

Critical Omni-Channel Service Elements Affecting Satisfaction and Loyalty

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ABSTRACT

To meet the expectations of recent consumers who use multiple channels for different purposes throughout their shopping journey, omni-channel retailers try to offer additional services that provide consumers with a seamlessly connected shopping experience across multiple channels. After identifying omni-channel services, the study finds three core omni-channel services (i.e., shipping from store, integrated branding, and social media operation) that affect loyalty via satisfaction. Omni-channel retailers can prioritize their investment based on the results. Specific ways to improve the core omni-channel services are also discussed.

KEYWORDS

Channel Integration, Expectation-Confirmation Theory, Integrated Branding, Omni-Channel Retailing, Shipping From Store, Social Media Operation

INTRODUCTION

Shopping practices have recently become much more complex in the retail environment due to the increased number of retail channels and advent of new devices. Beyond the desktop and brick-and-mortar channels, mobile and new community-based online platforms through social media have skyrocketed (Juaneda-Ayensa, Mosquera, & Murillo, 2016; Kaplan & Haenlein, 2010). Mobile commerce (m-commerce) sales reached \$1.80 trillion in 2018 and are expected to reach \$3.56 trillion by 2021 (Loesche, 2018). The increased number of smartphone users have made a significant contribution to the growth of m-commerce because of additional functions of smartphones, such as full Internet browsing, Wi-Fi connectivity, and applications, which have made ubiquitous transactions available (Abowd, Iftode, & Mitchell, 2005). Smartphone commerce transaction volume increased by approximately 13% in 2017 compared to 2016, and 67% of total online transactions were completed in mobile apps and websites in North America (Ho, 2018). In addition, new mobile devices such as Apple iPads and Android tablets have accelerated the growth of new channels (Beck & Rygl, 2015).

Consumers increasingly use additional channels to purchase products and services (Susanto, Suchayo, Ruldeviyani, & Gandhi, 2018), and traditional multi-channel retailers initially focused on adding these new channels to maximize the number of consumers reached through them (Yrjölä, Saarijärvi, & Nummela, 2018). However, multi-channel retailers have not pushed ahead with channel integration, and marketing mix elements (e.g., product, price, and promotion) are used differently across channels. Thus, consumers using multi-channel retailers can recognize the clear division across channels (Juaneda-Ayensa, Mosquera, & Murillo, 2016). For instance, merchandise carried by multi-channel retailers is different across channels. Multi-channel consumers should therefore change channels to buy items that were unavailable in the previous channel. Tasks completed in the previous channel cannot be transferred to other channels, which forces consumers to begin their shopping tasks

DOI: 10.4018/IJEBR.2020040103

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again in a different channel. For this reason, consumers should complete their shopping in a channel because their ongoing shopping tasks will not be shared across channels. As for sales promotions, multi-channel retailers execute channel-specific promotions that cannot be used in different channels (Yrjölä, Saarijärvi, & Nummela, 2018).

However, consumers do not use one channel to start and finish their shopping journey; rather, they use different channels for different purposes (e.g., information search, product tryout, purchasing decision, and post-purchase behavior) (Yurova, Rippé, Weisfeld-Spolter, Sussan, & Arndt, 2017). For example, after receiving a promotional message that generates a need for a certain product, consumers visit a company website to obtain detailed information about the product. They can then go to a physical store to view and try the actual product and order it via a mobile app. Retailers have thus focused on offering an integrated retail mix across channels to satisfy these consumers (Neslin et al., 2006; Oh, Teo, & Sambamurthy, 2012). The act of selling products and services by providing seamless and interchangeable multiple channels is known as omni-channel retailing, and traditional multi-channel retailers are trying to evolve into omni-channel retailers (Verhoef, Kannan, & Inman, 2015).

Omni-channel retailers can provide their target consumers with additional services via a mix of integrated channels and marketing, including integrated price, integrated information, cross-return, cross-promotion, buying online and picking up in the store, integrated branding, integrated transaction information management, et cetera (Goersch, 2002; Oh et al., 2012; Radial, 2019). Fully implementing the additional services in omni-channel retailing is difficult, however, because it requires costly investment in information technologies, operations, and logistics (Oh et al., 2012). Due to the level of difficulty, business practitioners must understand the critical service elements in omni-channel retailing that can ensure consumer loyalty to prioritize their investment. Thus, the purpose of this study is to identify the critical services in omni-channel retailing that affect consumer satisfaction, which can, in turn, lead to consumer loyalty.

LITERATURE REVIEW

Omni-Channel Retailing

The omni-channel concept is considered to be the next level of traditional multi-channel retailing (Juaneda-Ayensa et al., 2016). Thus, comparing multi-channel and omni-channel retailing is the best way to clarify the omni-channel concept. The first aspect to compare is the scope of the channels. Compared to the three major channels (i.e., physical stores, online websites, and direct marketing) in multi-channel retailing, omni-channel retailing involves a wider variety of channel choices such as physical stores, online websites, direct marketing, mobile channels, social media, and all possible customer touchpoints (Verhoef et al., 2015). The next aspect to compare is brand-focused channel operation. Multi-channel retailing focuses on the operation of multiple channels without considering branding. Omni-channel retailing, however, aims to provide a consistent atmosphere and create clear brand images across all channels (Neslin et al., 2014). The last and most important difference is the level of integration across channels. Multi-channel retailers do not control channel integration (Beck & Rygl, 2015), whereas omni-channel retailers offer integrated channels and a marketing mix that provide a seamless retail experience (Cook, 2014). In sum, omni-channel retailing sells products or services by providing seamlessly connected channels and touchpoints to facilitate the consumer decision-making process.

Services in Omni-Channel Retailing

There are a variety of additional services that omni-channel retailers can offer through seamlessly connected channels and touchpoints that consumers should be able to use during their decision-making process. Previous literature on omni-channel retailing has identified the services that consumers use

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