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Zach W. Y. Lee

The University of Nottingham Ningbo China, zach.lee@nottingham.edu.cn

Tommy K.H. K. H. Chan

Hong Kong Baptist University, khchan@life.hkbu.edu.hk

Alain Yee-Loong Chong

The University of Nottingham Ningbo China, alain.chong@nottingham.edu.cn

Dimple R. Thadani

The University of Nottingham Ningbo China, dimple.thadani@nottingham.edu.cn

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An Empirical Investigation into the Antecedents and Consequences of Customer Engagement in Omnichannel Retailing

Research-in-Progress

Zach W. Y. Lee

The University of Nottingham Ningbo
China
199 Taikang East Road, Ningbo,
315100, China
Zach.Lee@nottingham.edu.cn

Tommy K. H. Chan

Hong Kong Baptist University
Kowloon Tong, Kowloon, Hong Kong
S.A.R., China
khchan@life.hkbu.edu.hk

Alain Yee-Loong Chong

The University of Nottingham Ningbo
China
199 Taikang East Road, Ningbo,
315100, China
alain.chong@nottingham.edu.cn

Dimple R. Thadani

The University of Nottingham Ningbo
China
199 Taikang East Road, Ningbo,
315100, China
dimple.thadani@nottingham.edu.cn

Abstract

Engaging customers across channels has become one of the biggest challenges for retailers adopting an omnichannel strategy. In this study, we examine how channel integration quality influences customer engagement in the context of omnichannel retailing. Drawing on the conceptual model of customer engagement, we proposed a research model to explain the effects of breadth of channel choice, transparency of channel-service configuration, content consistency, and process consistency on customer engagement, as well as the positive outcomes associated with the engagement. The research model will be tested with a sample of 500 omnichannel customers using a structural equation modeling approach. This study is expected to contribute to the research on, and practice of, the omnichannel customer engagement by validating the antecedents and consequences of such engagement as well as providing practitioners with insights into devising a successful omnichannel retailing strategy.

Keywords: Customer engagement, omnichannel retailing, channel integration quality, repurchase intention

Introduction

Engaging customers across channels has become an emerging challenge for retailers adopting an omnichannel approach (Boudine, 2016). Customers no longer purchase solely in-store or online; instead, they shop across channels. They do so, for example, by searching for information in one channel, and completing the purchase in another (Britt, 2016). As more and more customers demand an integrated shopping experience across channels, many retailers have turned to omnichannel strategies to remain competitive (Melsted, 2015). Omnichannel customer engagement, however, has been regarded as one of the biggest challenges for businesses undergoing digital transformation (Blackmon, 2016). According to a recent survey conducted by the International Council of Shopping Centers, successful omnichannel retailing strategies should embrace both the click and the brick, leveraging the benefits of physical store network, and utilizing information technology to simplify and enhance customers' shopping experience (BusinessWire, 2016). While some multinational companies, such as Apple Incorporation, have succeeded in providing customers with an integrated shopping experience, many are still struggling for ways to engage customers across both online and offline channels (BusinessWire, 2016).

Although practitioners have emphasized the importance of engaging omnichannel customers, studies examining customer engagement in omnichannel retailing remain sparse. In particular, the effect of channel integration quality, a salient characteristic of omnichannel retailing, on customer engagement is underexplored. Studying customer engagement in omnichannel retailing will add to the growing body of knowledge of this research stream as well as provide practitioners with insights into devising a successful omnichannel solution. Accordingly, the objective of this study is to examine the effects of channel integration quality on customer engagement in the context of omnichannel retailing. Drawing on van Doorn et al.'s (2010) conceptual model of customer engagement, we proposed a research model to explain the effects of channel integration quality dimensions on customer engagement in omnichannel retailing and will test the research model with customers of a popular omnichannel retailer, Apple.

The paper is organized as follows: the literature on customer engagement and omnichannel retailing is reviewed in the next section. We then present the proposed research model and hypotheses, followed by the research methodology. Finally, we discuss the expected contributions of the study.

Literature Review

Customer Engagement

Customer engagement refers to the level of the customer's interactions and connections with the omnichannel retailer's offerings or activities (Vivek et al., 2014). Several common threads have emerged from the previous studies on customer engagement. First, a majority of studies investigated customer engagement in the context of online brand communities, focusing on the effects of community characteristics (e.g., Chan et al., 2014). Second, several studies on customer engagement were found in the context of social media, focusing on strategies to engage users across social media platforms (e.g., Verma, 2014). Third, a few studies on customer engagement, having different foci, were conducted across varied contexts such as websites (e.g., Demangeot & Broderick, 2016) and physical stores (e.g., Barth, 2007). To conclude, customer engagement has been investigated taking into account context-specific variables. There are no studies, however, on customer engagement in omnichannel retailing, and the effects of channel integration quality on customer engagement have also been overlooked.

Omnichannel Retailing

Omnichannel retailing refers to "the use of a variety of channels to interact with customers and fulfill their orders" (Chopra, 2016, p. 135). Previous studies on omnichannel retailing can be classified into two types: organizational-level studies and individual-level studies.

Organizational-level studies on omnichannel retailing have two major foci. A significant number of researchers examined product and order fulfillments (e.g., Chopra, 2016). Several studies on omnichannel retailing focused on issues related to omnichannel marketing in particular (e.g., Li et al., 2015). Individual-level studies on omnichannel retailing remain scant. Among the few existing studies, the majority explored customers' motivations for making purchases from omnichannel retailers (e.g., Juaneda-Ayensa, Mosquera, & Murillo, 2016). To sum up, there is a general lack of empirical studies

examining omnichannel customer behaviors at the individual level. Therefore, omnichannel customer engagement deserves further scholarly attention.

Research Model and Hypothesis Development

Theoretical Foundation of Customer Engagement

Customer engagement consists of three dimensions, namely conscious attention (i.e., the degree of interest the customer has or wishes to have in interacting with the retailer), enthused participation (i.e., the zealous reactions and feelings of the customer related to using the products/services or interacting with the retailer), and social connection (i.e., the enhancement of the interaction of the customer based on the inclusion of others along with the retailer) (Vivek et al., 2014). We built on van Doorn et al.'s (2010) conceptual model of customer engagement to construct the current research model on customer engagement in omnichannel retailing. van Doorn et al. (2010) suggested that customer engagement is affected by, primarily, three types of antecedents, customer-based factors, firm-based factors, and context-based factors. While van Doorn et al.'s (2010) conceptual model of customer engagement provided a comprehensive framework of the potential antecedents and consequences of customer engagement, it is not feasible to systematically examine all antecedents in a single study. This study, specifically, examines customer engagement in the omnichannel retailing context where firms' initiatives have a critical role to play in enhancing customer engagement. Therefore, in this study, we focused on the firm-based factors and systematically examined the effects of channel integration quality on customer engagement in omnichannel retailing. Figure 1 depicts the research model.

Antecedents of Customer Engagement

Channel integration quality refers to the omnichannel retailer's ability to provide customers with a seamless shopping experience across channels (Sousa & Voss, 2006). It consists four sub-dimensions, breadth of channel choice, transparency of channel-service configuration, content consistency, and process consistency.

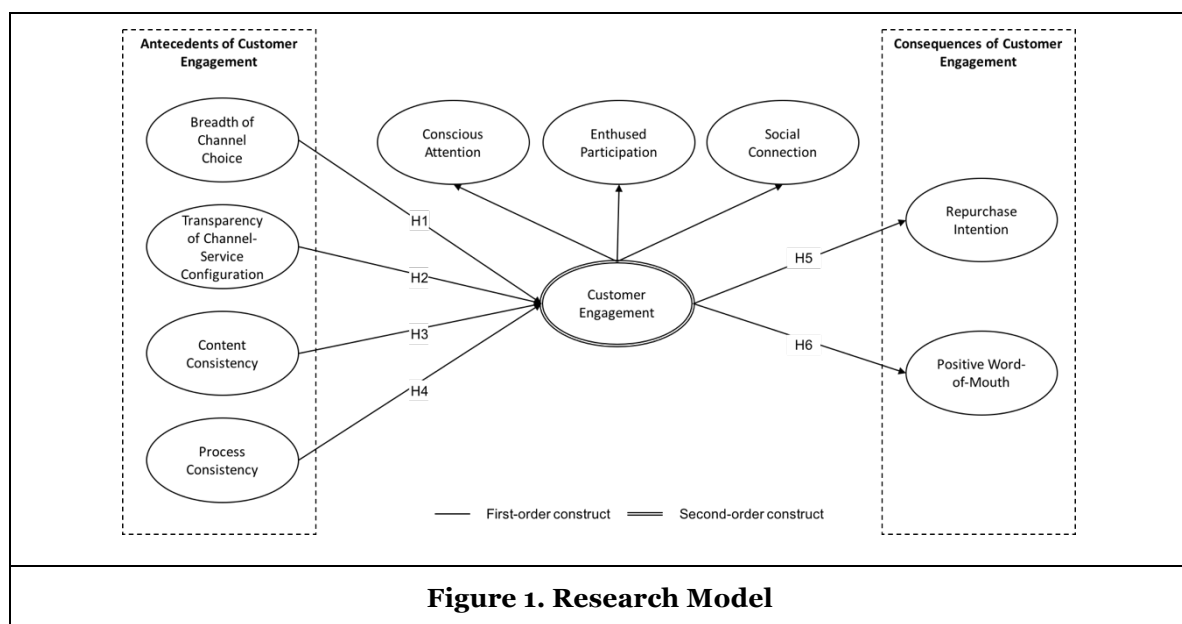


Figure 1. Research Model

Breadth of Channel Choice

Breadth of channel choice refers to the degree to which customers can choose alternative channels for a given service, or can accomplish preferred tasks through individual channels (Sousa & Voss, 2006). Customers value the flexibility in choosing preferred channels for given shopping tasks and are likely to be displeased when forced to use a particular channel (Bitner, Ostrom, & Meuter, 2002). If retailers allow customers to place orders both online or offline, they show superiority in the channel selection compared with those who only allow orders to be placed online and are more likely to engage with customers (Sousa & Voss, 2006). Thus, it is hypothesized that:

H1: Breadth of channel choice is positively related to customer engagement in omnichannel retailing.

Transparency of Channel-Service Configuration

Transparency of channel-service configuration refers to the degree to which customers are aware of the available channels and service attributes as well as their differences (Sousa & Voss, 2006). Bitner et al. (2002) pointed out that many customers were unaware of the available services and their differences across channels, especially when those channels were not properly integrated. Apple has adopted the omnichannel retailing strategy successfully by unifying the customer experience across channels and emphasizing the complementary role of the online and physical stores. For instance, beyond displaying products, the physical Apple stores are specifically designed for providing an interactive experience to engage customers (Loras, 2016). Thus, it is hypothesized that:

H2: Transparency of channel-service configuration is positively related to customer engagement in omnichannel retailing.

Content Consistency

Content consistency refers to the consistency of information provided by the retailers across the online and physical channels (Sousa & Voss, 2006). Content consistency allows customers to receive same responses to a query posed in either online or physical channels. For instance, customers who search for product specification about an iPhone in the online or physical Apple Stores should receive the same responses. Customers benefit from accessing consistent information across channels, so as to remove any ambiguity and friction in the shopping journey, which renders more engagement possibilities with the firm (Lexmark, 2016). Thus, it is hypothesized that:

H3: Content consistency is positively related to customer engagement in omnichannel retailing.

Process Consistency

Process consistency refers to the degree of consistency of relevant and comparable process attributes across channels, such as the feel, image, and delivery speed of services (Sousa & Voss, 2006). Boudine (2016) contended that a consistent visual aesthetic and unwavering experience across channels provided a continuity which is instantly identifiable and memorable for customers, enhancing their engagement with the brand. Specifically, it reduced customers' need for second guess, delay or switching to a competitor. Thus, it is hypothesized that:

H4: Process consistency is positively related to customer engagement in omnichannel retailing.

Consequences of Customer Engagement

Positive relationships between customer engagement and a wide array of transactional (e.g., repurchase) and non-transactional behaviors (e.g., positive word-of-mouth) have been validated in literature previously (Chan et al., 2014; Cheung et al., 2015).

Repurchase Intention and Positive Word-of-mouth

Repurchase intention refers to the extent to which a customer will continue to purchase products and/or services from a retailer in the future (Park, Cho, & Rao, 2012). Word-of-mouth refers to the extent to which a customer will communicate with private parties concerning evaluations of products and/or services from a retailer in the future (Anderson, 1998). Prior studies indicated that engaged customers tend to build a strong connection with the brand/company they associate with the engagement (Vivek, Beatty, & Morgan, 2012). Such a connection would strengthen customers' psychological processes, and increase their likelihood to form positive attitudes and perform favorable behaviors towards the brand/company (Jacoby & Chestnut, 1978). Previous literature specifically bears testimony to the positive relationships between customer engagement, repurchase intention and word-of-mouth intention (e.g., Chan et al., 2014). Thus, it is hypothesized that:

H5: Customer engagement is positively related to repurchase intention in omnichannel retailing.

H6: Customer engagement is positively related to positive word-of-mouth in omnichannel retailing.

Control Variables

Sousa and Voss (2006) suggested that physical store quality and virtual store quality might influence customers' evaluation toward the retailer. Furthermore, previous studies suggested that customers'

demographics, purchase experience (e.g., Mittal & Kamakura, 2001), and technological interaction preference (e.g., Piotrowicz & Cuthbertson, 2014) might influence their attitude and behavior towards the retailer. These constructs were, therefore, included as control variables in our research model.

Research Method

Research Context and Sample

We will test the proposed research model with customers of Apple, an American multinational technology company that sells consumer electronics. Apple is selected because it is one of the leading retailers adopting omnichannel retailing strategies to unify customers' shopping experience across its channels and platforms (Loras, 2016). It represents an ideal context for studying the effects of channel integration quality on customer engagement in omnichannel retailing.

Measures

We adopted the measurement items for four sub-dimensions of channel integration quality based on the works of Sousa and Voss (2006) and Oh and Teo (2010), customer engagement from Vivek et al. (2014), repurchase intention and word-of-mouth from Khalifa and Liu (2007) and Zhou, Lu, and Wang (2009). All constructs will be assessed using perceptual scales with responses measured on a 7-point Likert scale, and multiple items will be used to ensure construct validity and reliability.

Data Collection and Analysis

We will conduct an online survey for data collection. We will employ a marketing research firm for sending participation invitations to members of a nationwide (the US) panel of Apple customers. Participants will be rewarded with points that could be accumulated and exchanged for gifts. We aim at collecting 500 responses. We will first check the common method bias by employing the marker variable technique (Malhotra, Kim, & Patil, 2006). We will then validate the measurement and structural models using partial least squares (PLS) analysis, which uses a component-based approach to estimate and imposes minimal restrictions on data distribution. PLS is also appropriate due to the exploratory nature of this study (Hair et al., 2009).

Expected Contributions

In this research-in-progress paper, we built on van Doorn et al.'s (2010) conceptual model of customer engagement and developed a research model explaining the antecedents and consequences of customer engagement in omnichannel retailing. This study will provide significant implications for research and practice. On the theoretical side, it will advance the IS literature by addressing an underexplored research area, namely customer engagement in omnichannel retailing, unfolding its antecedents and consequences. The validated research model is expected to provide a solid foundation for future studies on omnichannel customer engagement. On the practical side, it will provide practitioners with insights into devising a successful omnichannel retailing strategy.

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