

Anna Łaszkiewicz
Uniwersytet Łódzki

Shopper Experiences as the Key to Omnichannel Loyalty

Summary

Modern information and telecommunication technologies, in particular the Internet and mobile technologies, have created a new opportunity for communication with consumers in the market. In addition to communication channels, there are also solutions enabling the establishment of new sales channels. Consumers, using the Internet in any form, increasingly often choosing products are looking for the convenience and maximisation of benefits in the purchase process. They expect companies to operate omnichannel services tailored to their current preferences. The consumer experience accumulated during the purchase process influences the next purchase decision and the consumer's loyalty towards the company. The article aims to present the role of shopper experiences in the process of building omnichannel customers' loyalty. The article discusses the issues related to the omnichannel strategy and the legitimacy of its implementation in the enterprise. It also presents the importance of enterprises' concern for positive consumer experiences in the purchasing process and the impact of these activities on the loyalty of buyers on the company. The article has a theoretical and cognitive character.

Key words: omnichannel, customer experience, loyalty, strategy, e-commerce.

JEL codes: L81, M3, O33

Introduction

Customer experience is currently one of the critical areas related to management of the company and one of the leading management objectives (Lemon, Verhoef 2015). Creating positive and valuable consumer experiences may determine the competitive position of the company on the market and, in the long term, consumer loyalty to the company and its offer. Interest in this issue among the management team is associated mainly with the awareness of the market environment, which is becoming more and more complicated for consumers. The numerous touch points between consumers and the brand and the increasingly complex and amorphous shopping paths of customers are a significant challenge for contemporary marketing and corporate management staff related to the appropriate level of service and communication. Added to this is fragmentation of communication, diverse and numerous sources of information about the company's offer, including a message directed by the company, but also a content coming from other entities, including various types of creators in social media and influencers. Building positive consumer experiences at such diversified points of contact with the brand that sometimes remain beyond its control requires enterprises to undertake efforts to integrate areas affecting the consumer's perception and experience in the purchas-

ing process – from marketing through logistics, IT departments, sales, service and service or human resources. It leads to the consideration of the need to take action to develop and implement the omnichannel strategy. The Marketing Science Institute has mentioned issues related to consumer experience and the omnichannel approach as present leading research challenges (MSI 2016).

Seamless experiences in the omnichannel approach

The emergence of the Internet and its penetration understood both as access to online resources on the part of consumers and the degree of companies' use for the presentation and sale of goods and services offered on the market, have caused that consumers are increasingly complementing traditional channels of online channel trading. They become entities of electronic commerce. Universal access to mobile technologies also results in an ever more effortless transition between the various channels – the online offer thanks to mobile technologies is available at any time, regardless of place and time. Conscious consumers, therefore, have the option of choosing channels and forms of purchase from among the company or its partners offered. As aware buyers they value time and convenience in the purchasing process, they switch between available channels to maximise their benefits. In 2017, 14.3 million Polish Internet users were shopping online. In 2015, 37% of e-shopping transactions were carried out using smartphones, while in 2017 this percentage was already 47% (Gemius 2017). Access to the offer and contact with the company using a variety of channels is not a new solution. Multi-channel customer service in the context of providing information, marketing communication or product sales has been offered by companies on the market for years. However, technology has enabled the integration of individual channels such as a stationary and online store, mobile applications or telephone service changing the context of contact with consumers from multi-channel to omnichannel approach.

The omnichannel approach in marketing assumes creating 'seamless experiences' for clients (Kaczorowska-Spychalska 2017). This form of contact and relations with consumers should affect the satisfaction of consumers in the purchasing process as well as the improvement of the company's operations. Seamless customer experiences between the different points of contact with the brand is a crucial distinguishing feature of the omnichannel approach. It is not about the multi-channel activities mentioned above, which have been known in business practice and have been present for years but just about the liquidity with which the consumer can transfer its operation between channels and an even level of interaction. Consumer preferences can, therefore, result in the completion of all transaction stages in only one environment (online or offline) or be the preferred mix of available and offered functionalities. These can include, for example, a visit to a stationary store and order goods online, online purchase with direct delivery to a pickup location indicated by the customer or pick up at a store. It is worth noting that payments related to the transaction can be made in any of the selected channels and at any stage. This phenomenon is called the ROPO effect (Research Online, Purchase Offline) or reverse ROPO,

i.e. Research Offline and Purchase Online. Among the categories of products susceptible on the Polish market, the ROPO effect includes products from the household electronics/household appliances (47%), pharmaceutical industry (47%) and construction and finishing materials (45%). In turn, the most susceptible to the impact of the reverse ROPO in 2017 was the footwear industry (42%), consumer electronics/household appliances (41%) and perfumes and cosmetics (37%) (Gemius 2017).

Continuous monitoring of activities and choices undertaken by the consumer should, on the other hand, be a source of information for the company about customer preferences and a basis for making improvements in the scope of delivered value regarding the process.

It is worth noting that the implementation of the omnichannel strategy is not always justified and recommended (Wyner 2017). It is essential to understand the preferences of the consumer's target group and the specifics of a given business. Asking for questions about which channels the customer segments served by the company are using and whether they would prefer using more channels will undoubtedly allow us to understand the starting point and needs in the context of the decision to implement the omnichannel strategy. In industries where personal contact with a consultant or a seller is preferred, the need to perform a part of the transaction while maintaining a comparable level of service may be unnecessary and often challenging to implement due to high costs and interference in many processes in the company. In turn, the retail clothing industry seems to be ideal as an example in which customers expect the same experience and an equal level of service by transferring their activity between online and offline channels. It means, for instance, that a consumer who purchased a product in an online store can return the ordered goods through any channel, including each stationery store, for example, Zara. Responsible modelling of the purchasing process that fits into the omnichannel idea is, of course, related to the distribution solution adopted in the organisation. Does the company have its own sales channels or use distribution channels of other entities or even partners. In the latter case, the influence on, e.g. returns policy is insignificant or small. The companies with their distribution channels, therefore, have the most significant opportunity to care for an equal level of the consumer experience.

Another critical issue related to the omnichannel approach concerns the pricing policy. Should it be uniform on all channels? If the purpose of the company as part of the implemented strategy is to provide an equal level of experience to the consumer, can it differentiate the prices in the online and offline channel or introduce temporary promotions dedicated only to one channel? Products with lower prices available only on the internet may encourage customers of physical stores to visit the store to see the good and then purchase it at a preferential price on the internet. However, can we talk about the omnichannel approach in this case? Lower rates of products in online stores seem justified for many companies and their clients, mainly in the context of much lower costs related to store maintenance and sales staff. In many cases, however, they may lead to conflicts in sales channels, mainly associated with the rivalry of sales staff, implementation of plans in individual channels or an incentive system related to the results obtained.

The impact of shopper experience on loyalty to the company.

The Polish Language Dictionary defines the concept of experience as “the totality of knowledge and skills acquired by observations and own experiences” (www1). The client’s experience is, therefore, nothing but a collection of feelings and impressions collected by the consumer at the points of contact with the brand, in particular, those related to the interaction with the company entered into the various stages of the purchase process. Positive previous experiences constituted 40% of indications among Polish Internet users as elements encouraging subsequent online purchases. A transparent and functional website (26%) and an easy way to place an order (23%) were also significant. The attractive price of the product (47%) and low delivery costs (42%) are the leading positions in the factors indicated by Polish Internet users as significant for re-purchase in the online store (Gemius 2017). It is worth noting, however, that further factors relate to customer experience and the functionality of the purchasing process itself. Not without significance is the fact that consumer satisfaction is connected with the technical and functional solutions implemented by the company, as well as tools facilitating the implementation of the entire process.

Positive customer experiences, as mentioned earlier, have an impact on the next purchase decision. Also, according to the Forrester Research (2014) report, it also affects the number of future purchases of a given company’s product. Experience as a result of contact with the brand is collected during the customer’s journey in the purchasing process and constitute the sum of both current and previous consumer experiences in the cognitive, emotional, behavioural, sensory and social areas (Gregor, Gotwald, Łaszkiwicz 2017).

Decisions and consumer choices are increasingly affecting the enterprises’ activities in implementing new solutions. They concern more and more convenient solutions that facilitate shopping and migration between preferred channels of access to the company’s offer. Electronic commerce is systematically developing and disseminating. More and more people in both Poland and the world choose this form of shopping and communication with the company. The value of global online sales increased in the years 2000-2016 almost nineteen times, reaching the level of nearly USD 1.9 billion in 2016, which constituted a 7.4% share in total sales. The percentage of online sales in the global value of retail sales forecast for 2020 is expected to reach about 14%, which is USD 4 billion (Gregor, Gotwald, Łaszkiwicz 2017).

On the other hand, modern consumers, especially those who have access to the Internet, are increasingly well-informed, more demanding and impatient. Their position towards suppliers is getting stronger, which means that not only their individual experiences will influence later relations with the company, but they may also affect the relationships of other consumers, thus changing the competitive position of the company. It is due to the massive and unlimited possibility of exchanging opinions between Internet users, especially social media.

Consumer expectations regarding the shopping experience in the omnichannel approach and the potential benefits resulting from the increase in the value of orders and the

greater willingness of consumers to renew them cause those enterprises have to decide on integration in the area of multi-channel activities. The necessity to implement integrated systems that will enable service and monitoring of business in stationary stores, online and mobile applications is just one of the elements that should be implemented. Omnichannel's comprehensive strategy should, in addition to technological solutions, cover many areas relevant to the enterprise. These include areas related to the sales policy, the pricing policy mentioned above, logistics, including the increased number of order sources (Antonowicz 2017), ordering rules and their migration between channels as well as regulations regarding the acceptance of goods and payments returns. The effort that is needed in the organisation to implement the omnichannel strategy, the time necessary to achieve it, as well as the costs associated with it, are indeed a significant undertaking and expense for the company.

The decision to implement the omnichannel strategy should, therefore, take into account the legitimacy resulting from the analysis and understanding of the target group as well as the nature and specificity of the operation of the enterprise itself. Not always the benefits arising from the potential increase in purchases and the expected increase in consumer loyalty will justify the time-consuming and costly expenditure on this investment. On the other hand, it should be remembered that consumers acquire experience in contact with many market players and over time the high level of service offered by other entities and flexibility in accessing the company's offer may be considered by the consumers as a market standard. Therefore, they will expect similar solutions from other market entities, leaving the necessary time needed to implement the strategy. Moreover, although the share of online sales in total retail sales is still at a relatively low level, it is worth remembering that it is characterised by high dynamics.

Conclusions

In the face of increasingly sophisticated ICT solutions and subsequent innovations in this area entering the market that affect the perception and expectations of consumers, enterprises face challenges that may determine their position in the market. One of such decisions is the strategy for sales channels. Most companies now offer a multi-channel approach to the customer. However, few companies have introduced a solution in which not only the number of channels is significant but above all the comparability of the service offered. These include communication in any form through any channel with customers, handling deliveries and returns online orders at a stationary store, the ability to order online at a stationary store, or access to full information on the availability of products at individual points of sale. The omnichannel strategy provides consumers with the expected convenience. Positive experience gathered during the product selection process, its purchase, as well as post-purchase, contribute to increasing customer loyalty. Unfortunately, often the costs associated with the implementation of appropriate tools and the integration of individual channels constitute an effective barrier for enterprises.

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Doświadczenia zakupowe kupujących jako źródło lojalności w podejściu omnikanalowym

Streszczenie

Nowoczesne technologie informatyczno-telekomunikacyjne, w tym w szczególności Internet i technologie mobilne, stworzyły na rynku nową możliwość komunikacji z konsumentami. Obok kanałów komunikacji pojawiły się również rozwiązania umożliwiające ustanowienie nowych kanałów sprzedaży. Konsument korzystający z Internetu w dowolnej formie coraz częściej wybierając produkty kierują się wygodą i maksymalizacją korzyści w procesie zakupu. Oczekują od przedsiębiorstw omnikanalowej obsługi dopasowanej do ich aktualnych preferencji. Doświadczenia konsumentów zgromadzone podczas procesu zakupowego wpływają na podjęcie kolejnej decyzji o zakupie i lojalność konsumenta wobec firmy. Celem artykułu jest przedstawienie roli doświadczeń kupujących w procesie budowania lojalności klientów omnichannel. W artykule omówiono zagadnienia związane ze strategią omnichannel i zasadnością jej wdrożenia w przedsiębiorstwie. Przedstawiono również znaczenie troski przedsiębiorstw o pozytywne doświadczenia konsumentów w procesie zakupowym i wpływ tych działań na lojalność kupujących wobec firmy. Artykuł ma charakter teoretyczno-poznawczy.

Słowa kluczowe: wielokanałowość, doświadczenie klienta, lojalność, strategia, handel elektroniczny.

Kody JEL: L81, M3, O33

Опыт покупателей, связанный с приобретением товаров, в качестве источника лояльности в омниканальном подходе

Резюме

Современные информационно-телекоммуникационные технологии, в том числе, в особенности, интернет и мобильные технологии, создали на рынке новую возможность общения с потребителями. Наряду с каналами коммуникации появились также решения, дающие возможность устанавливать новые каналы продаж. Потребители, пользующиеся интернетом в любой форме, выбирая продукты, все чаще руководствуются удобством и максимизацией выгоды в процессе покупки. Они ожидают от предприятий омниканального обслуживания, приспособленного к их актуальным предпочтениям. Опыт потребителей, накопленный в процессе покупок, влияет на принятие очередного решения о покупке и на их лояльность по отношению к фирме. Цель статьи – представить роль опыта покупателей в процессе формирования лояльности клиентов омниканала. В статье обсудили вопросы, связанные со стратегией омниканальности и обоснованностью ее внедрения на предприятии. Представили также значение заботы предприятий о положительном опыте потребителей в процессе совершения покупок и влияние этих действий на лояльность покупателей к фирме. Статья имеет теоретико-познавательный характер.

Ключевые слова: многоканальность, опыт клиента, лояльность, стратегия, э-коммерция.

Коды JEL: L81, M3, O33

Artykuł zaakceptowany do druku w październiku 2018 roku

Afiliacja:

dr Anna Łaskiewicz

Uniwersytet Łódzki

Wydział Zarządzania

Katedra Marketingu

ul. Matejki 22/26,

90-237 Łódź

e-mail: anna.laskiewicz@uni.lodz.pl