; Kujur & Singh, 2020). Previous research has demonstrated that social impact of pleasure-oriented information system drive brand community's members to contribute. It provides the audiences access to a lot of information quickly and easily compared to plain text. On the other hand, entertaining design can support customer engagement. Customers are more likely to return and promote good word of mouth about a company when it makes them feel good. Additionally, a design with certain content can persuade users to do a particular action. Different sorts of incentives, like monetary rewards, have been demonstrated

to be useful in encouraging engagement in previous research (Chua & Banerjee, 2015). Monetary rewards example such as special offers, discount or prizes.

On the other hand, a design usually is a combination of several elements that create a visual information. The elements are line, color, shape, texture, space and form. It is not only about displaying visual elements, but also how good they are arranged in a design. The way customers interpret information and assess the reliability of a firm is greatly influenced by its aesthetic design. The aim is not only delivering the message but also enhance the engagement, focus. The goals of a visual design are to ensure that the text is legible, to make the message simpler, to promote engagement, to draw attention to key topics and to offer a different form of communication (Reyna, 2013).

Therefore, the researcher outlines the point of VCD is a communication form in visual graphic which can stimulate specific customers to do a desired action by conveying a certain message through visual graphics. VCD should be clear, attractive, engaging and convincing its audience.

On the other hand, the relevant indicator or dimension which will be used by the researcher are informative, entertaining, engaging and credible. Informative is how clear the message is delivered. Entertainment is how the design can give joy or entertaining the audience. Incentive is how the design influences the audience through reward. Engagement is how the design attract audience's attention. And for the design elements is how the visual elements of design can give people information they need.

Table 2.4 Dimensions & Indicators of Visual Communication Design in This Research

Dimension	Indicators	References
Informative	Clear information.	Kujur & Singh (2020); Reyna (2013); (Günay, 2021; Schriver, 2010); (Baltezarević & Baltezarević, 2015)
	Stimulating	
	Educative	
	Persuasive	
Entertaining	Give comfort	
	Give pleasure	
	Enjoyable	
	Attractive	
Engaging	Fit	
	Participation	

Credible	Being involved	
	Interested	
	Convincing	
	Reasonable	
	Acceptable	
	Reputable	

2.1.3. Customer Experience (CE)

In the last decades, managing CE has been popular among practitioners and academicians that is believed has a strong impact on organizational performance and customer behavior (Al-Hashem, 2022; Hair Jr et al., 2014; Schmitt, 2008). CE is a subjective response of customers when they directly and indirectly interact with a company. Direct contact happens when the customer buys or uses as customer's initiation where indirect contact involve several company's representatives such as advertising (Schwager & Meyer, 2007). The company and its customers give and take stimuli of sensory, product knowledge and emotional (Robinette et al., 2001). Botha (2020) in (Juanna et al., 2021; Robinette et al., 2001), stated that the relationship built through business relationship including awareness, discovery, development, support, purchase and service. CE is defined as the customer's direct and indirect experiences with the service process, the organization, the environment, and their interactions with other customers and the employees of the organization (Walter et al., 2010). Understanding CE is the foundation for understanding consumer happiness and loyalty in the form of satisfaction and retention in any organization. Numerous antecedents lie under each dimension, supporting in the understanding of the customer experience. Dimensions of CE are sensory (stimuli from primary senses), emotional/affective (feel), cognitive (think), behavioral (act/physical activities/engagement) and relational/social responses (relate all dimensions to the social culture) to certain product or service during the purchase journey (Dey et al., 2017; Homburg et al., 2017; Lemon & Verhoef, 2016; Schmitt, 2008; Wibowo et al., 2021). There are also several antecedents from several research such as convenience, service process, service quality, trust, physical environment, usefulness, technology, emotional aspect, involvement, behavioral intention, tangibles, credibility.

One of the dimensions, feel experience, can be achieved through communication (advertising). The dimension includes product experience or the ability to compare offerings, outcome focus or reducing transaction costs, moment of truth or product & service flexibility and peace of mind or interaction evaluation during purchase journey (Klaus & Maklan, 2013). When customer appreciate the experience they get, customer experience management support the company to analyze the experience which the useful tool that generating the satisfaction of customers (Fatma, 2014). In addition, the experience is changeable as time goes by depends on customer's relationship with the company. Thus, a company should be able to design, prioritize, monitor and adapt customer experiences (Klink et al., 2021).

Based on several explanation above, it is summarized that relationship between company and its customers can influence experiences of its customers once they engage to the product or services. In this research, the engagement can be from feel experience through VCD. Therefore, CE should be managed well to get the better experience of customers that may lead to expected behavior, retention. In addition, researcher analyzes the dimensions of CE as Table 2.5 shows.

Table 2.5 Dimensions & Indicators of CE by This Research

Dimension	Indicators	References
Sense	Awareness	(Al-Hashem, 2022; Bustamante & Rubio, 2017; Gahler et al., 2019; Wibowo et al., 2021)
	Recognize	
	Sensory Experience	
	Impression	
Feel	Positive atmosphere	
	Positive emotion.	
	Giving impression	
	Strongly affected	
Think	Increase curiosity	
	Using mind	
	Imagine	
	Expectation	
Act	Take initiative	
	Giving effort	
	Habit	
	Giving response	
Relation	Connected	

	Harmony	
	Similarity	
	Being in a community	

2.2. Hypothesis

From the explanation of each variable in previous section, the researcher found that there is possibility of relationship between three observed variables in this research. Additionally, the previous research also supports the researcher to build the three hypotheses.

2.2.1. Visual Communication Design and Customer Experience

According to previous studies, it is found that VCD does not have significant impact on CE (Ismail et al., 2011) in hospitality industry. There are other previous studies that stated VCD has significant impact on CE and strengthen the bond between company and its customers (Adiele & Opara, 2014; Akerejola et al., 2020; Kiyomarsi et al., 2021; Kujur & Singh, 2020). Though, it is aligned with the literatures that showed VCD (in the advertising context) have always been linked to customer engagement. By developing persuasive content, one can increase engagement. A study by (Kujur & Singh, 2020) discovered that visuals with information, entertainment, and remunerative content positively giving impact on the customer engagement. Engagement is one of behavior of experience type (Handaruwati & Wibowo, 2020) which one of antecedents of CE. A study by (Baltezarević & Baltezarević, 2015) concluded that customer decision-making is significantly influenced by great visual communication. Color and other visual elements which build the visual communication can evoke feelings and strengthen relationships between brands and consumers. CE has emotional and social antecedents as well. A qualitative study by (Prakash & Sharma, 2016) found that visual elements in social advertisements are significantly impact on customer perception through the experience of visual processing depends on the gender in the context of women's skincare cosmetics.

According to previous studies, VCD (in the context of advertising) influences customer experience through their visual elements (Bleier et al., 2019; Brasov &

Manic, 2015; Tilak, 2020). Design elements can shape several customer experiences such as informativeness, entertainment, social presence and sensory appeal in digital environment. Research conducted by (Tilak, 2020), stated that engaging visual evoke sense of excitement and involvement of the consumer. Customer perception relatively impact to experience separately or simultaneously through several dimension: sensory, affective, physical, cognitive and social experience (Handaruwati & Wibowo, 2020) Visual content which includes images or videos influences the decision of customers to do a thing.

Therefore, based on the evidence gap and the literature reviews, researcher proposes these hypotheses.

H1₀: VCD does not have significant impact on CE.

H1₁: VCD has significant impact on CE.

2.2.2. Customer Experience and Customer Retention

It is important to ensure hotel sustainability and growth for a long time through CR. Thus, hotel management should ensure that their customers is satisfy (Syaqirah & Faizurrahman, 2014). It is described as continuing support to a business through repeat purchase and the propensity to recommend it to others in social circle. It can be influenced by satisfaction, service quality and customer relationship management. Cognitive and affective experience can lead to customer satisfaction which contribute to willingness to repurchase and recommend. CR can lead significant benefit such as reducing operational cost and increasing profit (Rama et al., 2019), reputation of the organization (Al-Hashem, 2022), price insensitivity and non-complaining behavior (Gengswari et al., 2013). Satisfaction is the result of CE which is produced by cognitive experience of a marketing constructs. It is also correlated with emotional experience. An organization may feel satisfied if it elicits emotional response. Experiences are valuable and practical. The more aspects of experience a brand evokes, the more satisfied its customers are with it (Chandra Sahu et al., 2022). On the other hand, to increase customer retention, an organization needs to implement plans and tactics that will help them win back existing customers and make it simple for them to file complaints (Steyn & Petzer, 2006). According to Lemon & Verhoef

(2016), CE is multidimensional. There are sensory, affective, cognitive, physical and relational dimension. Sensory dimension relates to customer interaction through senses. Affective dimension relates to customer interaction through emotion or feelings. Cognitive dimension relates to customer interaction through understanding or imagination. Physical dimension relates to customer's behavioral responses. Relational dimension relates to social context or social belonging (Bustamante & Rubio, 2017; Gahler et al., 2019). To distinguish between customer behavior that goes beyond purchase, customer engagement is also a component of entire customer experience. Previous studies have suggested that customer's assessment of an experience during the customer's purchase journey influences satisfaction, loyalty and word of mouth. Past experience can affect future usage (Lemon & Verhoef, 2016).

It This is aligned with several previous studies that stated CE has positive impact on CR (Fernandes & Pinto, 2019; Gao et al., 2021; Kalungu, 2019) in different industry outside hotel. Though it is also found that CE does not have significant effect on CR (Das et al., 2018; Handaruwati & Wibowo, 2020; Juanna et al., 2021). Therefore, the researcher proposes these hypotheses:

H2₀: CE does not have significant impact on CR.

H2₁: CE has significant impact on customer CR.

2.2.3. Visual Communication Design and Customer Retention

According to previous studies, VCD (in the context of advertising) influences customer experience through their visual elements (Bleier et al., 2019; Brasov & Manic, 2015; Tilak, 2020). Design elements can shape several customer experiences such as informativeness, entertainment, social presence and sensory appeal in digital environment. VCD can affect customers perceptions. Emotional and informational VCD dominate the experience of cognitive and affective. Meanwhile, entertaining and credible VCD influence people's emotion that may lead to engagement and the retention as well (Kujur & Singh, 2020; Reyna, 2013). The more aspects of experience a brand evokes, the more satisfied its customers are with it (Chandra Sahu et al., 2022). Customer's assessment of an experience during the customer's purchase journey influences satisfaction, loyalty and word of mouth (Lemon & Verhoef, 2016).

In the context of advertising, visual message is a one-way communication which has commercial objective in marketing to customer retention (Akerejola et al., 2020). It is aligned with previous research finding that showed VCD has significant impact on CR (Adiele & Opara, 2014; Akerejola et al., 2020) though, it also found in other previous research that VCD does not have significant impact on CR (Hanaysha, 2017). Since the lack of previous study that specifically using all variables in hotel industry, the researcher proposes these following hypotheses.

H3₀: VCD does not have significant impact CR.

H3₁: VCD has significant impact on CR.

