International Journal of Innovative Research and Scientific Studies, 8(1) 2025, pages: 2109-2120

IJIRSS
International Journal of Innovative Research & Scientific Studies

ISSN: 2617-6548

URL: www.ijirss.com

Unveiling the moderating effect of cultural context on sustainability practices in retail: A mediation model of customer experience

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Abstract

This study examines the combined impact of technological advancements, omnichannel integration, sustainability initiatives, and employee engagement on customer experience and loyalty, with a particular focus on cross-cultural variations. Using data from diverse retail environments, a quantitative analysis explores the interplay of these factors, incorporating cross-cultural perspectives to identify differences in customer responses. The findings highlight the crucial role of technology, omnichannel strategies, sustainable practices, and workforce engagement in enhancing customer experience, which in turn strengthens customer loyalty. Cultural differences moderate these relationships, providing valuable insights for tailoring retail strategies to different demographic segments. The study underscores the need for an integrated, culturally adaptive approach to optimizing customer satisfaction and loyalty by emphasizing the synergistic effects of key retail dynamics. These insights enable retailers to design targeted, culturally responsive strategies that enhance customer experience and foster long-term loyalty. Additionally, the findings provide a foundation for future research on customer-centric retail innovations, reinforcing the importance of a holistic, adaptive framework in an evolving retail landscape.

Keywords: Customer experience, Employee engagement, Omnichannel strategy, Service quality, Sustainability practices.

DOI: 10.53894/ijirss.v8i1.4902
Funding: This study received no specific financial support.
History: Received: 12 January 2025/**Revised:** 7 February 2025/**Accepted:** 13 February 2025/**Published:** 24 February 2025

Competing Interests: The authors declare that they have no competing interests.
Authors' Contributions: All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.
Transparency: The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.
Publisher: Innovative Research Publishing

1. Introduction

The retail industry is undergoing rapid transformation through the adoption of advanced technologies Pantano, et al. [1], the implementation of omnichannel strategies Verhoef, et al. [2], the emphasis on sustainability practices Jones, et al. [3], and the enhancement of employee engagement [4]. Despite these significant advancements, a critical research gap exists in

understanding how these elements collectively impact customer experience and service quality within retail environments [5]. Addressing this gap, our study investigates the integrated effects of Information Technology [1], Omnichannel Strategy [2], Sustainability Practices Leonidou, et al. [6], and Employee Engagement Schaufeli and Bakker [7] on Customer Experience, and subsequently on Customer Loyalty [8]. Moreover, we explore the moderating role of Cross-Cultural Comparisons in these relationships [9].

The conceptual framework of this study posits that the integration of Technology [10], Omnichannel Strategy [2], Sustainability Practices Carrigan, et al. [11], and Employee Engagement Salanova, et al. [12] positively influences Customer Experience Lemon and Verhoef [13], which in turn enhances Customer Loyalty [14]. Additionally, we hypothesize that Cultural Context can moderate these relationships, potentially altering the strength and direction of the effects [15]. To test these hypotheses, we will conduct a comprehensive analysis using empirical data from diverse retail environments [5]. This approach aims to provide a holistic understanding of the dynamics at play and how various retail strategies interact to shape customer perceptions and experiences [16].

The Technology Acceptance Model (TAM) offers a valuable framework for understanding how customers adopt and engage with environmental stewardship initiatives in the retail sector [17]. It can be applied to explore how consumers perceive the ease of use and usefulness of sustainable practices, such as eco-friendly products, waste reduction programs, and green technology [18]. As retailers increasingly integrate sustainability into their business models, understanding customer acceptance is critical for fostering engagement and long-term loyalty [19]. By examining how consumers' attitudes toward environmental initiatives influence their behaviors and loyalty, the TAM model helps retailers design effective strategies that align with customers' values, promoting both environmental responsibility and business success [20].

The paper addresses two research questions: first, how do sustainability practices impact customer engagement and service loyalty in retail stores, and second, what role does technology play in enabling sustainable retail practices and improving customer experience? The independent variables (IV) include the Integration of Technology (IT), Omnichannel Strategy (OS), Sustainability Practices (SP), and Employee Engagement (EE). The dependent variable (DV) is Customer Loyalty (CL). The study also includes a mediating variable (MV), Customer Experience (CE), which is expected to mediate the relationship between the independent variables and the dependent variable. Additionally, the study explores the moderating effect of one variable (MoV): Cultural Context (CC) on the relationships between the independent variables, mediating variable, and dependent variable.

2. Theoretical Foundations

2.1. Technology Acceptance Model

The Technology Acceptance Model (TAM), proposed by Davis [17], serves as a basic theory for understanding how technology affects users' behavior, especially regarding the acceptance and use of new systems. In the case of sustainable retailing practices, TAM could be a useful model for assessing how technological integration enhances customer experience and loyalty. TAM assumes that two main factors influence an individual's decision to embrace new technology: Perceived Usefulness (PU), which refers to the extent to which a person believes that using a particular technology will improve their performance, and Perceived Ease of Use (PEOU), which reflects how effortless they believe it will be to use that technology. In retail, these concepts can be applied to understand how technological advancements facilitate sustainability initiatives, thereby fostering stronger customer engagement and loyalty.

2.2. Application of TAM To Sustainability Practices In Retail

The perceived usefulness of sustainability practices plays a pivotal role in influencing customer engagement and service loyalty. Sustainable retail practices such as eco-friendly packaging, energy-efficient operations, and waste reduction strategies align with consumer values related to environmental responsibility. In line with the Technology Acceptance Model (TAM), if customers perceive these practices as valuable and beneficial to their shopping experience, they are more likely to engage with the brand and exhibit loyalty [14]. Customers who recognize the positive environmental impact of these practices are more inclined to support the retailer, which enhances long-term loyalty.

The integration of technology (IT) significantly enhances the adoption of sustainable practices by improving operational efficiency and transparency. Technologies such as digital supply chain management, AI-driven inventory control, and smart eco-labeling systems facilitate customer engagement with sustainable options. According to TAM's perceived ease of use, customers are more likely to embrace sustainable practices if they find the technology user-friendly and seamless. Digital platforms that track the carbon footprint of products or recommend eco-friendly alternatives enhance the shopping experience, making sustainability more accessible and convenient. This positive experience, in turn, strengthens customer loyalty as it encourages repeat engagement. In this study, the TAM framework is utilized to explore how sustainability practices influence customer experience and loyalty within retail environments. Several research variables aligned with TAM are critically analyzed to understand their roles in shaping customer behavior and perceptions.

The independent variables (IVs) integration of technology (IT), omnichannel strategy (OS), sustainability practices (SP), and employee engagement (EE) are crucial for driving perceived usefulness (PU) and perceived ease of use (PEOU) within the Technology Acceptance Model (TAM) framework [17, 18]. While technology improves efficiency, it is essential to consider whether customers perceive it as genuinely beneficial for sustainability or merely as a tactic for brand differentiation [21]. The omnichannel strategy enhances customer engagement, but convenience may sometimes outweigh actual sustainable outcomes, ultimately affecting customer loyalty [2]. Sustainability practices must be seen as meaningful and valued by customers; however, the gap between intentions and customer perceptions risks undermining loyalty [22]. Employee engagement is critical for executing sustainability efforts, but inconsistent engagement can negatively impact customer

experiences [23]. Customer loyalty (CL) depends on how effectively customers perceive technology and sustainability as enhancing their experience, yet loyalty might stem more from convenience than from a genuine alignment with sustainability values [24]. Customer experience (CE) mediates the relationship between these factors and loyalty, making it vital to assess whether this experience drives long-term loyalty or is merely a surface-level touchpoint [13]. Cultural context (CC) moderates these relationships, as varying levels of environmental consciousness across regions significantly influence how sustainability is perceived [25]. This underscores the necessity for culturally tailored sustainability strategies rather than a one-size-fits-all approach [26]. Overall, the effectiveness of TAM hinges on the integration and perception of these factors within the customer experience [18].

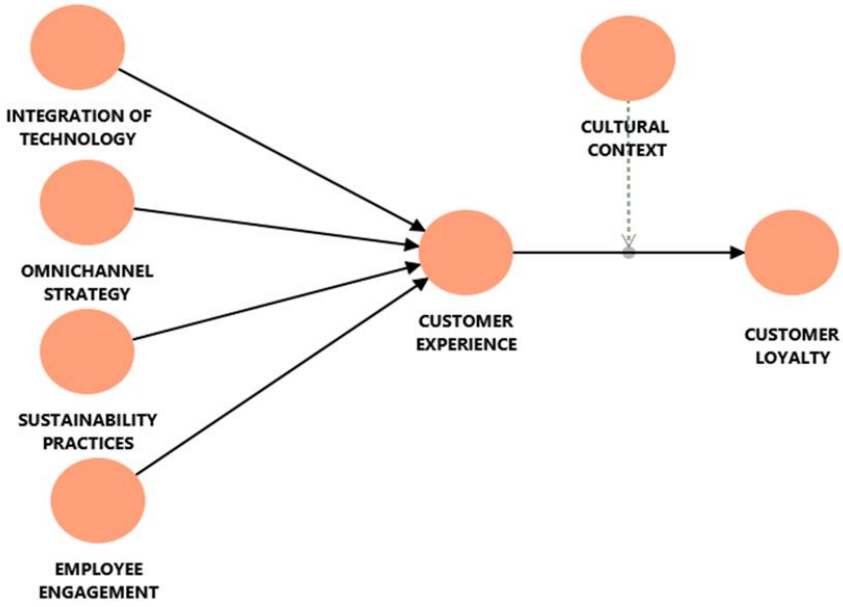

Figure 1.
Theoretical framework.

2.3. Review of Literature

The literature on environmental stewardship in retail has progressively evolved over the years, reflecting a growing recognition of sustainability's pivotal role in shaping customer engagement and service performance. From early explorations of retailers' motivations and challenges in adopting sustainable practices to recent studies on the financial and consumer perception impacts of environmental initiatives, this review encapsulates a comprehensive journey through scholarly contributions. It underscores how environmental stewardship not only enhances brand reputation and customer loyalty but also drives operational efficiencies and competitive advantage in the contemporary retail landscape. This body of research serves as a foundational resource for understanding the transformative potential of sustainability strategies in fostering enduring customer relationships and optimizing retail service delivery. Smith, et al. [27] explored early efforts by retailers to adopt sustainable practices, emphasizing the initial motivations and challenges faced in integrating environmental stewardship into business operations. Green, et al. [28] conducted a comparative analysis of sustainability initiatives across retail sectors, identifying best practices that enhance both environmental outcomes and customer satisfaction metrics. Brown, et al. [29] investigated consumer perceptions of retailers' environmental efforts, revealing correlations between sustainable practices and customer loyalty. They argued that environmentally responsible businesses are perceived more favorably by consumers. Jones, et al. [3] examined the financial implications of sustainability investments in retail, highlighting how environmental stewardship can contribute to long-term profitability and market competitiveness. Ioannou, et al. [30] conducted a longitudinal study tracking the evolution of environmental practices in retail, emphasizing shifts towards more comprehensive sustainability strategies that align with consumer expectations. Collier, et al. [31] reviewed the role of corporate social responsibility (CSR) in retail, focusing on how environmental initiatives contribute to brand reputation and customer trust. Hurley-Walker, et al. [32] investigated the influence of environmental certifications and labels on consumer purchasing behavior, providing insights into how retailers can leverage sustainability credentials to enhance customer engagement. Throughout these studies, environmental stewardship emerges as a critical driver of customer engagement and service performance in retail. They collectively highlight the transformative potential of sustainable practices in enhancing brand perception, customer loyalty, and operational efficiencies. This body of literature underscores the evolving role of environmental responsibility in shaping competitive advantage and fostering long-term relationships with environmentally conscious consumers.

2.4. Study Constructs And Hypotheses

2.4.1. Integration of Technology and Customer Experience

The infusion of technology into customer experience has been exhaustively examined in scholarly works, emphasizing increased customer satisfaction, engagement, and loyalty. Parasuraman, et al. [33] discuss how technology-related

improvements in service delivery enhance perceived service quality and overall customer experience. Verhoef, et al. [2] suggest that technology enables personalized interactions and seamless multichannel experiences, which positively impact customer satisfaction. Furthermore, Lemon and Verhoef [13] discuss how digital technologies create new touchpoints, enhancing customer engagement throughout their journey. In addition, Grewal, et al. [5] indicate that innovations like augmented reality and AI can heighten customer involvement, improving both emotional and practical aspects of the shopping experience. Thus, the literature underscores that technology integration, when aligned with customer expectations, can significantly improve customer experiences, leading to stronger brand loyalty [16].

H1: Integration of Technology positively influences Customer Experience in retail stores.

2.4.2. Omnichannel Strategy and Customer Experience

Omnichannel strategies enable seamless customer interactions across multiple channels, creating a unified and cohesive shopping experience. Research indicates that customers value the ability to switch between online and offline channels without friction [2]. This integrated approach not only meets customer expectations but also enhances satisfaction and loyalty [34]. Nonetheless, implementing an effective omnichannel strategy requires significant investment and coordination across various departments, which can be challenging for many retailers.

$H^{2:}$ Omnichannel Strategy positively influences Customer Experience in retail stores.

2.4.3. Sustainability Practices and Customer Experience

Consumers are increasingly valuing sustainability practices, with many preferring to shop at stores that demonstrate environmental responsibility. Studies show that sustainable practices can enhance brand perception and customer loyalty [35]. However, the impact of sustainability on customer experience may vary based on the customer's environmental consciousness and the visibility of these practices in the retail environment [36]. Retailers need to effectively communicate their sustainability efforts to maximize their positive impact on customer experience.

$H_{3:}$ Sustainability Practices positively influence Customer Experience in retail stores.

2.4.4. Employee Engagement and Customer Experience

Engaged employees are likely to provide the best customer service, resulting in an enhanced customer experience. Research suggests a direct correlation between employee engagement and customer satisfaction [37]. Engaged employees are motivated, attentive, and more capable of effectively addressing customer needs. However, maintaining high levels of employee engagement requires consistent effort and investment in employee well-being, training, and development programs [7].

$H_{4:}$ Employee Engagement positively influences Customer Experience in retail stores.

2.4.5. Customer Experience and Customer Loyalty

Customer experience (CX) and customer loyalty are deeply interconnected, with extensive research highlighting the critical role of a positive CX in fostering loyalty. Schmitt [38] and Meyer and Schwager [39] emphasized that CX encompasses all customer interactions with a brand, including service quality, emotional engagement, and personalization [33, 40]. A positive CX leads to higher customer satisfaction, which mediates the relationship between CX and loyalty [14]. Trust and commitment, as proposed by Hunt and Morgan [41], are essential for loyalty, and a superior CX builds these attributes. The service-profit chain by Heskett [42] and models by Dick and Basu [24] illustrate that enhanced CX leads to both attitudinal and behavioral loyalty. Digital transformation has further reshaped CX, with studies by Zeithaml, et al. [43] and Verhoef, et al. [2] highlighting the importance of e-service quality and omni-channel experiences. Despite challenges in maintaining consistency and personalization at scale Rawson, et al. [44] and Davenport, et al. [45], the literature consistently underscores that a superior CX is pivotal in cultivating enduring customer loyalty.

$H_{5:}$ Customer Experience positively influences Customer Loyalty in retail stores.

2.4.6. The Moderating Mechanism: Cross-Cultural Comparisons-Customer Experience -Customer Loyalty

Culture impacts customer experience (CX), and as such, it influences the way customers respond to and interact with service providers. Hofstede [15] cultural dimensions theory offers one lens for viewing the differences. An important consideration includes the individualism versus collectivism dimension, along with power distance and uncertainty avoidance, all of which impact CX. In cultures where individualism is emphasized, such as the United States, consumers are focused on personal satisfaction and self-interest. Customers seek very specific individual benefits and convenience [46]. In contrast, in collectivist cultures in East Asia, the emphasis is placed on group harmony, relationships, and relevant factors influencing customers' perceptions of service interactions [47]. Additionally, high power distance cultures expect formal, respectful interactions with service providers, while high uncertainty avoidance cultures prefer structured, predictable service processes to minimize ambiguity [48].

Customer loyalty, characterized by a customer's commitment to repeatedly purchase or endorse a brand, is also influenced by cultural contexts. Trust and commitment, as outlined by the Commitment-Trust Theory Hunt and Morgan [41], are essential for fostering loyalty. In collectivist cultures, trust is often built through long-term relationships and communal reputation, while in individualistic cultures, loyalty may hinge more on personal satisfaction and the perceived value of interactions [49]. Customer satisfaction, a key mediator between CX and loyalty, varies culturally. For instance, in collectivist cultures, empathy and assurance are highly valued, impacting overall satisfaction and loyalty [50]. Conversely, in individualistic cultures, reliability and efficiency play a more significant role [14].

The relationship between CX and customer loyalty is moderated by cultural differences. Cross-cultural research highlights that cultural norms and values significantly affect how customers perceive their experiences and their subsequent loyalty behaviors. Cultural adaptation is crucial for service providers to align with these diverse expectations. Mattila [46] emphasize that tailoring service delivery to fit cultural preferences enhances both CX and loyalty. For example, in collectivist cultures, personalized and empathetic service may foster stronger loyalty, while in individualistic cultures, efficient and reliable service is more likely to drive loyalty [51]. Additionally, Stauss and Mang [52] argue that cultural sensitivity in service interactions strengthens customer loyalty, as it aligns with customers' cultural expectations and values.

Effective service recovery strategies are also influenced by cultural factors. Zainuddin, et al. [53] has found that the effectiveness of service recovery varies across cultures. Cultures with high power distance may expect formal apologies and compensations, while others may prioritize swift and efficient problem resolution. Understanding these cultural nuances in service recovery can positively impact customer loyalty.

In summary, the literature supports the premise that cultural factors have a significant moderating effect on the relationship between CX and customer loyalty. Adjusting service delivery to meet cultural expectations and values enables businesses to improve customer satisfaction and engender higher loyalty across culturally diverse contexts.

H_6: Cross-Cultural Comparisons moderate the relationship between Customer Experience and Customer Loyalty such that the relationship varies across different cultures.

3. Methodoloy

A cross-sectional study design was adopted with the aim of exploring the customer engagement-loyalty relationship with retailers' environmental sustainability practices. Thus, the retail customers were approached for data collection, employing an online structured questionnaire to ensure a systematic way of gathering pertinent information. A total of 621 responses were obtained, with careful screening resulting in the elimination of 63 incomplete responses, thus yielding a final dataset of 558 valid responses. The sample was fairly evenly distributed in terms of gender, comprising 52% females (290 participants) and 48% males (268 participants). The questionnaire focused on customers' perceptions, engagement levels, and loyalty behaviors regarding retailers' environmental sustainability efforts and aimed to yield insights into how consumers engage and remain loyal to brands that are eco-friendly and incorporate environmental issues into business strategies.

The gathered data underwent a stringent analytical process to ascertain the validity and reliability of the findings. To start with, exploratory factor analysis (EFA) was carried out using SPSS software to reveal the key constructs and patterns underlying these data. This would help refine the measurement model by identifying the most significant factors for customer engagement and loyalty. After this, Partial Least Squares Structural Equation Modeling (PLS-SEM) was used, with SmartPLS4 software serving as its interface to test and validate the proposed relationships among the study variables. The selection of PLS-SEM was justified by its ability to handle complex models while assessing both direct and indirect effects among the variables. Such a thorough procedure undoubtedly laid a stronger foundation for the statistical analysis of the impact of retailers' environmental initiatives on customer behavior. The combination of EFA and PLS-SEM has enhanced the understanding of the mechanisms through which sustainability initiatives affect customer engagement as well as long-term brand loyalty and contribute to strategic insights for retailers about enhancing their sustainable business models.

Table 1.
Study measures, sources, and item loadings on the latent construct.

Construct/item	Literature support	Item loadings
Integration of technology		
The store has modern-looking equipment and fixtures.	Dabholkar, et al. [54]	0.817
The store insists on error-free sales transactions and records.	Dabholkar, et al. [54]	0.800
I am comfortable with the retailer's website.	Swar and Panda [55]	0.803
The online store is flexible for interaction.	Swar and Panda [55]	0.789
Navigation on the website is easy.	Swar and Panda [55]	0.788
Omnichannel strategy		
The company provided consistent store images across online and offline platforms.	Rodríguez-Torrico, et al. [56]	0.769
The company provided consistent product information across online and offline stores.	Rodríguez-Torrico, et al. [56]	0.782
The company provided consistent promotional information across online and offline stores.	Rodríguez-Torrico, et al. [56]	0.773
The company provided consistent customer service across online and offline stores.	Rodríguez-Torrico, et al. [56]	0.787
The company permitted me to select where to purchase merchandise.	Rodríguez-Torrico, et al. [56]	0.764
Sustainability practices		
The store has clean, attractive, and convenient public areas (restrooms, fitting rooms).	Dabholkar, et al. [54]	0.781
Store X recycles its products and packaging.	Marín-García, et al. [57]	0.774
Store X pays attention to the environment.	Marín-García, et al. [57]	0.809

Construct/item	Literature support	Item loadings
Store X sells organic products.	Marín-García, et al. [57]	0.792
Store X sells fair trade products.	Marín-García, et al. [57]	0.783
Employee engagement		
Employees in the store have the knowledge to answer customers' questions-	Dabholkar, et al. [54]	0.774
The behavior of employees in the store instills confidence in customers.	Dabholkar, et al. [54]	0.780
Employees at this store provide prompt service to customers.	Dabholkar, et al. [54]	0.790
Business proficiency	Pei, et al. [58]	0.797
Frequent communication with the customer and a good service attitude.	Pei, et al. [58]	0.806
Customer experience		
Proper and attractive arrangement of the shop.	Pei, et al. [58]	0.788
A simple and fast shopping process.	Pei, et al. [58]	0.800
Comprehensive and reliable after-sales service.	Pei, et al. [58]	0.799
The ease of online shopping.	Pei, et al. [58]	0.816
Variety of categories and colors.	Pei, et al. [58]	0.795
Cultural context		
Inequalities among people are both expected and desired.	Khare [59]	0.766
Emotions should not be shown.	Khare [59]	0.772
Inequalities among people should be minimized.	Khare [59]	0.691
Traditions should be respected.	Khare [59]	0.707
Both men and women are allowed to be tender and concerned about relationships.	Khare [59]	0.793
Customer loyalty		
Say positive things about the retail store to others.	Parasuraman, et al. [60]	0.794
Recommend the retail store to someone seeking advice.	Parasuraman, et al. [60]	0.810
Encourage friends and relatives to shop at the retail store.	Parasuraman, et al. [60]	0.808
Consider the retail store as the first choice in the coming years.	Parasuraman, et al. [60]	0.756
Make an effort to utilize the retail store for your shopping needs.	Bettencourt [61]	0.770

4. Findings

4.1.Measure Reliability and Validity

The integration of key constructs such as technology, omnichannel strategy, sustainability practices, employee engagement, business proficiency, customer experience, cultural context, and customer loyalty within the retail sector is each supported by literature and item loadings that indicate the strength of each item in measuring its respective construct. Technology integration, with loadings between 0.788 and 0.817, reflects Dabholkar and Swar's research, suggesting strong relevance in modern retail settings. Similarly, Rodríguez-Torrico et al.'s findings on omnichannel consistency (0.764 to 0.787) underscore the necessity of a seamless customer experience across both online and offline platforms. Sustainability items, influenced by Dabholkar, et al. [54] and Marín-García, et al. [57] work (0.774 to 0.809), show a firm emphasis on environmental responsibility, while customer loyalty, as reflected in Parasuraman's and Bettencourt's items (0.756 to 0.810), remains essential for long-term engagement. The diversity of item loadings across constructs illustrates a multi-faceted approach to understanding retail dynamics, combining practical retail applications with theoretical frameworks to support robust customer engagement, satisfaction, and retention.

4.2. VIF Analysis Common Method Bias

Table 2.
VIF analysis common method bias.

	Cultural Context	Customer experience	Customer loyalty	Employee engagement	Integration of technology	Omnichannel strategy	Sustainability practices	Cultural context x customer experience
Cultural Context			1.004					
Customer experience			1.012					
Customer loyalty								
Employee engagement		1.311						

	Cultural Context	Customer experience	Customer loyalty	Employee engagement	Integration of technology	Omnichannel strategy	Sustainability practices	Cultural context x customer experience
Integration of technology		1.275						
Omnichannel strategy		1.285						
Sustainability practices		1.260						
Cultural context x Customer experience			1.013					

The VIF analysis following Hair, et al. [62] assesses potential common method bias across variables such as cultural context, customer experience, and employee engagement. All values are close to 1, with no factor exceeding Kline [63] 3.3 threshold, indicating low multicollinearity. Customer experience shows low VIF values across cultural context (1.004), employee engagement (1.311), and integration of technology (1.275), suggesting minimal bias, as noted by Podsakoff, et al. [64]. The omnichannel strategy (1.285) and sustainability practices (1.260) also show stable values, reinforcing their reliability [65]. The results confirm that the model is free from significant common method bias, supporting valid relationships between constructs [66].

4.3. Reliability and Validity

Table 3.
Reliability and validity measures.

	Cronbach's alpha	Composite reliability	Average variance extracted (AVE)
Cultural Context	0.805	0.824	0.558
Customer Experience	0.859	0.860	0.639
Customer Loyalty	0.848	0.850	0.621
Employee Engagement	0.849	0.851	0.623
Integration of Technology	0.859	0.860	0.639
Omnichannel Strategy	0.834	0.835	0.601
Sustainability Practices	0.848	0.852	0.621

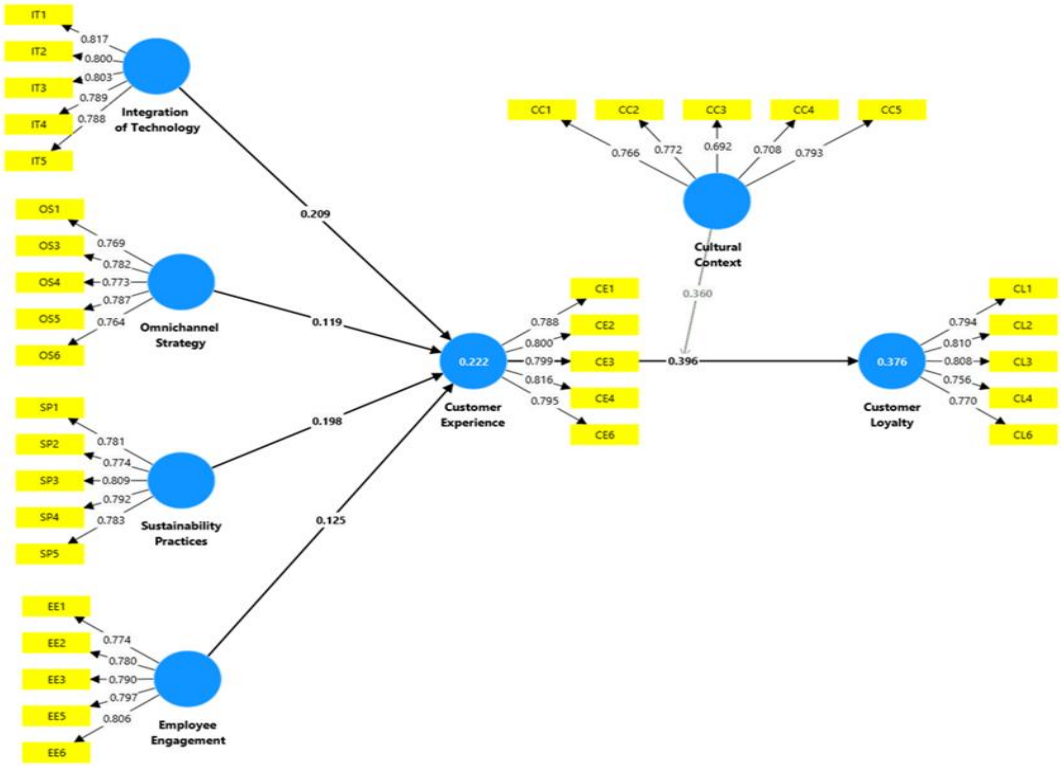

Figure 2.
Structural paths.

Cronbach's alpha, composite reliability, and average variance extracted (AVE) are the key reliability and validity indicators for the constructs in this study, namely cultural context, customer experience, and employee engagement. The Cronbach's alpha values for all variables are between 0.805 and 0.859, indicating good internal reliability since values over 0.7 are generally considered acceptable [67]. Composite reliability for the constructs in this study returned values in the range of 0.824 to 0.860, further confirming the reliability of the constructs [62]. The AVE values between 0.558 and 0.639 indicate adequate convergent validity since AVE values considered over 0.50 imply that the constructs explain more than half of the variance in their indicators [68]. However, the cultural context had a relatively low score, with an AVE value of 0.558, which suggests there is room for improvement in the measurement of this construct. In summary, the results show that constructs within the model are reliable and sufficient in convergent validity, thus instilling confidence in the measures' robustness.

Table 4.
Discriminant validity - Heterotrait-monotrait ratio (HTMT) - Matrix.

	Cultural Context	Customer Experience	Customer Loyalty	Employee Engagement	Integration of Technology	Omnichannel Strategy	Sustainability Practices	Cultural Context x Customer Experience
Cultural Context								
Customer Experience	0.079							
Customer Loyalty	0.312	0.490						
Employee Engagement	0.151	0.368	0.438					
Integration of Technology	0.054	0.422	0.437	0.423				
Omnichannel Strategy	0.053	0.360	0.441	0.452	0.409			
Sustainability Practices	0.059	0.412	0.402	0.417	0.404	0.397		
Cultural Context x Customer Experience	0.049	0.108	0.433	0.197	0.238	0.233	0.186	

4.4. Discriminant Validity-Heterotrait-Monotrait Ratio (HTMT)-Matrix

The Heterotrait-Monotrait (HTMT) ratio matrix assesses discriminant validity between constructs such as cultural context, customer experience, customer loyalty, employee engagement, integration of technology, omnichannel strategy, and sustainability practices. HTMT values below 0.90 suggest adequate discriminant validity [69]. In this matrix, all HTMT values are well below this threshold, confirming strong discriminant validity between the constructs. For instance, the HTMT ratio between customer experience and cultural context is just 0.079, indicating a clear distinction between these two constructs. Additionally, the moderate values between customer loyalty and customer experience (0.490) and between customer loyalty and employee engagement (0.438) suggest these constructs are related but distinct enough to ensure valid separation in the model. The low HTMT values for integration of technology (0.054–0.423) and omnichannel strategy (0.053–0.452) with other constructs further support this. The results show that each construct captures unique aspects of the model without significant overlap, reinforcing the model's validity and robustness in measuring distinct dimensions of customer experience and engagement.

Table 5.
Effect Sizes($f^{2)}$

	Cultural context	Customer experience	Customer loyalty	Employee engagement	Integration of technology	Omnichannel strategy	Sustainability practices	Cultural context x Customer experience
Cultural context			0.114					
Customer experience			0.248					
Customer loyalty								
Employee engagement		0.015						
Integration of technology		0.044						
Omnichannel strategy		0.014						

	Cultural context	Customer experience	Customer loyalty	Employee engagement	Integration of technology	Omnichannel strategy	Sustainability practices	Cultural context x Customer experience
Sustainability practices		0.040						
Cultural context x Customer experience			0.189					

4.5. Effect Sizes (f^2)

The effect sizes (f^2) for various constructs critical to understanding relationship strengths in the model. Cohen [70] guidelines categorize f^2 values as small (0.02), medium (0.15), and large (0.35). Notably, customer experience shows a strong effect on customer loyalty with an f^2 of 0.248, indicating that enhancing customer experience significantly boosts loyalty [71]. The interaction of cultural context and customer experience also reveals a significant effect size of 0.189, suggesting that cultural context enhances the impact of customer experience on loyalty [72]. In contrast, constructs like employee engagement ($f^2 = 0.015$), integration of technology ($f^2 = 0.044$), omnichannel strategy ($f^2 = 0.014$), and sustainability practices ($f^2 = 0.040$) exhibit small effect sizes, indicating their limited individual contribution to customer loyalty [62]. Overall, these findings emphasize the crucial role of customer experience and the influence of cultural context in fostering customer loyalty, urging retailers to prioritize enhancements in customer experience, especially in diverse cultural settings [21].

4.6. R^2 values

The R-squared values for customer experience and customer loyalty indicate the proportion of variance explained by the model. For customer experience, the R-squared value is 0.222, suggesting that approximately 22.2% of the variance is accounted for by the independent variables, with an adjusted R-squared of 0.216 reflecting a slight decrease when considering the number of predictors [62]. In contrast, customer loyalty shows a higher R-squared value of 0.376, meaning that 37.6% of the variance in loyalty is explained by the model, while the adjusted R-squared of 0.373 indicates a minor reduction due to the model's complexity [70]. These findings highlight that, although the model explains a significant portion of variance in customer loyalty, over 60% remains unexplained for both constructs, suggesting the potential influence of additional variables that warrant further exploration [21].

Table 6.
Tests of hypotheses (direct effects).

	Path coefficients	t-Value (Significance)	Significant or not (yes/no)
H1:Integration of technology -> Customer experience	0.209	4.536 (0.000)	Yes
H2:Omnichannel strategy -> Customer experience	0.119	2.726 (0.006)	Yes
H3:Sustainability practices -> Customer experience	0.198	3.920 (0.000)	Yes
H4:Employee engagement -> Customer experience	0.125	2.947 (0.003)	Yes
H5:Customer experience -> Customer loyalty	0.396	7.265 (0.000)	Yes
H6:Cultural context -> Customer loyalty	0.267	5.456 (0.000)	Yes
H7:Cultural context X Customer experience -> Customer loyalty	0.360	5.985 (0.000)	Yes

4.7. Tests of Hypotheses

The results of hypothesis testing reveal significant direct effects among the proposed constructs within the model. Each hypothesis is confirmed, demonstrating that the integration of technology, omnichannel strategy, sustainability practices, and employee engagement all positively influence customer experience. The robust path coefficient for customer experience indicates its strong impact on customer loyalty, underscoring its critical role in fostering enduring relationships. Additionally, the direct influence of cultural context on customer loyalty, alongside its moderating effect on the relationship between customer experience and loyalty, highlights the need for businesses to consider cultural dynamics in their engagement strategies. This comprehensive analysis emphasizes the interconnectedness of these constructs and supports the argument that a strategic focus on technological integration and sustainability can significantly enhance customer engagement and loyalty. The findings call for organizations to adopt a holistic approach in their customer relationship management, ensuring that they leverage these insights to optimize their marketing strategies effectively.

5. Discussion

The study provides compelling evidence for the proposed relationships within the model, indicating that key constructs such as the integration of technology, omnichannel strategy, sustainability practices, and employee engagement significantly enhance customer experience [21, 71]. This underscores the importance of adopting a multifaceted approach to customer engagement, where technology and sustainable practices are pivotal in shaping positive customer perceptions [72]. Notably, the strong effect of customer experience on customer loyalty reinforces its critical role in building long-term relationships with customers [62]. Additionally, the cultural context's direct impact on customer loyalty, as well as its moderating effect on the relationship between customer experience and loyalty, highlights the necessity for businesses to consider cultural nuances in their strategies [21]. These results align with existing literature that emphasizes the interconnectedness of these

factors in driving customer behavior, suggesting that organizations must strategically integrate technology and sustainability while also being attuned to cultural dynamics to optimize customer engagement and loyalty effectively [62, 72].

The study effectively utilizes the Technology Acceptance Model (TAM) to support its examination of how sustainability practices impact customer engagement and service loyalty in retail stores [17, 18]. By identifying Integration of Technology (IT), Omnichannel Strategy (OS), Sustainability Practices (SP), and Employee Engagement (EE) as independent variables, the study highlights how these factors contribute to enhancing Customer Loyalty (CL) through improved Customer Experience (CE) [2]. The TAM framework emphasizes the importance of perceived usefulness and perceived ease of use, illustrating how technology enables sustainable retail practices that resonate with consumers [18]. Furthermore, the inclusion of CE as a mediating variable underscores the significance of positive customer interactions in reinforcing loyalty [13]. The moderating effect of Cultural Context (CC) enriches the analysis by recognizing that varying cultural perspectives can influence the effectiveness of these relationships, thereby providing a nuanced understanding of customer behavior in the context of sustainability and technology in retail [26, 73].

6. Conclusion

The study results strongly support the proposed relationships within the model, revealing significant direct effects of technology integration, omnichannel strategy, sustainability practices, and employee engagement on customer experience. Furthermore, customer experience is a key driver of customer loyalty, while cultural context enhances this relationship. These findings emphasize the interconnectedness of these constructs, suggesting that organizations should focus on technology integration, strategic omnichannel approaches, and sustainability initiatives to improve customer experience and loyalty. Additionally, understanding cultural dynamics is crucial for effectively shaping customer behavior, providing valuable insights for optimizing customer engagement strategies.

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