

How Customer Experience Influences Repeat Purchase Intention and Word-of-Mouth in Omni-channel Retail

-- An Empirical Study from China

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Abstract

The COVID-19 pandemic has accelerated the convergence of online and offline, and Omni-channel retail has become the focus of academic and business. However, there are still no good explanations and answers to questions about the impact of services provided by Omni-channel retail on consumer behavioural intentions. This paper classifies the customer experience in Omni-channel retail into two dimensions: cognitive experience and emotional experience. we collect Omni-channel consumer data and investigate the impact of both the arousal experience and consumer empowerment dimensions on consumer behavioral intention. The empirical results show that both arousal experience and consumer empowerment have a positive impact on repeat purchase intention and Word-of-Mouth. The research findings not only advance the theory of omnichannel retail, but also provide guidance for corporate Omni-channel retail practice.

Keywords

Omnichannel Retail; Arousal; Consumer Empowerment; Repeat Purchase Intention; Word-of-Mouth.

1. Introduction

At the start of 2020, the sudden onset of COVID-19 pandemic has had a serious impact on businesses. In addition to a surge in demand for medicines, masks and alcohol, most other businesses such as restaurants, hotels, transport and tourism, leisure and entertainment have been hit hard, with people spending less time away from home and quarantining their homes as a direct result of the slowdown. Businesses' product sales have declined precipitously, and they are under enormous financial pressure, operating beyond their means and the market is sluggish. Under the epidemic, almost all offline traditional enterprises are in transition, many traditional retail enterprises to speed up the online layout, digital transformation, online development of commercial channels, improve supply chain management capabilities, and larger platform scale. After the epidemic, the online and offline sectors are gradually integrating and developing from the competitive situation in the past, with the offline sector providing energy for the online sector and the online sector providing customer development channels, and the deep integration of the online and offline sectors will become the mainstream in the future.

Since the 1990s, the spread of personal computers and the development of the Internet have given rise to e-commerce businesses. Since then, an increasing number of traditional retailers have expanded online by setting up websites, online advertising and e-tailing to conduct Multi-channel business online and offline. With the emergence of new technologies such as mobile

internet, social media and artificial intelligence, consumers are beginning to interact with products or brands through touch points beyond the retail channel.

In 2011, Rigby, head of the retail practice at Bain Capital, a leading global strategy consultancy, published "The Future of Shopping" in the Harvard Business Review, in which he referred to Omni-channel retailing for the first time, arguing that as the economy evolves and technology advances, retailers are becoming more and more sophisticated. To be able to interact with customers through more and more channels, customers can make comprehensive use of multiple channels to complete the entire shopping process, such as in online shops for product information comparison, trial in shops, in mobile orders to buy, etc., thus showing that the era of Omni-channel retailing has arrived. "Omni-channel retailing" is actually a new retail model in which enterprises use the Internet, big data, Internet of Things, intelligent services, etc., and take physical shops, e-commerce, mobile Internet as the core, and realize the integration and interoperability of commodities, members, transactions and marketing through the integration of online and offline.

If omnichannel retailing is the academic name for it, then new retailing is the most direct manifestation of omnichannel retailing in business practice. In business practice, the implementation of omnichannel retailing and new retailing is also gradually unfolding. A shopping experience that seamlessly connects online and offline. Major retailers such as Walmart, Amazon and Alibaba have long been deploying online and offline channels in an attempt to open up the boundaries between channels and provide consumers with a quality shopping experience.

In the critical period of enterprise innovation and transformation under the "new retail" environment, the innovation and transformation of retail Omni-channel has become the focus of attention in both academic and business circles. At present, some traditional retail enterprises are actively experimenting with and practicing Omni-channel retailing, but there are still no good explanations and answers to questions such as the impact of the services provided by omnichannel retailing on consumer behavioral intention. Specifically, what is the customer experience in omnichannel retailing? What is the attitude to customer feedback on Omni-channel retail services? Do omnichannel retail services lead to repeat purchases? These questions all need to be answered, but most of the current research on Omni-channel retailing focuses on theoretical discussions, and some empirical studies also exist with a single research dimension, so this paper starts from the perspective of omnichannel retailing, and investigates the influence of customer experience under the Omni-channel retailing scenario on customers' willingness to repeat purchases and Word-of-Mouth, which has some reference significance for traditional retail industry to adopt an Omni-channel model.

2. Theoretical Background

2.1. Customer Experience

Carbone defines customer experience as the total perception that a customer has when he or she touches, uses and finally discards a product [1]. LaSalle points out that customer experience exists in the form of different connections between customers and companies, such as the promotion of a company's products, communication between customers and companies, feedback from consumers, public statements by companies, etc. These connections form the basis of consumers' perceptions of a company's brand, and that these perceptions include both positive and negative aspects[2]. Nobeit's exploration of consumer-company interactions takes this interaction one step closer and introduces the concept of customer experience, which is a combination of communication, cognition and emotion between customers and companies. On the basis of Carbone, LaSalle and Nobeit's research on customer experience, and in the context

of the practical research in this paper, customer experience is divided into two levels, i.e. customer cognitive experience and customer emotional experience.

A large body of psychological literature suggests that we can better understand human behavior by considering affective processes [3]. Although recent information systems research has examined several affective variables, including perceived pleasure and delight, many of these variables still focus on the pleasurable aspects of using online communities, and they do not capture the changing nature of customer responses. Therefore, we used arousal to measure affective experiences. Although there is no consensus on the affective dimension, arousal is considered to be a stable dimension [4]. According to the optimal stimulus level theory, people sometimes behave simply to achieve a satisfactory level of stimulation.

In order to measure the customer's perceived experience in Omni-channel retailing, we focus on a unique concept-consumer empowerment. The concept of empowerment has been studied across a variety of disciplines, including political science, management, information systems and consumer research [5]. Its definition is discipline-specific and changes with context and time, which makes it difficult to define [6]. It has been studied in the context of technological change, where customers perceive themselves as highly empowered and experience changes in self-determination and self-efficacy [7]. In an Omni-channel retail scenario, consumer empowerment is defined as the degree of control consumers have over their shopping process. Retailers typically offer consumers more choices and services and allow them to shop according to their preferences. Consumer empowerment relies heavily on the ability of consumers to control their shopping process, i.e. the more freedom they have to shop, the more empowered they perceive themselves to be. This empowering experience may provide them with a sense of control and motivate them to further engage in shopping.

2.2. Repeat Purchase Intention

Customer purchase intention is a measure of the likelihood that a customer will purchase a product or service, and Schiffman and Kanuk suggest that as the intensity of willingness to purchase increases, the more likely the consumer is to make a repeat purchase [8]. It is a tendency to anticipate that the next time a similar product or service is needed, a decision will be made to continue to buy that brand of product or service [9]. Willingness to repeat a purchase is a psychological consumer activity, an attitude or reflection of a consumer's attitude towards a product or service that may be pleasurable after a purchase. Consumers voluntarily recommend the branded product or service to others and decide to keep buying it when they have had a pleasant shopping experience.

2.3. Word-of-Mouth

Word-of-Mouth (WOM) recommendations are a positive follow-up to a high level of customer satisfaction with a product or service, with the aim of helping others, gaining recognition, etc. [10]. Villanueva et al. state that customer acquisition through Word-of-Mouth marketing not only saves money on marketing investment, but positive Word-of-Mouth is also effective in promoting consumer purchasing behaviour, increasing long-term customer value by nearly twice as much as traditional marketing [11]. The influence of Word-of-Mouth recommendations on consumer reactions has also been studied in the context of the 4Ps and the Word-of-Mouth marketing process, and the need for Word-of-Mouth as the fifth P and the role of Word-of-Mouth in amplifying the effects of marketing activities have been emphasised [12].

3. Hypotheses Development

3.1. The Impact of the Arousal Experience on Repeat Purchase Intention and Word-of-Mouth

Arousal is the degree to which a person feels excited, stimulated, alert or active in a situation [13]. Arousal can both influence a customer's online purchase and encourage more exploratory behaviour. For example, arousal can influence a customer's activities other than making a purchase. Recent literature has shown that arousal can facilitate customer purchase in mobile shopping situations and customer fit in digital contexts. By the same token, customers in Omni-channel contexts will be willing to put more effort and time into engaging in customer engagement behaviour after experiencing arousal.

Previous research has shown that arousal can both influence customers' online purchases and encourage more exploratory behaviour, Mukherjee has shown that social media marketing can stimulate arousal and have an impact on repeat purchase intentions, Teeny has empirically shown that arousal affects Word-of-Mouth and Herhausen has shown that different levels of arousal can have different effects on Word-of-Mouth. Based on the above discussion, the following hypotheses are proposed.

H1a: The arousal experience has a positive effect on repeat purchase intention.

H1b: The arousal experience has a positive effect on Word-of-Mouth.

3.2. The Impact of Consumer Empowerment on Repeat Purchase Intention and Word-of-Mouth

Wang have argued that perceived empowerment increases an individual's willingness to engage in Word-of-Mouth and Guo have shown that perceived empowerment affects consumer purchases, loyalty, Word-of-Mouth, protests, boycotts etc. According to the 'convergence avoidance theory' of power, because those with more power have more resources, more freedom and the ability to act arbitrarily, they are more willing to act according to their hearts and minds, thus a sense of power increases an individual's willingness to repeat purchases and reputation. Based on the above discussion, we propose the following hypotheses.

H2a: Consumer empowerment has a positive effect on repeat purchase intention.

H2b: Consumer empowerment has a positive effect on Word-of-Mouth.

4. Methodology

4.1. Measurement Scales

All measurement items in this study were taken from existing literature and adapted to the research context. The arousal items were taken from Mehrabian and Russell's study [14]; the consumer empowerment items were taken from Fuller's study [5]; the willingness to repeat a purchase items were taken from Chiu et al[15]. The Word-of-Mouth scale refers to Hong& Yang[16]. The above variables were measured with the 7-level Likert scale, 1 indicates strongly disagreement, 7 indicates strongly agree.

4.2. Data Collection

The data for this study was collected via an online questionnaire. First, we started the questionnaire with screening questions asking whether consumers had shopping experience with the same brand across all channels (offline, online, mobile), and those who had no such experience would end the questionnaire. Consumers with Omni-channel shopping experience were then invited to select a brand and answer the next questions based on their Omni-channel shopping experience with that brand. In order to improve the authenticity and representativeness of the sample, we screened the returned questionnaires according to the

length of the respondents' answers, the completeness of the data and whether they conformed to conventional logic, and eliminated some invalid questionnaires with short answer times and too many repeated answers.

4.3. Descriptive Statistical Analysis

In order to check the overall distribution of the sample, our study carried out a descriptive statistical analysis of the sample in terms of gender, age, occupation and education. The results of the analysis showed that the sample was overall normally distributed. In terms of gender, 42.1% were male and 57.9% were female, indicating that women may prefer Omni-channel shopping and have more patience to take the time to fill in online questionnaires. The statistical results of the sample are shown in Table 1.

Table 1: Demographic information

		Frequency	Percent
Gender	male	69	42.1
	female	95	57.9
Age	20 years old and below	4	2.4
	21-30 years old	150	91.5
	31-40 years old	6	3.7
	41 years old and above	4	2.4
Occupation	Staff of state organs or institutions	16	9.8
	Employees of private companies	31	18.9
	Student	86	52.4
	Other	31	18.9
Education	High school and below	11	6.7
	Junior college	11	6.7
	Undergraduate	76	46.4
	Master degree and above	66	40.2

4.4. Reliability and Validity Tests

Confidence and validity tests were carried out using SPSS 25.0. Cronbach's alpha and CITC (corrected item-total correlation) were used for the reliability test. The test results showed that the CITC values were both greater than 0.5 and the Cronbach's alpha values were both greater than 0.7. Therefore, the scale reliability was acceptable.

The validity tests mainly examine content validity, convergent validity and discriminant validity. The scales in this paper have been empirically tested in previous studies and have good content validity. The convergent validity test is used to measure whether the latent variable can be measured by different observers simultaneously and is generally reflected by the average extracted variance (AVE) of the latent variable. The AVE values for all variables in this study were greater than 0.5 (Table 2), indicating good convergent validity of the scale. Discriminant validity tests whether there is a significant difference between the different variables, which is generally measured by comparing the AVE root value with the Pearson correlation coefficient between the variables, and the square root of the AVE value for all variables in this paper is greater than the Pearson correlation coefficient between the variables (Table 2), indicating that the scale has good discriminant validity.

Table 2: Reliability and validity of the scale and correlation analysis of variables

Construct	Reliability	Convergent validity	Discriminant validity			
	Cronbach's α	AVE	Empowerment	Arousal	RI	WOM
Empowerment	0.843	0.618	0.786			
Arousal	0.85	0.696	0.770	0.834		
RI	0.883	0.811	0.741	0.722	0.900	
WOM	0.918	0.803	0.716	0.663	0.882	0.896

Notes: Numbers in bold on the diagonal indicate the square root of the AVE. Pearson correlation in the lower triangle are significant at the 0.01 level (two-tailed).

4.5. Regression Analysis and Hypotheses Testing

The use of Pearson's correlation analysis provides an initial test of the model's hypotheses, but does not fully account for the relationship between arousal, consumer empowerment and willingness to make repeat purchases, and word of mouth, so a linear regression analysis between the variables can be used to further validate the hypotheses. In addition, in order to avoid a co-linear relationship between the variables, VIF was used as a reference. The results of the regression are shown in Table 3, which shows that all variables passed the significance test, indicating that all hypotheses are valid, i.e. that arousal and consumer empowerment have a significant positive effect on both willingness to make repeat purchases and word of mouth. In addition, the VIF values are all less than 2, indicating that there is no collinearity problem.

Table 3: Regression and significance analysis

Model		Unstandardized Coefficients		t	Sig.	Collinearity Statistics	R ²
		B	Std.Error			VIF	
RI	(Constant)	0.866	0.257	3.370	0.001		0.606
	Empowerment	0.469	0.080	5.870	0.000	2.456	
	Arousal	0.374	0.078	4.801	0.000	2.456	
WOM	(Constant)	0.810	0.296	2.736	0.007		0.544
	Empowerment	0.559	0.092	6.068	0.000	2.456	
	Arousal	0.293	0.090	3.268	0.001	2.456	

5. General Discussion

5.1. Academic Implications

Firstly, few studies have validated the two outcome variables of willingness to repeat purchase and word of mouth in an omnichannel context. This paper adds to the literature on antecedent correlations by examining the formation of two customer fits, repeat purchase intent and word of mouth, in an omnichannel context. With the increased use of mobile technology and social media, the Omni-channel retail model continues to change the way retailers communicate, transact and interact with customers. Our study contributes to the existing literature by identifying nuanced findings in Omni-channel contexts, i.e. which levels of customer fit are most likely to occur or at what level of customer engagement retailers can benefit from Omni-channel retailing.

Second, by distinguishing between two different types of customer experience —arousal and empowerment —this paper sheds light on the impact of customer experience on repeat purchase intentions and Word-of-Mouth in omnichannel retailing. Specifically, our results show that the effects of customer experience in Omni-channel retailing on repeat purchase

intentions and Word-of-Mouth are distinguished by the different effects of arousal and consumer empowerment, thus identifying the most influential mechanisms of action on customer fit.

5.2. Managerial Implications

The findings of this paper highlight the role of customer experience in Omni-channel retailing. Specifically, arousal and consumer empowerment experiences can increase both repeat purchase intent and Word-of-Mouth recommendations. This means that retailers can promote customer fit levels in omnichannel contexts by encouraging active user engagement, rather than simply simplifying cross-channel messages and processes. Omni-channel retailers need to carefully assess customer receptivity to incentivised referrals. While incentivised customer recommendations are an important value indicator of customer fit, the implementation process should be differentiated from value creation such as purchase and service feedback. Retailers should adopt different strategies to deal with different levels of customer fit.

5.3. Policy Recommendations

5.3.1. Building a Digital Multi-channel Management System and Assessment Mechanism

In an Omni-channel retail environment, companies need to digitally transform existing online and offline resources to improve channel operational efficiency. Firstly, they need to establish an accurate channel distribution map with the help of big data technology, and make targeted channel hierarchy management plans to give full play to the synergy between online and offline. The second is to use internet technology to establish a unified information processing system for inventory, logistics and delivery, integrate production and price information from suppliers, optimise online and offline resource allocation, continuously track customer orders and demand information, and improve the business process of procurement, distribution and sales. Through the digital transformation of business processes, we will automate the collection of information and problems, and use data mining software to analyse big data information quickly and efficiently. Thirdly, we will open up the links between suppliers, retailers and customers, establish systematic channel evaluation standards and systems, and improve the incentive effect of channel integration.

5.3.2. Online and Offline Integration Centred on Improving the Experience of Different Customer Groups

In the process of business model innovation of online and offline integration, physical retail should focus on customer needs, coordinate and integrate online and offline customer resources, commodities and service functions, flexibly apply various channel marketing strategies to meet the consumption needs of different target groups, and complete "Multi-channel integration - customer value creation". -The "Business Model Innovation" path. When developing a channel marketing strategy, the principles of consistency, effectiveness and flexibility of the channel strategy need to be adhered to in order to increase the satisfaction of different customer groups. Active collaboration with third-party payment companies, social media platforms and e-commerce companies to organise promotional activities, uncover the reasons why customers contact products and analyse their purchasing needs and motivations. Through the integration of online and offline, we will promote in-depth interaction between physical retail and customers, develop efficient Omni-channel customer communication strategies, guide customers in the manner of their preferences across all channels, and provide timely and accurate one-to-one experience services to customers.

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