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Libo Dou

Fuzhou University, cndoulibo@163.com

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Research Status and Prospect of Consumer Behavior in Omni-Channel Retailing

Libo Dou, Fuzhou University, China, cndoulibo@163.com

ABSTRACT

In recent years, the entity retail sales continue to decline in China, and retail enterprises are facing problems to combined the real economy effectively with the 'Internet plus'. With the development of the retail industry, Omni-Channel Retailing, combined with the physical channels, e-commerce, information media channels, came into being. We discuss the present situation of retailing in China. We also introduce articles in this special issue on consumer behavior. We end with putting forward limitations and future research in this area.

Keywords: consumer behavior, customer experience, Omni-Channel Retailing, e-business, electronic commerce

Introduction

In recent years, the rapid development of electronic commerce, rising costs and strong business competition in the retail trade industry, make the entity retail show all weakness in China. According to the statistics from the China National Commercial Information Center (CNCIC), in 2015 retail sales of more than a hundred large retail enterprises continued to decline, and the growth rate slowed down. Retail sales decline in performance is becoming the 'new norm' in China, retail enterprises are facing problems of digital transformation. How to put the real economy effectively combined with the 'Internet plus', became a problem that entity retails must face to.

Despite the surge in the wave of e-commerce and the huge impact on sales performance of physical stores, physical stores and online stores is not a substitute for each other, but the integration of win-win. Premier Li Keqiang referred to "get to the Internet as the carrier, develop the consumption of online and offline interaction" in government work report in 2015, and he stressed to encourage interactive online and offline again in the government work report in 2016, to promote the innovation and transformation of entity commerce. As numerous of entrepreneur and capital get into the O2O field, integration of online and offline has been the trend, and more merchants make attempts to interact between online and offline.

In response to the pressure of revenue and profit, as well as to respond to changes in consumers' consumption habits, retail enterprises began to look for the direction of transformation actively a few years ago. The focus of Chinese retail enterprises transformation used to be expansion to the lower-tier cities, developing of multiple formats, merger and reorganization, local processes and operations improvement, and the development of electronic business. However, since 2015, Chinese retail enterprises change their center of gravity to Omni-channel Retailing characterized by WeChat and Micro-blog mobile marketing, overseas purchase and cross-border e-commerce, supply chain optimization and reconstruction.

With the development of the retail industry, Omni-Channel Retailing, combined with the physical channels, e-commerce, information media channels, came into being. The emergence of the conception of Omni-channel Retailing can be referred to two preconditions, Multi-channel Retailing and Cross-channel Retailing. The development of mobile Internet, the popularity of smart phones and tablet computers, keep many consumers maintain an unprecedented scale online state, which lays the foundation for the production of the Omni-channel Retailing model. In this model, physical stores and online stores integrate together, retail enterprises can almost meet the consumer's need at any time, any place, and any way to buy.

The Concept of Omni-channel Retailing

A channel is defined as the process or path that transfers goods and services from producers to consumers, and it is not only the

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point to contact with enterprise and customers, but also the interaction media between the enterprises and customers (Neslin, 2006). With the development of e-commerce technology, the channel has evolved into a variety of forms, such as direct sales staff, stores, mail order, TV shopping channel, call center, e-commerce sites and mobile commerce etc. Li Fei (2013) argues that the retail channel refers to the transfer path through which product or service from a business operator to another subject (individual or organization). These products and services are mainly used for final consumption, and the transactions are always in small single batches. A retail channel is regarded as a full path to complete the transaction.

In 2011, the concept of "Omni-Channel Retailing" first attracted the attention of scholars. Darrell (2011) pointed out in the article "The Future of Shopping" published by "Harvard Business Review" issued in 2011 twelfth that with the evolution of the situation, the digital retail is changing rapidly, it is necessary for us to give it a new name "Omni-Channel Retailing". This means that retailers will be able to interact with customers through various channels, including websites, stores, service terminals, direct mails and directory, call centers, social medias, mobile equipment, door-to-door service, etc."

Li Fei (2013) identifies the meaning, causes and countermeasures of Omni-Channel Retailing in his article. And he defines Omni-Channel Retailing as the behavior to take as much as possible of the types of retail channels to combine and integrate the sales channel. In order to satisfy customers' shopping, entertainment and social comprehensive experience requirements, these channels types including physical shops, intangible shops, and information media (website, call center, social media, Email, twitter, WeChat), etc.. As the result of information technology being widely used in the era of social networks and mobile networks, a large group of consumers based their work and life on the Omni-Channel Retailing, and an information transmission path has become a retail channel. He puts forward the countermeasures of Omni-Channel Retailing that changes of the 'nature of the retail' (sales, entertainment and social) and the 'five flows of retail' (passenger flow, shop flow, information flow, cash flow and logistics) need to be considered, and then retailing enterprises made multi-channel combination and integrated strategy decisions according to the target customers and marketing positioning.

Consumer Behavior in Multi-channel Retailing and Omni-channel Retailing

Based on the existing researches, researches of consumer behavior related to the Omni-channel Retailing are mainly talked about consumer channel utilization behavior. Channel use behaviors generally include the purchase of channel use behavior or search channel behavior. The consumer channel utilization behavior under Omni-Channel Retailing refers to the consumer's careful evaluation of channel characteristics, channel cost, convenience and quality of service according to their shopping, entertainment and social experience demand, as well as consumer collects product information and produces purchase behavior through channels which has been rationally integration (Wu Zhong and Tang Min 2015).

Psychological characteristics such as lifestyle, innovation characteristics and behavioral characteristics such as shopping experience are able to affect the consumer's choice and preferences of channels (Dabholka et al. 2002; Inman et al. 2004). Not only the hedonic values such as entertainment and social have a significant impact on the consumer channels utilization behavior, but also the utility values such as information availability and waiting time have a significant impact on the consumer channels utilization behavior (Liu Cuihua 2010). The consumer factors (shopping motivation, risk perception, etc.), channel factors, situational factors and product factors have significant influence on customer consumption behavior (Wang Yazhuo 2011).

Cao Yuzhi (2012) proves that the differences of the terminal equipment, communication network, convenience, personalization and risk what consumers perceive between the Internet and mobile Internet environment significantly influence consumer transfer from online channels to mobile Internet usage. Long Zhenjie et al. (2013) carried an empirical research from the Angle of dual channel for the influence factors of consumers' online shopping behavior, and came to the conclusion that customer factors, situational factors, product attributes, channel characteristics, enterprises have a significant positive impact on

consumer online shopping choice behavior. Wu Zhong (2015) carried out a research on consumer in single channel, dual channel and multi-channel, and results showed that the external situation, subjective norms, perceived mobility, social perception, perception of life service, personalized, risk perception and convenience perception have significant impact on consumer channel utilization behavior.

Some scholars in China have analyzed the consumer behavior in multi-channel retailing environment in electronic commerce. Jiang Kan (2010) launched the research from the view of enterprises and channels, and points out that consumer behavior in multi-channel is a multi-dimensional structure which was impact by consumer characteristics, retailers, product types, the channel characteristics and situation factors, and on this basis, put forward the channel choice behavior model and management suggestions. Fan Xiaojun (2008) put forward a development strategy model of retailing in a multi-channel environment from the retailer's perspective. The model can be decomposed by 6 processes: setting up the retail channel strategy, identify consumer choice of channel demand, to find alternative retail channels, channels efficiency evaluation, determine the decision rules and choose retail channel strategy, implement the retail channel strategy. Jin Zhou (2015) study the manufacturer and retailer's pricing and promotion strategies in multi-channel retailing.

Consumer Behavior Research about Customer Experience

To adapt to changes of consumer behavior, retailers should implement the strategy of the Omni-Channel Retailing, and link up online and offline channels, to provide customers with seamless integration experience. It begins with the understanding of customers' demand and consumption behavior, and then designs how to put the brand into the customers living habits and lifestyle products, transfer efficient and enjoyable shopping experience to customers. The focal point of the Omni-Channel strategy is to establish contact with customers based on a variety of channels and customers, and then enable customers to get a consistent shopping experience in the physical store, on the Internet and in mobile terminals.

Joseph Pine and James Gilmore (2004) in their book "experience economy", suggests that followed product economy and service economy, experience economy age has come around, the phase of consumers pay more attention to the experience in the process of consumption. Customer experience is an important influence factor of customers purchase intention and repurchases intention, and customer experience can be used to predict customer buying behavior (Wu Pei-xun and Huang Yong-zhe 2006). From the view of the existing literature, there has not been a consistent academic definition of customer experience. Some typical definitions of customer experience are as follows in table 1.

From the point of view of Chinese and scholars in other countries on the definition of customer experience, although the expression of is different, but all their essences emphasize the whole process of customers' participation, and experience is customers' subjective feeling. Now in the process of consumption, the customer is not only focus on product and service acquisition, but also increasingly concerned about the shopping experience in the whole process.

For the division of customer experience, scholars presented many classification methods from different perspectives. Schmitt (1999) argues that the customer experience can be divided into sensory experience, emotional experience, thinking experience, action experience and related experience, and puts forward the Strategic Experiential Modules (SEMs). Li Jianzhou et al. (2006) divides customer experience into social experience, functional experience including service product experience, service environment experience, employee service experience, emotional experience including positive emotion and negative emotion. From the customer's view of point on the demand, Chen Anquan (2011) put forwards that customers' experience includes practicality, cognitiveness, affectivity, social value, etc.

Based on the value co-creation theory, the boundaries between enterprises and consumers have no longer been obvious, as well as enterprises and consumers are no longer a simple value creators and consumers, but who create value together. The meaning

of value and the process of value creation are rapidly shifting from a product- and firm-centric view to personalized consumer experiences. The interaction between the firm and the consumer is becoming the locus of value creation and value extraction (Prahalad and Ramaswamy 2004). Since the value co-creation runs through the entire purchase experience, the process of enterprises and customers together to create value can be viewed as the process of the formation process of experience value, and customer is the core factor in the process of the value creating. Enterprises should focus on provide excellent shopping environment for customers, so that customers can create a unique experience in the shopping process.

Table 1: Definitions of customer experience

Authors	Year	Definitions of customer experience
Holbrook & Hirschman	1982	Experience is defined as a personal occurrence, often with important emotional significance, founded on the interaction with stimuli which are the products or services consumed as cited in Carù & Cova (2003).
Carbone &Haeckel	1994	The take-away impression formed by people’s encounters with products, services, and businesses, a perception produced when humans consolidate sensory information
Robinette et al.	2002	The collection of points at which companies and consumers exchange sensory stimuli, information, and emotion
Zhu Shiping	2003	Customer experience is to meet the needs of customers’ internal experience and in an interaction process between customers and company.
Zhang Yimei	2004	Customer experience is customer perception of the formation of external stimuli, generally through the direct observation or participation in an event and the formation of different individuals showed differences.
Meyer & Schwager	2007	“The internal and subjective response that customers have of any direct or indirect contact with a company. Direct contact generally occurs in the course of purchase, use and service, and is usually initiated by the customer. Indirect contact most often involves unplanned encounters with representatives of a company’s products, services, or brands and takes the form of word-of-mouth recommendations or criticisms, advertising, news reports and reviews”
Wen Tao	2007	Customer experience refers to the customer’s perception and emotion generated in the process of the interactive relationship between the products, services, and other things which is provided by the enterprise.
Ismail et al.	2011	Emotions provoked, sensations felt, knowledge gained and skills acquired through active involvement with the firm pre, during and post consumption.

Research Review of Customer Experience on Consumer Behavior in Multi-channel Retailing

Based on the research of customer experience, Chinese scholars have studied the customer experience in the e-commerce shopping process. Yao Gong-an (2009) explores the dimensions of customer experience satisfaction in e-commerce, and finds that satisfaction of experience can make a good explanation of customers' interaction with e-companies; it develops basic assumptions that customers' satisfaction of experience can be classified as information searching experience and net shopping experience in e-commerce. To explore the mechanism of how multi-channel integration quality affects online purchase intention from the perspective of traditional retailers, Wu Jinfeng et al. (2014) conducts a research and analyses how the customer’s evaluation on multi-channel integration quality affects online purchase intention through customer perceived value.

Service quality of multi-channel integration has positive impact on customer loyalty and service quality of physical channel is favorable for promoting service quality of multi-channel integration. “Retailers should promote the service quality of physical channel and this is the basis for service quality of multi-channel integration. Besides, under multi-channel retailing

The Sixteenth International Conference on Electronic Business, Xiamen, December 4-8, 2016

environment, retailers should also perfect service quality of multi-channel integration to enhance customer loyalty (Qi Yongzhi et al. 2015).”

The online channels and new digital channels (such as mobile channels and social media), has changed the retail business model, the implementation of the retail portfolio and consumer behavior (Peter et al. 2015). To discourage the problem of consumer cross-channel free riding, Eleonora et al. (2015) proposed a new environment where one retailer can handles more channels simultaneously. Compared to the single handled channel, the emerging integrated environment would engage more consumers, which in turn would avoid switching behaviors towards competitors' channels. The research results lead to suggest that participants in this research showed positive emotional reactions towards the environment, which lead them to choose this environment for purchases.

Consumers' buying process can be divided into the following steps: demand generation, looking for goods, goods choice, placing orders, payment, delivery or receiving goods, and use and feedback process. Relatively, retailer's sales process can be divided into the following steps: demand trigger and import, commodity display, persuade customer to purchase, orders accept, receive money, and delivery, provide support services, response to feedback. In order to meet consumers' experience demand to buy in the whole process, in Omni-Channel, retail enterprises need to understand consumers' preferences and requirements, to provide multi-channel precision marketing in the demand trigger and purchase decision stage, and record and analyze the process of consumer chooses and buys behavior indifferently, make decisions to take action to attract customers to place orders.

Limitations and Future Research

According to the research report “Omni-channel transformation road” issued by Chinese Franchise Association (CFA) and IBM jointly, in the process of transformation of the Omni-channel Retailing, still exist great difficulties in the new retailing business model, design of customer experience, supply chain improvement, and the integration of online and offline. Retail enterprises, especially traditional retail enterprises, should pay attention to the characteristics and requirements of consumers in the new environment. Consumers' original flat demand is infinitely extending in time and space. The same consumer demand are changing in different time and place, the enterprise marketing audience is no longer a group, but to focus on each individual, and the people at that time, the current needs and behavior.

Retailers should focus on the customer experience in the new situation, and promote the user transformation through improve user's experience. Therefore, based on the Omni-channel Retailing, carry on the research to the relationship between customer experience and consumer behavior is beneficial to the development of the retail enterprises. Based on the related researches, there is almost no research on the customer experience in Omni-channel Retailing, which can be based on the research of multi-channel integration and multi-channel retail environment.

Scholars mainly discussed issues of the integration and marketing synergy of online and offline retail channels from the perspective of retailers. About researches of customer experience in the mode of Multi-channel Retailing, scholars mainly focus on Multi-channel retail channel selection and the influence factor of customer behavior, and customer behavior research mainly from the perspective of customer loyalty. Further study of the relationship between customer experience and consumer behavior of Omni-channel Retailing, could base on researches of customer experience and consumer behavior, from perspectives of customer and retailers, to provide reference for the retail enterprises to gain the advantages of integration.

Models to explain the consumer behavior can be divided into a complete system model, cognitive appraisal model and attitude formation model, the rational purchase model and stochastic purchase model. The complete system model was the most frequently used in the empirical studies to explain the process of consumer purchase decision, mainly including the model

Nicosia Model, the Howard-Sheth Model and the Engel-Blackwell-Miniard (EBM) Model. The nature of consumer decision-making process does not change in e-commerce today. The EBM model is still applicable, and can be used as a basis for further study. The Structural Equation Model (SEM) has been widely applied to the empirical analysis of consumer behavior factors.

The Omni-channel Retailing is put forward in recent years, and it is a new subject no matter in theory or in practice. The available literatures mainly focus on the concept of the Omni-Channel, its developing trend, and the Omni-channel Retailing inventory strategy. Research on consumer behavior in Omni-Channel Retailing from the perspective based on the influence of customer experience has theoretical significance and practical significance.

Firstly, since customers pay more and more attention to the consumer experience, and little research of Omni-Channel unfolded from the perspective of customers, we investigated the channel characteristics of retail, build the Omni-Channel and retail environment customer experience relation with consumer behavior model and explore the Omni-Channel and retail customer experience and mechanism of the influence of consumer behavior, for all channels to provide a new Angle for the research of retail. So the study of characteristics and the influence mechanism of customer experience and consumer behavior in Omni-Channel Retail, and then set up the relationship model which can provide a new the perspective for the study of the whole retail channels.

Secondly, due to the different characteristics of the physical channels, e-commerce and information media channels, experience customers expect will differ in different retail model. Research of influence factors of customer experience based on Omni-Channel Retail, will provide a reference for retail enterprises improving customer experience.

Finally, studying the relation between consumer behavior and customer experience, analysis of consumer channel using behavior, can help retailers to increase sales, will contribute to the coordination between retail enterprises through various channels, to obtain the best effect, to maximize consumer satisfaction and purchase intention of consumers.

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