

DOI: 10.5281/zenodo.121126254

CUSTOMER EXPERIENCE AS A COMPETITIVE ADVANTAGE IN RETAIL: AN INTERNATIONAL PERSPECTIVE

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Received: 05/10/2025
Accepted: 13/01/2026

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ABSTRACT

In an era where products commoditise overnight, and digital channels eliminate traditional barriers, customer experience (CX) has emerged as retailers' most contested battleground. Yet beneath the consulting buzzwords and corporate proclamations lies a troubling reality: there is a lack of rigorous understanding of when, how, and why CX delivers competitive advantage—particularly across the diverse institutional and cultural contexts where global retailers operate. This critical review synthesises 168 peer-reviewed studies to interrogate three fundamental questions that scholarship has inadequately addressed. First, does superior CX truly generate sustained competitive advantage, or have the retailers' confused short-term tactical wins with strategic positioning? Second, how do cultural values and institutional contexts fundamentally reshape what constitutes 'good' experience, and why has the predominantly Western research lens obscured these variations? Third, what organisational capabilities enable retailers to continuously adapt experiences across heterogeneous markets rather than simply copying best practices? Through systematic analysis spanning international business, marketing, operations, and consumer psychology literatures, this research exposes critical gaps between academic rhetoric and empirical reality. This research's integrative framework repositions CX from static resource to dynamic capability, explicitly incorporating the paradoxes retailers must navigate: standardisation versus localisation, efficiency versus delight, personalisation versus privacy, transaction versus relationship. The research concludes with a provocative research agenda that challenges scholars to move beyond celebrating experience excellence toward understanding its boundaries, dark sides, and cultural contingencies in international retail contexts.

KEYWORDS: Customer Experience; Competitive Advantage; International Retail; Cross-Cultural Management; Dynamic Capabilities; Experience Economy.

1. INTRODUCTION: THE CUSTOMER EXPERIENCE (CX) PARADOX

Enter any prominent retailer's strategy presentation, and one will encounter an assertion: *'customer experience is the new competitive advantage'*. This narrative has become orthodoxy in the modern commoditised world, where products are easily replicated, and prices are instantly compared; the experience surrounding transactions represents retailers' last sustainable differentiator (Noor et al., 2025). Consulting reports trumpet the ROI of experience investments. Business school cases celebrate leaders of successful retailers such as Apple, Nordstrom, and Zara. While academic journals publish proliferating studies linking CX metrics to financial outcomes, influencing retailers' overall competitive advantage worldwide.

However, there seems to be a prevalent discrepancy. If CX truly provides such a powerful competitive advantage, why do so many experience initiatives fail? Why do retailers with seemingly excellent experiences struggle while others with mediocre experiences thrive? Why does the same experience approach that delights customers in Stockholm feels alienated in Shanghai? Most troublingly, why does the existing massive scholarly literature on CX provide such limited practical guidance for international retailers facing actual strategic decisions?

The disconnect runs deeper than simple implementation challenges. Consider the fundamental contradictions embedded in how researchers study and discuss CX. Apple's controlled, minimalist retail temples (Solomon, 2015), while simultaneously praising Trader Joe's chaotic, quirky stores (Morgan, 2019), are celebrated for providing excellent CX. There is a prevalent advocating of data-driven personalisation while warning about privacy invasions. It insists experience must be consistent for brand coherence while demanding local adaptation for cultural relevance. Consequently, it also measures experiences through customer satisfaction surveys even as it acknowledges that memorable experiences often involve discomfort, challenge, or surprise. These are not minor inconsistencies—they reveal conceptual confusion about what CX is and how it creates value (Padigar & Manjunath, 2025).

This review argues that CX scholarship has reached a critical juncture. After two decades of explosive growth since Pine & Gilmore (1998) seminal work on the experience economy, there are substantial empirical findings that lack theoretical

coherence. It is known that CX correlates with various positive outcomes; there is also a poor understanding of the causal mechanisms and boundary conditions. There is previous research that has identified numerous experience dimensions, but its findings cannot specify which matter most or how they combine. The findings have recognised that culture matters, but most research simply tacks cultural variables onto Western-developed frameworks rather than fundamentally rethinking what experience means across contexts (Pine & Gilmore, 1998).

The challenge intensifies when even modern research considers the international dimension that should be central to any serious discussion of retail strategy. Multinational retailers do not simply replicate domestic approaches abroad—they confront fundamentally different customer expectations, institutional constraints, competitive dynamics, and cultural meanings of consumption. An IKEA store in Beijing serves different functional and symbolic purposes than one in Stockholm (Hu & Yang, 2012). Amazon's frictionless efficiency plays differently in markets where shopping is a social ritual rather than a utilitarian task (Dooley, 2024). Luxury retailers discover that exclusivity signals status in some markets but elitism in others. These are not merely execution challenges requiring local tweaking—they demand rethinking core assumptions about experience value.

This review takes an explicitly critical stance. Rather than celebrating CX excellence or compiling another comprehensive catalogue of findings, this research interrogates the fundamental assumptions underlying current scholarship. The researchers ask uncomfortable questions about whether claimed benefits withstand scrutiny, whether conceptual frameworks adequately capture retail reality, and whether these research methods can answer the questions practitioners need to address. The research surfaces contradictions that polite academic discourse typically papers over. It points out where consulting rhetoric has outpaced empirical evidence. Additionally, it identifies blind spots where Western bias has limited theoretical development.

This analysis synthesises 168 peer-reviewed articles published between 2010 and 2024, deliberately spanning international business, marketing, operations management, consumer psychology, and anthropology. This interdisciplinary scope reflects research's conviction that CX cannot be adequately understood through any single disciplinary lens. This researcher examined how different theoretical perspectives—

resource-based view, service-dominant logic, dynamic capabilities, institutional theory, cultural psychology – illuminate different facets, while each proves incomplete.

Three contributions distinguish this review. Theoretically, this research focuses on positioning CX as a dynamic capability rather than a static resource, explicitly incorporating the paradoxes and tensions that retailers must navigate rather than resolve. Empirically, it systematically identifies where rhetoric exceeds evidence, where findings contradict rather than accumulate, and where cultural contingencies invalidate universal claims. Practically, this research translates scholarly insights into strategic implications for international retailers while maintaining intellectual honesty about what is known and what is merely believed about CX in modern retailing organisations.

The article proceeds as follows. Section 1 has provided an introductory knowledge on significance of CX to gain a competitive advantage for international retailers in modern times. Section 2 explains the methodology and critical approach. Section 3 traces CX's conceptual evolution, exposing definitional ambiguities that continue to plague research. Section 4 critically examines dominant theoretical frameworks, identifying their insights and limitations. Section 5 focuses specifically on international and cross-cultural dimensions often marginalised in existing reviews. Section 6 concludes with reflections on where the field must evolve.

2. METHODOLOGICAL APPROACH: CRITICAL SYNTHESIS AS ALTERNATIVE TO TRADITIONAL REVIEW

2.1 Why Traditional Literature Reviews Fall Short

Most literature reviews adopt what might be called an accumulation model – they identify relevant studies, categorise findings, synthesise patterns, and identify gaps. This approach serves important functions: it consolidates knowledge, identifies consensus, and reveals under-researched areas. However, the accumulation model has significant limitations when a field exhibits the characteristics that currently define CX research: rapid growth, interdisciplinary fragmentation, practitioner hype, conceptual ambiguity, and questionable generalisability across contexts (Gustafsson et al., 2024).

In such conditions, simply accumulating findings risks compounding errors and entrenching problematic assumptions. If many studies employ

flawed conceptualisations, accumulating them does not improve understanding – it calcifies confusion. If research methods cannot adequately test claimed relationships, synthesising positive findings creates false confidence. If sampling focuses overwhelmingly on Western contexts, identifying patterns may simply codify cultural bias as universal truth (Mandavilli, 2023). The field needs more than another synthesis – it needs critical interrogation.

2.2 The Critical Synthesis Approach

The researcher adopted what this research terms as critical synthesis – an approach that combines systematic literature identification with interpretive analysis guided by explicit theoretical scepticism. Rather than presuming that published research produces cumulative truth, this research asks what assumptions enable claims, what alternatives have been marginalised, where findings contradict rather than cohere, and what questions existing approaches cannot adequately address.

This approach has four distinguishing features. First, the research actively seeks contradictions and anomalies rather than smoothing them away in pursuit of a coherent narrative. When studies reach different conclusions, the researchers resist the reviewer's impulse to explain away differences – instead, it probes whether they reveal important boundary conditions or expose conceptual problems. Second, the researchers interrogate the match between research questions, theoretical frameworks, and methodological approaches. Many studies employ methods ill-suited to their causal claims. Third, the researcher paid explicit attention to what has not been studied, asking why certain questions remain unasked and whose interests such silences serve. Fourth, the researcher maintained visible uncertainty about conclusions rather than overstating confidence based on limited evidence.

2.3 Literature Search and Selection

The systematic search covered Web of Science, Scopus, Business Source Premier, and Google Scholar using combinations of key terms: customer experience, consumer experience, shopping experience, service experience (experience terms); competitive advantage, differentiation, strategic positioning, performance (advantage terms); retail, store, shopping, merchant, omnichannel (retail terms). The researcher included international business, cross-cultural, emerging markets, and multinational as additional search terms to ensure adequate coverage of the focal context. The temporal scope spanned 2010-2024, chosen because 2010 marks

when CX research entered its accelerated growth phase.

Initial search yielded 1,247 articles. The researcher applied inclusion criteria: peer-reviewed journal articles or highly cited conference papers; explicit focus on customer/consumer experience in retail contexts (broadly defined to include physical, digital, and hybrid); examination of strategic, competitive, or performance implications; theoretical contribution or rigorous empirical analysis. Exclusion criteria encompassed: purely descriptive case studies; trade publications lacking theoretical grounding; studies focused exclusively on specific technologies (mobile apps, virtual reality) without retail context; articles examining only individual psychological processes without strategic implications.

The researchers independently screened abstracts, with disagreements resolved through discussion. This process yielded 168 articles forming the primary corpus. However, the researchers have also consulted broader literatures as needed—institutional theory, cultural psychology, and service operations—to develop theoretical arguments. The reference list includes both focal articles and these supporting sources.

2.4 Analytical Process

The researcher conducted thematic analysis guided by the research questions but remaining open to emergent patterns. Initial coding identified: theoretical frameworks employed, experience dimensions examined, outcome variables, research contexts, and methodological approaches. Then, the researcher conducted an in-depth analysis of how different theoretical perspectives construct the CX-competitive advantage relationship, where empirical evidence supports or challenges these constructions, and how international/cross-cultural contexts complicate prevailing frameworks.

Critically, the researcher coded for contradictions—studies reaching different conclusions about seemingly similar questions, conceptual tensions within theoretical frameworks, gaps between claimed contributions and actual findings. Besides, the researcher has also maintained a separate file of 'uncomfortable questions'—observations that challenged prevailing assumptions or revealed limitations in current approaches. Many of these uncomfortable questions appear throughout subsequent sections.

2.5 Scope and Limitations of this Review

This review focuses on CX in retail contexts, defined broadly to include physical stores, e-

commerce, and omnichannel integration. It also included both goods and services retail, though emphasise goods-dominant contexts given service experience's separate literature stream. The researcher prioritised international and cross-cultural dimensions given the Journal of International Management audience, though they have included relevant domestic-focused studies where they represented broader theoretical points.

However, this research has acknowledged several limitations. Despite interdisciplinary reach, the research has likely missed relevant work in anthropology, sociology, and geography journals where different terminology and methods obscure connections. The research has developed a critical stance that reflects theoretical commitments—where it prioritised dynamic over static frameworks, complexity over parsimony, and context-sensitivity over universalism. Readers favouring alternative commitments may reach different conclusions. Finally, as management scholars primarily based in Western institutions, the researchers cannot fully escape the cultural blinders they critique—though they may try to remain vigilant about them.

3. CONCEPTUAL FOUNDATIONS: WHAT IS CUSTOMER EXPERIENCE, REALLY?

3.1 The Definitional Morass

Request ten CX researchers to articulate their fundamental concept, and one will have ten distinct responses. Some emphasise the cognitive evaluation of firm offerings. While others focus on emotional responses. Still, some may include sensory, social, and behavioural dimensions. On the other hand, some researchers treat CX as a holistic perception spanning the entire customer journey; others may examine discrete encounters at specific touchpoints (Lemon & Verhoef, 2016). Eventually, some of the researchers may view CX as firm-created output, while others may insist that it emerges uniquely through individual customer sense-making.

This definitional chaos is not merely academic pedantry—it has profound consequences for theory development and empirical accumulation. When researchers operationalise CX differently, their findings cannot be meaningfully compared or integrated (Klaus, 2023). When 'CX' encompasses everything from store layout to website speed to post-purchase service to emotional satisfaction, the construct loses discriminant validity. If everything is experience, then experience explains nothing.

The confusion partly reflects CX's interdisciplinary origins. Marketing scholars brought perspectives from consumer behaviour, emphasising

subjective perception and emotional response (Vargo & Lusch, 2014; Homburg et al., 2017). Operations researchers imported service quality frameworks focusing on objective delivery characteristics. Psychologists contributed theories of embodied cognition and affective processing. Strategy scholars added competitive positioning considerations (Aung, 2024). Each disciplinary lens illuminates important aspects but lacks vocabulary and concepts to integrate across perspectives.

More fundamentally, definitional struggles reflect genuine conceptual challenges. CX occupies uncomfortable space between objective reality and subjective perception, between firm actions and customer interpretations, between designed intentions and emergent outcomes (Gustafsson et al., 2024). Retailers' design stores, train employees, select products—but these designs do not determine experiences (Zhang et al., 2022). Customers construct their own meanings based on personal histories, current moods, cultural frameworks, social contexts, and comparison standards (Ben Aicha & Bouzaabia, 2023). Experience resides in dynamic interaction between firm provisions and customer sense-making, making it resistant to neat categorical definition (Niemi et al., 2022).

3.2 Three Definitional Traditions: Virtues and Vices

Despite heterogeneity, three definitional approaches dominate the literature, each with distinct theoretical commitments and practical implications. Understanding these traditions clarifies what is at stake in definitional choices.

The holistic-journey perspective defines CX as the totality of cognitive, emotional, sensory, social, and behavioural responses to all retailer touchpoints across the complete customer journey from pre-purchase through post-purchase. This comprehensive view, articulated influentially by Verhoef et al., (2009), offers conceptual completeness. It acknowledges that experiences do not begin when customers enter stores or end when they leave—they encompass information search, purchase deliberation, transaction, usage, and retrospective evaluation.

However, comprehensiveness creates problems. Holistic definitions resist operationalisation—how can researchers measure the totality of responses across entire journeys? Studies purporting to adopt holistic perspectives typically measure limited subsets, creating a gap between conceptual rhetoric and empirical reality. Moreover, when experience encompasses everything, it becomes difficult to

distinguish between overall satisfaction and brand attitude (Heinonen & Lipkin, 2023). What does CX add beyond these established constructs? The holistic perspective risks concept inflation—expanding a construct until it loses precise meaning.

The encounter-focused perspective examines discrete experiences within specific episodes—entering a store, interacting with a salesperson, making a purchase, returning a product. This approach, rooted in service encounter research, offers precision and measurability. Researchers can study how specific design elements or employee behaviours influence encounter-level outcomes. Experimental manipulation becomes feasible. Causal mechanisms can be isolated.

Yet, encounter focus fragments understanding. Individual encounters may not represent cumulative perceptions. Early encounters may establish expectations shaping later ones. Positive encounters may fail to compensate for a single negative one. Experiences may not sum additively but instead exhibit complex non-linear patterns. By examining trees, encounter research may miss forest—and understanding forests matters more for competitive strategy than optimising individual encounters.

The designed-environment perspective focuses on firm-controlled experience provisions—atmospherics, service processes, technology interfaces, and physical layouts. This approach implicitly adopts a firm perspective, treating experience as something organisations create and deliver. It aligns naturally with managerial concerns and enables actionable recommendations.

Nevertheless, defining experience through a firm lens misses fundamental insight from phenomenological and service-dominant logic perspectives: customers co-create their experiences through interpretive sense-making that firms cannot fully control. Two customers encountering an identical retail environment may have radically different experiences based on their expectations, cultural frameworks, and personal circumstances. Moreover, the designed-environment perspective struggles with digital channels where 'environment' becomes abstract and where customer behaviours actively shape interfaces through algorithms and personalisation (Almakaty, 2025).

3.3 Toward Definitional Pragmatism

Rather than declaring a definitional victor, this advocate of pragmatism is guided by the research purpose. Studies examining how specific interventions influence immediate responses may appropriately employ encounter-level definitions.

Research investigating cumulative perceptions shaping loyalty and advocacy requires journey-level conceptualisation. Work on competitive positioning demands a holistic perspective capturing the overall brand experience. The key is matching the definition to the research question while explicitly acknowledging what the chosen definition excludes.

More importantly, researchers must stop treating definitional choice as an innocent technical decision. Distinctive definitions embed different theoretical assumptions about agency, causality, and value creation. Firm-centric definitions privilege managerial control. Customer-centric definitions emphasise subjective interpretation. Journey-level definitions assume temporal accumulation (Kettunen, 2024). Each definition does not simply

describe reality differently—it constructs different realities with different implications for theory and practice.

For international retail contexts specifically, definitional choices carry weight. If one can define experience through a Western consumer lens, emphasising individual psychological states, they may miss relational and collective dimensions prominent in other cultures. If one privileges cognitive over emotional dimensions, one can misunderstand markets where affect drives consumption more powerfully. Definitional decisions require cultural awareness—recognition that the definitions embed cultural assumptions about consumption's nature and purpose (Giebelhausen & Poehlman, 2024).

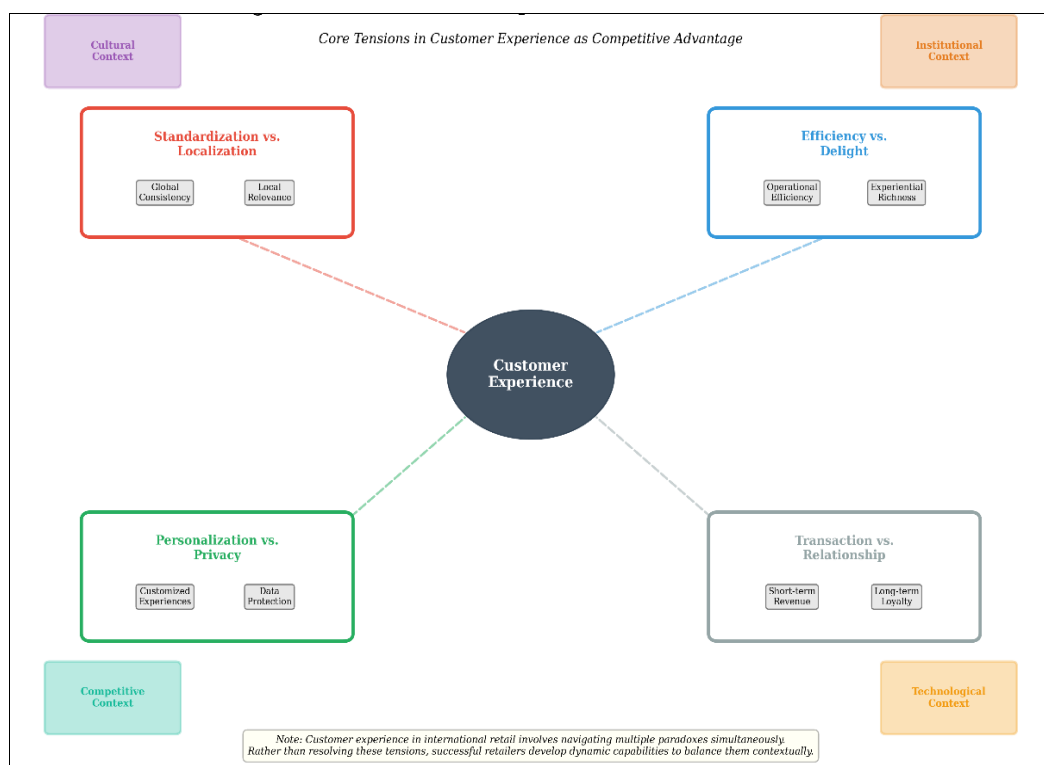


Figure 1: Paradox Framework.

4. THEORETICAL PERSPECTIVES: COMPETING FRAMEWORKS FOR UNDERSTANDING COMPETITIVE ADVANTAGE

CX scholarship has been remarkably promiscuous in its theoretical borrowing, drawing from strategic management, marketing, operations, psychology, and sociology. This theoretical eclecticism reflects the phenomenon's complexity but creates coherence challenges. Different frameworks do not simply emphasise different aspects—they make incompatible assumptions about causality, agency, and competitive dynamics. Rather than pretending these frameworks peacefully coexist, the researcher

examined their core logics, evaluated their explanatory power, and exposed their tensions.

4.1 Resource-Based View (RBV): Experience as Strategic Resource

The RBV has provided the most common theoretical lens for examining CX as a competitive advantage, and it is easy to see why. RBV's elegant logic seems perfectly suited: retailers who develop superior experience capabilities—distinctive physical spaces, well-trained employees, sophisticated technology platforms, efficient processes—create valuable, rare, inimitable, non-substitutable (VRIN) resources enabling

competitive advantage. The framework offers clear managerial implications: identify experience-relevant resources, assess their VRIN characteristics, and invest in developing those with competitive potential (Jenemark & Rouzveh, 2025).

Yet applying RBV to CX reveals fundamental tensions that advocates rarely acknowledge. Consider the inimitability criterion central to sustained competitive advantage arguments. While specific experience elements may resist imitation—Apple's architectural aesthetic, Nordstrom's service culture, Amazon's recommendation algorithms—the general principles of good experience design are widely known and increasingly commoditised. Industry publications disseminate best practices. Consultants transfer knowledge across clients. Employees move between competitors. Customers themselves become carriers of experience expectations shaped by cross-industry exposure.

Moreover, the time horizon for competitive advantage from experience may be shrinking rather than extending. What delights customers today disappoints tomorrow—not because the experience degraded but because expectations evolved. Amazon's next-day delivery revolutionised convenience expectations, forcing competitors to match or lose customers. But once the next day becomes standard, the advantage disappears. The experience innovation treadmill accelerates, with retailers running faster just to maintain their position. This creates uncomfortable questions about whether CX can generate sustained advantage in RBV's strong sense—superior performance persisting over extended periods despite imitation attempts.

The static nature of traditional RBV frameworks also sits awkwardly with experience management's dynamic requirements. RBV focuses on identifying and accumulating valuable resources. But customer expectations evolve continuously, competitive landscapes shift, and technologies create new possibilities (Wibisono & Supoyo, 2023). An experience approach that works brilliantly today may become obsolete tomorrow. Sustained advantage may require continuously reconfiguring experience resources rather than simply accumulating them, suggesting a dynamic capabilities perspective provides a better fit.

Most fundamentally, RBV's firm-centric focus underemphasises the co-creative nature of experience. Resources in RBV frameworks are firm-controlled assets. But CX emerges through interaction between firm provisions and customer interpretations, behaviours, and sense-making. Customers are not passive recipients but active participants whose

actions fundamentally shape experiences. This distributed creation challenges core RBV assumptions about resource ownership and control.

Despite these limitations, RBV remains useful for analysing tangible experience infrastructure—physical stores, proprietary technologies, real estate locations—where property rights are clearer and imitation barriers more substantial. The framework helps identify which experience investments may resist competitive erosion. But RBV alone cannot adequately theorise CX as a competitive advantage.

4.2 Service-Dominant Logic (SDL): Experience as Co-Created Value

SDL offers fundamentally different lenses, positioning experience not as firm-created output but as customer-determined value emerging through co-creative interactions. This conceptual shift has profound implications. In the SDL framework, firms cannot create value—they can only create value propositions. Actual value emerges uniquely for each customer through their own experience as they integrate resources from the firm, themselves, other customers, and the broader ecosystem (Manurung et al., 2023).

SDL's emphasis on co-creation and resource integration captures important realities that RBV overlooks. CX increasingly depend on resources well beyond firm control. Peer reviews on Yelp or TripAdvisor shape store visit expectations. Social media influencers affect product desirability. Technological infrastructure (internet speed, smartphone capabilities) enables or constrains digital experience dimensions. Cultural norms determine appropriate service behaviours. This distributed value creation suggests that competitive advantage stems not from resource ownership but from superior capability to orchestrate complex value networks.

SDL also helpfully reframes the customer role from passive recipient to active value co-creator. Customers bring their own knowledge, skills, and expectations to retail encounters. They interpret firm actions through personal and cultural lenses. They engage in behaviours—asking questions, comparing alternatives, reading labels—that shape their experiences. Recognising customer agency avoids the paternalistic assumptions embedded in firm-centric perspectives.

However, SDL faces significant limitations when applied to competitive strategy. The framework's normative emphasis on collaboration and mutual value creation sits awkwardly with competitive imperatives of appropriating value and outperforming rivals. SDL describes how value

emerges but provides limited guidance for how firms can strategically shape that emergence to their competitive advantage. The philosophical sophistication that makes SDL conceptually rich also makes it operationally vague.

Moreover, SDL's insistence that firms cannot create value, only value propositions, seems overly strong. While customer interpretation ultimately determines value realisation, firm actions substantially influence both the likelihood and magnitude of value creation. Calling everything 'value proposition' rather than 'value creation' may be philosophically precise, but it creates communication challenges with practitioners who reasonably believe their actions create value (Barrios *et al.*, 2023).

For international contexts, SDL's attention to contextual value determination proves particularly valuable. The framework readily accommodates cultural variation in how customers interpret and evaluate experiences. Different cultural frameworks represent different 'resource integration contexts' that shape value emergence. However, SDL has been surprisingly silent on cultural dimensions despite obvious conceptual fit – suggesting underdeveloped potential for cross-cultural theorising.

4.3 Dynamic Capabilities: Experience as Organisational Capability

The dynamic capabilities perspective offers potential synthesis by repositioning CX from static resource or outcome to organisational capability, enabling continuous adaptation. In this framing, competitive advantage stems not from possessing superior experience at any given moment but from superior ability to sense shifting customer expectations, seize opportunities through rapid re-configuration, and transform operations through systematic learning (Teece *et al.*, 1997).

This perspective addresses key limitations of both RBV and SDL approaches. Against RBV, dynamic capabilities acknowledge that resources must continuously evolve. Against SDL, the dynamic capabilities framework maintains strategic focus on firm actions while recognising contextual contingency. The question shifts from 'what resources enable superior experience?' to 'what capabilities enable continuous experience adaptation?'

Research adopting the dynamic capabilities lens examines micro-level processes through which retailers develop experience innovation capabilities: systematic customer insight generation, rapid prototyping and testing procedures, cross-functional collaboration routines, and learning processes that

extract and codify knowledge from initiatives. These capabilities prove particularly valuable for international retailers who must continuously adapt as they enter new markets, respond to local competitors, and navigate institutional changes.

However, dynamic capabilities research often remains frustratingly abstract. It is known that organisational capabilities matter, but which specific capabilities matter most? How do they develop? What organisational structures, incentive systems, and cultural characteristics enable or inhibit their development? Can capabilities transfer across units, or must they be developed locally? The framework provides powerful general logic but needs greater operational specificity.

Moreover, the dynamic capabilities logic creates new theoretical challenges. If sustained advantage requires continuous adaptation, when does competitive advantage exist? If firms must constantly reconfigure experiences, what remains stable enough to constitute advantage? Perhaps it needs to reconceptualise competitive advantage not as sustained superior performance but as sustained capability to adapt faster than competitors – but this represents a subtle yet fundamental shift in strategic management thinking.

5. INTERNATIONAL AND CROSS-CULTURAL DIMENSIONS: WHERE CULTURE MATTERS MOST

The most glaring limitation in CX scholarship is its overwhelming Western bias. Most research originates from North American and European contexts, employs samples from these regions, and implicitly assumes universal applicability. Yet consumption patterns, customer expectations, and experience meanings vary dramatically across cultural contexts. For instance, the CX strategies that are considered to provide excellent services to customers in Boston may feel alienating in a completely different cultural context, such as Bangkok. Consequently, service behaviours valued in Berlin may seem inappropriate in Bangalore. Technology adoption patterns differ radically. Social dimensions of shopping carry different weights.

This is not merely a methodological limitation requiring more cross-cultural replication. Cultural variation in CX fundamentally challenges theoretical frameworks developed in Western contexts. The pre-existing theories embed cultural assumptions so deeply that it is no longer seen as assumptions – they appear as universal truths about consumption. Only by seriously engaging cultural variations it may be able to develop a more robust theory.

5.1 Cultural Dimensions and Experience Preferences

Consider how fundamental cultural dimensions shape experience preferences in ways that disrupt standardised approaches. High power distance cultures may prefer formal, hierarchical service relationships where status differences are respected. Retailers positioning employees as 'friends' or 'partners'—approaches celebrated in low power distance Western markets—may confuse or offend customers expecting status-appropriate deference. Conversely, the informal egalitarian service prized in Scandinavia or Australia may seem unprofessional in high power distance markets.

Individualism versus collectivism shapes how customers engage with retail experiences. Individualistic cultures emphasise personal choice, self-expression, and individual satisfaction. CX metrics developed in these contexts focus on individual-level perceptions and outcomes. But in collectivist cultures, consumption serves social functions—maintaining relationships, demonstrating group membership, fulfilling role obligations. Shopping may be an inherently social activity valued for interaction itself rather than merely as a means to product acquisition. Experience frameworks ignoring social dimensions miss what matters most in these contexts (Hofstede, 2001).

Uncertainty avoidance influences how customers respond to novelty, ambiguity, and service variability. High uncertainty avoidance cultures may prefer consistent, predictable experiences where service processes are clearly structured, and outcomes are certain. The serendipitous discovery and surprising delight celebrated in Western experience discourse may create anxiety rather than enjoyment. Conversely, low uncertainty avoidance cultures may find overly structured experiences boring and restrictive.

Long-term orientation affects patience with service processes, tolerance for relationship building before transactions, and emphasis on product durability versus experiential pleasure. Retailers must calibrate service pace, balance efficiency with relationship cultivation, and position products along the utilitarian-hedonic spectrum differently across cultures (Hofstede, 2001).

5.2 The Standardisation Dilemma in International Retail

International retailers face an eternal dilemma: how much to standardise CX across markets versus adapting to local contexts? Pure standardisation offers economies of scale, operational efficiency, and

brand consistency (Grewal et al., 2017). Customers can expect a similar experience in London, Los Angeles, or Lima. But standardisation risks cultural misalignment and competitive vulnerability to locally adapted rivals. Pure localisation provides cultural fit but sacrifices efficiency and dilutes brand identity. The correct answer is obviously 'somewhere in between'—but where?

Existing research provides limited guidance because it rarely examines standardisation-localisation as a strategic choice involving explicit trade-offs. Instead, studies either celebrate successful standardisation (IKEA, Starbucks) or document localisation imperatives (Walmart in Germany, Carrefour in Japan) without a systematic analysis of which factors determine optimal balance. It needs contingency theory specifying when different approaches work.

Several factors likely influence optimal standardisation levels. First, experience elements central to brand identity and value proposition may require consistency to maintain brand meaning. IKEA's warehouse-style shopping and self-service assembly communicate egalitarian values core to brand identity—localising away from these elements would dilute brand meaning. Second, peripheral elements less critical to core positioning can accommodate local adaptation. IKEA adapts product sizes, restaurant offerings, and delivery services while maintaining its core experience model (Kabir & Simon, 2025).

Market development level also matters. In emerging markets where international retail formats are novel, standardisation may work initially as customers' value modernity and international sophistication. But as markets mature and local competitors adapt global practices, localisation becomes more important for differentiation. Competitive dynamics shape optimal approach—in markets with strong local competitors, adaptation becomes a survival imperative.

However, the standardisation-localisation choice increasingly represents a false dichotomy. Rather than selecting a point on a continuum, successful international retailers develop capabilities for intelligent adaptation—systematic processes for testing local variations, learning which adaptations add value, and scaling successful innovations across markets (De Keyser et al., 2020). Competitive advantage stems not from a predetermined standardisation strategy but from superior adaptation capability.

5.3 Institutional Context and Experience Viability

Beyond cultural values, institutional environments profoundly shape CX strategy

feasibility. Regulatory regimes determine what data can be collected, how employees can be managed, and what consumer protections must be provided. Labour market institutions affect employee availability, cost, and skills. Technology infrastructure enables or constrains digital experience elements. Economic development influences customer priorities. Competitive intensity affects investment requirements.

Consider how privacy regulations shape personalisation strategies. European GDPR creates stringent data collection and usage restrictions that limit personalisation possibilities compared to more permissive regulatory regimes. Retailers cannot simply transplant personalisation approaches successful in one market to contexts with different regulatory environments. Experience strategies must be institutionally feasible, not just culturally appropriate.

Labour market institutions similarly constrain service experience strategies. Markets with high labour costs, strong unions, and employment protection make employee-intensive service models economically difficult. Conversely, markets with low

labour costs may enable service richness impractical elsewhere. But labour availability also matters—markets may lack workers with needed skills or service orientations. Retailers cannot assume labour strategies successful at home will work abroad.

Infrastructure variation particularly affects digital experience dimensions. Markets with ubiquitous smartphone adoption and high-speed connectivity enable seamless omnichannel integration. But in markets with limited digital infrastructure, technology-dependent experiences fail. Retailers must design experience strategies matching available infrastructure rather than assuming universal technological capabilities.

These institutional factors interact with cultural dimensions in complex ways. High power distance cultures may lack service employees comfortable with informal egalitarian interactions—cultural values shape labour supply. Privacy concerns vary not just with regulations but with cultural trust orientations. Understanding experience strategy in international contexts requires analysing cultural-institutional interaction patterns rather than treating each independently (Grewal et al., 2017).

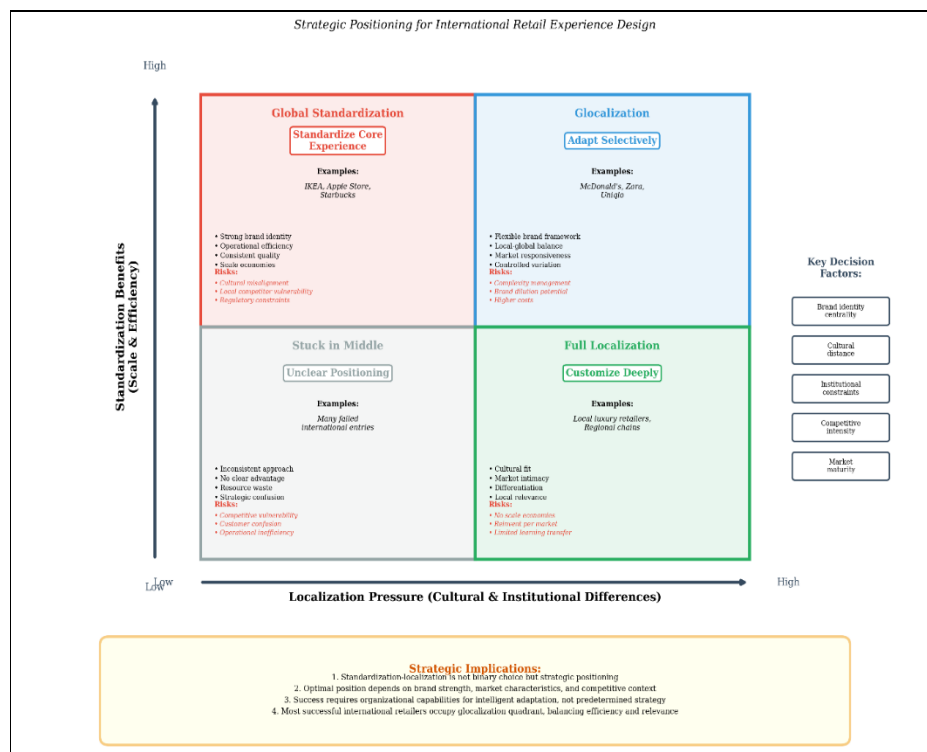


Figure 2: Standardisation Matrix.

6. CONCLUSION: TOWARD MORE HONEST SCHOLARSHIP

In conclusion, CX has evolved from a marketing buzzword to a strategic imperative for contemporary

retail. This review has attempted an honest accounting of what is already known, what is merely believed, and what remains fundamentally uncertain. Several conclusions emerge from the critical synthesis.

First, it must be acknowledged that the evidence that superior CX generates sustained competitive advantage remains surprisingly thin. There is a positive possibility that experience correlates with performance in cross-sectional studies. Besides, it is positive from customers report that they prefer better experiences. However, correlation is not causation, and preferences do not always drive behaviour. Longitudinal studies tracking retailers over meaningful time periods show experience leaders often see advantages erode through competitive imitation, rising expectations, or their own complacency. The handful of genuine sustained advantages (Apple, Nordstrom, and Costco) involve rare combinations of complementary capabilities that resist decomposition and replication.

This does not mean CX is unimportant—simply that there should be temper to the claims. Superior experience may provide a temporary advantage, enable premium pricing with certain segments, or serve as a defensive necessity preventing customer losses. These benefits justify investment even absent a sustained advantage in a strong strategic sense. But academics and consultants should stop promising guaranteed sustained advantages that empirical evidence cannot support.

Second, international and cross-cultural dimensions deserve a central rather than peripheral position in CX scholarship. Cultural variation is not a methodological nuisance requiring control—it reveals experience's fundamentally context-dependent nature. The predominantly Western research lens has generated frameworks embedding unrecognised cultural assumptions about consumption's meaning and purpose. Only through serious engagement with diverse cultural contexts, it can it develop a more robust theory acknowledging that 'good experience' means different things in different places.

This requires more than simply testing Western theories in non-Western contexts. The research needs indigenous theory development grounded in how different cultures conceptualise consumption, value, and exchange. The researcher needs to question whether the experience economy thesis—with its emphasis on individual memorable experiences—applies in collective cultures where consumption serves social functions. The researcher also needs to examine whether personalisation carries the same meaning in cultures with different privacy norms. Cultural variation should drive theory development rather than merely providing boundary conditions for Western theories.

Third, understanding CX as a dynamic capability rather than a static resource provides a more useful

theoretical foundation. In rapidly changing retail environments where customer expectations evolve, competitive landscapes shift, and technologies create new possibilities, sustained advantage stems from continuous adaptation ability rather than resource accumulation. This reframes the strategic question from 'what experience resources does it need?' to 'what capabilities enable us to continuously sense, seize, and transform experience offerings?' For international retailers, especially, adaptive capability proves essential for navigating diverse markets.

However, the dynamic capabilities logic needs greater operational specificity. Which precise capabilities matter most? How do they develop? What enables their transfer across units versus requiring local development? Can it measure capability strength beyond observing adaptation outcomes? These questions demand micro-foundational research examining organisational routines, decision processes, and learning mechanisms underlying experience adaptation.

Fourth, CX scholarship needs methodological diversification. Over-reliance on survey-based cross-sectional research limits causal inference and may systematically bias the understanding. Future research needs more longitudinal studies tracking retailers over extended periods. This needs field experiments manipulating experience elements to test causal claims. This also needs ethnographic work revealing micro-processes of experience creation and interpretation. Further, there will be a need for comparative international studies examining how institutional and cultural contexts shape experience dynamics. Methodological diversity strengthens rather than fragments fields.

Fifth, scholars must engage more seriously with experience's dark sides and societal implications. Overwhelmingly positive framing celebrates experience excellence while ignoring potential harms. Hyper-personalisation may manipulate psychological vulnerabilities. Lauded retail experiences may depend on exploitative labour practices. Premium experience strategies may exacerbate socioeconomic inequality. Experience-intensive retail carries environmental costs. As academics, the researchers bear responsibility for examining not just what makes experiences excellent from firm or customer perspectives, but what makes them sustainable, equitable, and humane from a societal perspective.

For practising managers, this synthesis suggests CX represents a legitimate strategic dimension deserving serious attention—but not the panacea that consulting rhetoric promises. Superior

experience can contribute to competitive success, but only when aligned with target customer values, matched to competitive context, supported by appropriate organisational capabilities, and adapted continuously as contexts change. There are no simple formulas. Success requires deep customer understanding, honest assessment of organisational capabilities, clear strategic choices about which experiences to prioritise, and disciplined execution.

International retailers face the additional complexity of navigating diverse cultural and institutional contexts. They must balance consistency for brand coherence and efficiency against adaptation for local relevance. They must develop capabilities for intelligent experimentation and learning across markets. They must build organisational processes for bi-directional knowledge transfer—not just headquarters to subsidiaries but also subsidiaries to headquarters and across subsidiary networks. Competitive advantage increasingly stems from superior capability to learn and adapt across contexts.

Looking forward, CX research stands at a crossroads. One path leads toward theoretical maturation through more rigorous conceptualisation, better causal identification, greater methodological diversity, and serious international engagement. This path requires patience, intellectual honesty, and a willingness to abandon comfortable assumptions. Another path continues the current trajectory of empirical accumulation, positive celebration, and increasingly incremental contributions. This path is easier, but risks CX research becoming a stagnant backwater disconnected from retail's most pressing challenges.

This research advocates for the harder path. Retail faces unprecedented transformation through digital disruption, changing consumer values, and global

competitive pressures. CX will undoubtedly remain central to retail strategy. But understanding how to leverage experience for competitive advantage requires more sophisticated theory acknowledging complexity, context-dependency, and continuous change. It requires abandoning the search for universal best practices in favour of contingent recommendations sensitive to cultural and institutional contexts. It requires honouring CX's interdisciplinary nature while working toward conceptual integration.

Most fundamentally, it requires intellectual humility. After two decades of rapid research growth, knowing more about CX than ever before, it remains far from a comprehensive understanding. Pretending otherwise serves neither scholarly advancement nor managerial practice. Progress requires honestly acknowledging what is unknown, where the frameworks fail, and which questions cannot be adequately answered. Only through such honesty can the researcher chart a productive path forward for CX research in international retail contexts.

This review has aimed for such honesty. The researcher has celebrated genuine insights while questioning over-claimed findings. They have identified useful frameworks while exposing their limitations. It has synthesised patterns while surfacing contradictions. The researchers have proposed research directions while acknowledging inherent difficulties. If the critical stance provokes discomfort, good comfort breeds complacency. Advancing CX scholarship requires embracing uncomfortable questions, confronting inconvenient evidence, and acknowledging that the phenomenon's complexity exceeds the current theoretical grasp. The journey toward better understanding has only begun.

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