CONSUMER PURCHASE DECISION BEHAVIOUR IN OMNI-CHANNEL RETAILING – AN EMPIRICAL STUDY WITH COMPARISON

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ABSTRACT

This paper aims to investigate the purchase decision behaviour of the Omni-channel retailing on two major metropolitan cities of Tamilnadu (Chennai and Coimbatore) and impact on future purchasing behaviour through the Internet of Things. This study concerned with an empirical in nature with a comparison of two cities, both primary and secondary data have been used for data collection, the questionnaire has been used as the main tool for collecting primary data from 348 respondents in Chennai and 145 respondents in Coimbatore under the convenient sampling method. The result of the study indicate that customer’s pre-purchasing behaviour related to service quality, product quality and convenience play a significant role in Omni-channel shopping in both Chennai & Coimbatore, and also shows that offers and operation quality is the most significant factors among the examined antecedents for Omni-channel shopper in Chennai. Service quality is important for Omni-channel shoppers in Coimbatore where there is a limited service in both Pre and Post purchase. Predict the customer future purchase behaviour, perceived quality and satisfaction played a stronger positive role for Omni-channel shoppers in Coimbatore as compared with Chennai.

Keywords: Omni-channel, Purchase behaviour, Social Networking Sites, Technology, Internet of Things, E-tailing.
INTRODUCTION

At the “Internet of Things” era, every retailer is expected to have an online web store. In the early days, it was predicted that the e-commerce would soon dominate the whole online retail market due to the convenience of making a purchase within some clicks at Anywhere, Anytime and Anything. Omni-channel retailing is a fully-integrated approach to commerce that provides shoppers with a unified seamless shopping experience across online channels (e.g. Touch-points). The recent Omni-channel shopping extends to Smartphone, e-commerce marketplaces, e-store, Social Networking Sites, retargeting, and everything from brick-and-mortar locations. Omni-channel e-tail is a business model in which all existing channels become completely integrated to offer customers a seamless shopping experience, so the E-tailers have to take a strategic approach not only to understand the roles that stores and store networks can play best in today’s retail ecosystem but also to keep stores at the centre of the customer relationship, while maximizing value across channels. The retailers need to ensure that their business models and technology platforms are able to drive a consistent and constantly improving customer experience across multiple channels (i.e. Internet, mobile, retail outlets), while generating maximum business value from the wealth of data on purchasing behaviour that these channel create. The stores need to be more flexible in terms of product ranges and pricing so as to cope with the changing customer needs.

Technology is increasing at an astronomical pace; the advent of new technologies has given birth to Omni-channel customer experiences. Recent Omni-channel solutions are able to better manage the daily data deluge, understand customers from every angle and surpass their growing expectations by enhanced services. The e-tailers have flooded the market with attractive discounts and huge promotions, making people shift their buying preferences online in recent years. Several big online retail brands are diversifying their business and adopting Omni-channel strategies for the benefit of the customer. The e-store draw still plays an important role for many merchants. The reason is that customers are keen to touch, feel and experience the product or service before they buy, especially in cases such as apparel, furniture, shoes and jewellery. Providing Omni-channel customer experience has become a critical factor to differentiate brands. Effective Omni-channel strategies are those that can accurately and effectively integrate in-store, online and mobile sales channels to deliver a hassle-free buying experience. Apart from revenue growth and ROI, factors such as increased customer satisfaction, net promoter scores, customer loyalty, and brand perception are also regarded as key factors to attract new prospect and maintain a large customer base. Technology investment and setting the right processes are very important to give complete Omni-channel customer experience. Omni-channel solutions, technology investments are significantly needed to provide product and inventory visibility, personalize customer experience, and to enable online stores and local fulfilment centres with pick & carry and pack & ship capabilities.

PURPOSE OF THE STUDY

Omni-channel e-tailing provides a seamless shopping experience to customers across all the interactive channels. The Omni-channel strategies can help to customer enabling a view of the 360-degree shopping experience and also fulfil the customer expectation. Social media marketing helps people visiting brand on social networking sites that offer
personalized promotions. This study shows that brand loyalty is one of the most important factors in purchase decision behaviour on Omni-channel e-tailing. The existing retail model such as Single channel, Multi-channel, Cross channel retailing has performed in both online and offline. The Omni-channel e-tailing paradigm is only concerned with online, because of new technologies penetration. This study discusses Omni-channel as applied for enhancing customer purchase decision behaviour through Offer and operation quality, convenience, product quality and service quality.

STATEMENT OF PROBLEM

The penetration of internet and Smartphone has revolutionized the whole retail sector, enabling the consumers to research and shop at their convenience, Anytime, Anywhere and Anything. As customers embrace new technologies the shopping experience has become increasingly sophisticated, enabling new ways for leading e-tailers to reach their audience. Omni-channel e-tailing is one of the major aspects of the vibrant and dynamic e-commerce that has grown leaps and bounds in India. From the outlook, the customers’ attitude and satisfaction appear to be positive for Omni-channel e-tailing, but studies on the technology and the customer behaviour try to better the pertinent technology and customer overall experience. This would lead to a positive network of systems, helping each other. Hence a clear understanding of consumers’ shopping and buying decision is important for Omni-channel e-tailers. There is a number of studies on Omni-channel retailing in countries like USA, UK, Europe, Korea, Malaysia and Singapore. Nevertheless, there is a big gap between the Omni-channel shopping technology and customers’ attitude and satisfaction. This gap needs to be filled by studying them from the customers’ perspective to make things better in future. Therefore, the present research study aims to analyze the purchase decision behaviour of customers for the products purchased over the Omni-channel e-tailing.

The conventional methods of marketing and selling have now been replaced by the advent of modern technologies like mobile apps, e-store, e-catalog, etc. Today if a consumer wants to purchase any item placed anywhere in the globe they need not go or ask them for a sample. The consumer can trace out the needy products and could visualize in the online channels. Omni-channel eases the consumer to shop anywhere in the world by logging on to their personal electronic devices (Smartphone, Tablets and personal computers) with comfort even from their home. Omni-channel has some special characteristics compared with the other medium. Provision of information and others related to a product through all online channels is abundant when compared with the function performed by the single channel and multiple channels retailing. In this socio-economic scenario, as people are wary of work, they could spare time with their family, maintain physical and mental health, maintenance of elders in their family and others similarly in shopping too; Hence this study makes an attempt to augment Omni-channel e-tailing at this backdrop for satisfying the Omni-channel consumers.

REVIEW OF LITERATURE

(Huang & Lee et al, 2015) have examined how sensory, cognitive, affective experiences affect relational brand experience in regard to different channels (i.e. online vs store), how relational brand experience influences brand awareness and brand loyalty. By employing self-
administered questionnaires, the data on 393 respondents were collected from students enrolled at a major south-western university in the USA. The moderation regression analysis was conducted to test the hypotheses and propositions. The study supported most of the hypotheses and propositions regarding the impacts of brand experiences on brand resonance in multi-channel retailing. The moderating effects of channel type are founded in relationships between sensory experience, affective experience and relational experience. *(Fornari & Grandi et al, 2016)* intends to determine what extent the opening of physical stores by a former web only retailer reduces or extends overall retail sales and whether such effects tend to change over time. Empirical analysis focused on the data elaboration from a retailer who has passed from the initial mono-channel model (pure online), to a multi-channel one with the opening of stores. Through the analysis of an internal data set of a leading consumer electronics retailer applying Probit and Logit estimation techniques. The study concluded that, for the single customer, the probability of purchasing online is reduced by the store opening in the short term, but tends to increase in the long term. Besides, results indicated that long-term synergy between the two channels depends mainly on indirect influence due to the mere presence of the store brand in the area rather than on the direct experience of shopping in the store. Online brand equity, brand experience, brand attitude and brand attachment while considering the moderating effect of store type (online stores vs app stores) and product type. A total of 459 completed online questionnaires were collected from experienced online (n=254) and app shoppers (n=205) to empirically test the proposed model. Partial least squares path modelling approach, a variance-based structural equation modelling, was performed to evaluate the measurement and the structural model. The empirical investigation validated the proposed model and implies that online brand equity, brand experience and brand attitude explain 66 percent of variances in brand attachment. Partial least square-multi group analysis reveals that the type of store and product type are moderators to all the proposed relationships except the hypothesis on the relationship between online brand equity and brand attachment *(Rezaei & Valaei 2017)*.

**METHODOLOGY**

The study is predominantly empirical in nature as it explores the relationships among several variables. The study is both descriptive and analytical in nature, and both primary and secondary data have been used. Convenient sampling method has been used to select sample respondents from various IT companies in Chennai and Coimbatore. Samples of 348 respondents in Chennai and 145 respondents in Coimbatore are covered for the study. The sample respondents are professionals who use Omni-channel shopping in Chennai. In order to fulfill the objectives of the study, the primary data are collected from Omni-channel shoppers from IT Professionals in Chennai and Coimbatore by using a well-structured questionnaire.
This study identified the perceived value of consumer satisfaction with the pre-purchase decision behaviour (Offers & Operation quality, Convenience, Product quality, Service quality) in an Omni-channel shopping by controlling the influence of other possible factors. The study examines that social, economic, cultural and demographic factors affect the consumer purchase decision behaviour on Omni-channel retailing. It considers two metropolitan cities of Tamilnadu, Chennai and Coimbatore, and also included the control factor for the demographic variable that may influence the Omni-channel shopping experience.

The variables used in this study were multi-item reflective measures. The questionnaire was pilot tested using 33 sample respondents in Coimbatore and 40 Sample respondents in Chennai. To identify the reflective validity measurement, the researcher has analyzed the internal consistency and convergent validity. The correlation coefficient among the measurement validity construct is presented in Table I. Internal consistency and convergent validity of all the reflective measures were identified and the instrument found that has a good internal consistency and Cronbach’s alpha for all the constructs exceed 0.7 and the average variance extracted (AVE) were exceeded the recommended minimum of 0.5, which indicated that acceptable convergent validity and discriminant validity.

Table I: Factor analysis results: Chennai and Coimbatore.

<table>
<thead>
<tr>
<th>Region</th>
<th>OP</th>
<th>CO</th>
<th>PQ</th>
<th>SQ</th>
<th>PQS</th>
<th>PDB</th>
<th>GEN</th>
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<tr>
<td>CO</td>
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<td>0.65</td>
<td>0.61</td>
<td>0.57</td>
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The standardized factor loadings of each reflective item on its latent variables and level of significance are presented in Table II, for Coimbatore, all loadings were satisfactory exceeding the recommended level of 0.7 for Chennai, all the loadings are satisfactory with the exception to a few items of the loadings on offer and operation quality. The indicators (OP4, OP7) had acceptable (0.69 and 0.64 respectively) loadings and their t-values were significant. All path coefficients were highly significant and the expected direction as hypothesized, with the exception of service quality (H4). In the control variables, none were found that have a significant association with perceived value in Chennai, while all except gender, age, income and qualification of Omni-channel shopping are related to perceived value in Coimbatore. It means that age and income is higher of the people in Coimbatore, the lower the perceived value and customer satisfaction. As expected, qualification is also strongly related to the highest perceived value and customer satisfaction (0.25, \( p<0.01 \)). Gender has no significant relationship with the perceived value of customer satisfaction in Chennai and Coimbatore.

<table>
<thead>
<tr>
<th>Construct</th>
<th>Loadings</th>
<th>Chennai</th>
<th>Coimbatore</th>
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<td>.75</td>
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<td>40.99*</td>
<td>.73</td>
<td>0.04</td>
<td>17.04*</td>
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<td>OP3</td>
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<td>0.02</td>
<td>35.71*</td>
<td>.75</td>
<td>0.03</td>
<td>24.02*</td>
<td></td>
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<tr>
<td>OP4</td>
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<td>0.04</td>
<td>19.04*</td>
<td>.78</td>
<td>0.02</td>
<td>37.35*</td>
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<td>OP5</td>
<td>.71</td>
<td>0.03</td>
<td>21.61*</td>
<td>.80</td>
<td>0.02</td>
<td>40.06*</td>
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<tr>
<td>OP6</td>
<td>.72</td>
<td>0.04</td>
<td>20.30*</td>
<td>.76</td>
<td>0.03</td>
<td>25.76*</td>
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</table>
The result shows that the model has accounted for 0.38 of the variance in the perceived value of customer satisfaction and 0.32 of the variance in Customer purchase decision behaviour for Omni-channel shopper in Chennai and 0.50 of the variance in the perceived quality and 0.59 of the variance in Purchase decision behaviour for Omni-channel shoppers in Coimbatore. All paths are statistically significant are in the expected direction at the level of 0.05. Therefore, the research model has a very good fit and statistical support, Purchase decision behaviour can be considered to have good predictive power.

The result of analysis suggests that perceived value of customer satisfaction of Omni-channel shoppers can be partially predicted by purchase decision behaviour activities such as Offers and operation quality (H2: $\beta=0.16$ for Chennai and $\beta=0.14$ for Coimbatore, $p<0.05$) and Convenience (H3: $\beta=0.12$ for Chennai $p<0.05$; $\beta=0.22$ for Coimbatore $p<0.01$). Offers and Operation quality can be partially predicted in Chennai (H1: $\beta=0.32$, $p<0.01$) but not in Coimbatore (H1: $\beta=0.09$, $p>0.05$) and partially predicted by service quality in Coimbatore (H4: $\beta=0.32$, $p<0.01$) but not in Chennai (H4: $\beta=0.10$, $p>0.05$). The direct path between perceived quality and purchase decision of customer is strong and significant for Omni-channel shopper from both Chennai (H5: $\beta=0.56$, $p<0.01$) and Coimbatore (H5: $\beta=0.77$, $p<0.01$ in figure 2). In controlled demographical variable, both age ($\beta=0.11$, $p<0.01$) and income ($\beta=0.12$, $p<0.01$) are found that negatively impact perceived quality of Coimbatore and not that of Chennai. It indicates that the income and age of the people are higher in Coimbatore, the lower the perceived quality and satisfaction. A higher frequency of purchase decision is also strongly related to higher perceived quality of satisfaction as expected ($\beta=0.25$, $p<0.01$) either in Chennai and Coimbatore. Gender does not have a significant relationship with the perceived quality and satisfaction for Omni-channel shoppers.
LIMITATION

The first limitation is associated with the survey of a convenience sample, despite the fact that the authors tried to maximize the diversity and obtain respondents from a different area in Chennai and Coimbatore. The second limitation is related to region comparison of Chennai with Coimbatore. Chennai is much bigger than Coimbatore in terms of geographical dispersion and online activities. The last limitation is related to the scope of analysis in this study. As controlled variables, the authors only analyzed a few demographic and social factors.

CONCLUSION

In sum, the study examined the influencing factors of Omni-channel e-tailing and its effects on future purchase intention in Coimbatore and Chennai. The findings of this study suggest that customer’s influencing factors related to Convenience and product quality play a significant role in Omni-channel shopping for people belongs to both Coimbatore and Chennai Omni-channel shoppers. The results of the study show that offers & Operation quality is the most significant factors among the examined antecedents for Omni-channel shoppers in Chennai. Service quality is important for shoppers in Coimbatore whereas there is a limited service in Chennai. In predicting customer future purchase intention, influencing factors played a stronger positive role for Omni-channel shopper in Coimbatore as compared to their counterparts in Chennai. Such differences in determinants of influencing factors may be due to the Omni-channel context in different parts of the world.

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