What implications does an omnichannel strategy have on customer loyalty for fashion retailers in Sweden?

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Abstract

This paper is about the omnichannel marketing strategy, defined by Levy, M., Weitz, B., and Grewal, D. (2013) as, “a coordinated multichannel offering that provides a seamless experience when using all of the retailer’s shopping channels”. This is an evolution of the multichannel marketing strategy and a topic that remains underexplored in the academic world. The aim of the omnichannel strategy is to expand the available touch points and combine the advantages of the interactive aspect of a physical store with the information-rich experience aspect of online shopping (Frazer & Stiehler, 2014). This paper is focused on the fashion retail industry in Sweden, an industry worth 206 billion Swedish SEK turnover in 2011 (Volante Research, 2015), which has seen a steady growth in the use of online shopping services.

The purpose of this paper is to explore what implications an omnichannel strategy may have on customer loyalty in the fashion industry in Sweden. The method used to assess the potential implications involved five focus group sessions with a total of twenty-five millennial participants. The primary and secondary information gathered was broken down and analysed using a conceptual model, inspired by existing theories, developed specifically for this paper. This analysis lead to the conclusion that, although the omnichannel strategy can provide benefits for customers and ease the shopping experience, customers do not see the strategy as being a make or break factor in their satisfaction and loyalty development.
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1 Introduction

This chapter will introduce the reader to the topic of this research. Firstly, the background of omnichannel, customer loyalty definitions; followed by a problem discussion of the impacts this marketing strategy has on customer loyalty. Finally, the purpose of the study is presented.

1.1 Background

The retail industry is in a state of transition, the “omnichannel” retailing phenomenon, which is built on the well-established multichannel retail infrastructure, is continuously increasing (Lazaris & Vrechopoulos, 2014). The distinction between physical and online will vanish as the evolution within the retailing industry leads towards a seamless omnichannel retailing experience, turning the retail world into a showroom without walls (Brynjolfsson, Hu & Rahman, 2013). As Peter Drucker noted, “The greatest danger in times of turbulence is not the turbulence itself, but to act with yesterday’s logic” (Leeuwen, 2017). As such, retailers are beginning to adapt to this new marketing method.

The omnichannel evolution, defined by Levy, M., Weitz, B., and Grewal, D. (2013) as, “a coordinated multichannel offering that provides a seamless experience when using all of the retailer’s shopping channels”. Thus, the prevalent notions of omnichannel are integrated creating a seamless experience across all channels (Lazaris & Vrechopoulos, 2014). This definition will be used to describe omnichannel throughout this paper. This new marketing strategy is increasing in popularity in business, however, remains scarcely researched in academia.

The omnichannel marketing strategy may be of vital importance to the clothing and apparel industry, as it expands the available touch points and combines the advantages of the interactive aspect of a physical store with the information-rich experience aspect of online shopping (Frazer & Stiehler, 2014). Nowadays, people have more complicated needs due to the increased technological advancements, creating a new lifestyle. This paper is focused on
the Swedish clothing and apparel industry, as it is a healthy industry, with continuous growth over the last several years (Volante Research, 2015).

The trend in marketing toward building relationships with customers continues to grow, and marketers have become increasingly interested in retaining customers over the long run, making them loyal (Lemon, White & Winer, 2002). Getting new customers is expensive, as it involves different stages of advertising; costs of promotion and sales; as well as start-up operating expenses (Wilson, Zeithaml, Bitner & Gremler, n.d.). Developing a loyal customer base is, therefore, a significant strategic move for retail companies. “Customer loyalty includes measures that a company takes in order to influence the present and future customer behaviour intentions in a company or its activities in a positive way, to stabilise and develop our relationship with it” (Stanica & Turkes, 2018). Despite this trend occurring, there is little research into the implications and effects omnichannel may have on customer loyalty, this gap in the research seeded the aspiration to explore this topic.

1.2 Problem Discussion

As was stated by Lazaris and Vrechopoulos (2014): “The omnichannel retailing phenomenon, builds on the well-established multichannel retail infrastructure.” Multichannel retailing is defined as a marketing strategy serving customers using more than one selling channels, such as the Internet, television and retail outlets (Stone, Hobbs & Kahleeli, 2002). Omnichannel is the evolution of this strategy and refers to an integrated shopper experience that merges the physical store with the digital environment, to provide the consumer with a seamless experience across all touchpoints (Frazer & Stiehler, 2014). Additionally, Parker and Hand (2009) and Ortis and Casoli (2009) suggested: "omnichannel shopper is an evolution of the multichannel consumer who instead of using channels in parallel, uses them all simultaneously". It is therefore no longer a question for sellers whether to operate an omnichannel strategy or not, but how to implement it most effectively to suit the respective customer base (Bell, Gallino & Moreno, 2014).

The omnichannel research that exists focuses on what omnichannel is, how it differentiates from other marketing strategies, and how to succeed with it (Bell et al., 2014; Frazer & Stiehler, 2014; Brynjolfsson et al., 2013). This research starts with understanding the logic behind millennials customer preferences when it comes to choosing retail channels. What are
the main strengths and weaknesses of online and offline stores, and how can omnichannel
fulfil the gaps which exist in multi/cross-channel shopping by solving shopping problems for
customers. Based on these findings, the aim of this thesis is to further explore the implications
of an omnichannel strategy on customer loyalty. Shankar, Inman, Mantrala, Kelley and
Rizley, (2011) suggested that a seamless shopping experience leads to satisfaction and
customer retention, which can be achieved by providing, “the same information in the same
style and tone across the channels”. This sentiment is supported by Görsch (2000), who noted
that having multiple points of contact with customers increases the scope for differentiation
and may lead to higher customer retention rates. However, in both of these cases, this was a
secondary conclusion to the primary hypothesis.

Within the research realm of customer loyalty, the academic world is only now beginning to
open its eyes to what effects omnichannel may have on this field of study. The literature
review conducted of the existing research for this paper indicates that a majority of the newer
research has been focused on e-commerce and multichannel companies, thus indicating a gap
in the research of the omnichannel strategy. To explore this existing gap, this research is seen
from the company perspective, focusing on consumers behaviour and habits when presented
with an omnichannel strategy. The research is seen from the company's perspective as this
creates the most logical route to research gathering and exploration of this new phenomenon.

The most relevant target group for this new strategy are the millennial (or generation Y)
consumers, those born 1977 and 1995. Businesses can no longer afford to ignore millennials,
“their collective buying power alone—an estimated $200 billion annually—is already
noteworthy and will only increase as they mature into their peak earning and spending
years” (Fromm & Garton, 2013). Millennials that have grown up with technology are also
likely to be the first to adopt and utilise the seamlessness of an omnichannel strategy. This
makes them the likely first adopters and as such, first respondents that a company will serve.
Thus, making them the ideal target group for this research.

This research focuses on the fashion and apparel industry in the Swedish market where there
are several large fashion brands and a modernised commerce infrastructure. Thus, Sweden
was deemed an ideal location to focus this research. The fashion industry became the focus of
this study for as it excels at retailing in the Swedish market, where the industry had a 206
billion Swedish SEK turnover in 2011 and has continued to grow, straight through 2014,
seeing an 11.4% increase in turnover between 2013 and 2014 alone. Moreover, it grew by 3.6% in 2015 to reach a value of $7.8 billion (Volante Research, 2015).

Sweden is generally Tech-developed and usually at the front in technological advancement. When discussing the omnichannel strategy, this is not the case. Other markets, such as the US, the UK, and parts of Western Europe, are more advanced in this new phenomenon (LCP, 2015). However, a 2016 study, the Swedes and the Internet 2016, found that just over 90% of Swedes have access to the Internet and 82% use the internet daily. This represents a 2% increase since 2015 and indicates not only Sweden's reliance on technology, but also the outreach of the internet (Mjömark, 2018). With a few companies in the process of developing their omnichannel strategy in Sweden, this presents an excellent opportunity to gather primary information, to explore the consumer perspective of the implications of an omnichannel strategy on customer loyalty.

A conceptual framework is utilised in this paper to aid in the structuring and analysis of all the primary and secondary information collected. The foundation is based on existing secondary research and is then further developed through qualitative research in the shape of focus group interviews with targeted consumers. The concluding thoughts are to be considered as opportunities for further research on an international level, rather than a definitive conclusion.

1.3 Purpose
The purpose of this research is to explore the implications brought on by an omnichannel strategy on customer loyalty of millennial consumers in the Swedish retail market. Which will include an assessment of both the positive aspects and the negative aspects that may occur as a result of this strategy.

1.4 Delimitations
The delimitations of a study are the characteristics that arise due the boundaries defined for the study, i.e. the scope of the study (Cohen, 2009). In this thesis, the two primary delimitations are the focus on the Swedish market and fashion industry. This is to make the topic more approachable and more accessible to digest, by narrowing the focus. Another delimitation is the decision on millennial consumers, which logically excludes a sum of consumers whose opinion may be different from what is found in this paper. Targeting millennial consumers is a strategic choice as they are the most accessible consumers to gather
for focus group interviews and they are most likely to be the early adopters of an omnichannel strategy. The final delimitation is the exclusive use of qualitative research, which is due time constraints and the complexity of the topic being studied.
2 Literature Review

The definitions of omnichannel, cross-channel, and multichannel are presented, to clarify the differences. Following that, a section of the impact and future projections will be presented, which will help the research and analysis of omnichannel in the following chapters. The final part of this Literature Review will focus on the definition of Customer Loyalty and how it is affected by the way in which companies decide to conduct their marketing strategy.

2.1 Multichannel, Cross-channel, and Omnichannel definition

Though numerously published academia attempt to cover the definition of multichannel and its implications, the definite differences between multichannel, cross-channel and omnichannel remained unclear, and a little vague (Beck & Rygl, 2015). According to Neslin et al., (2006), “channel” is defined as an interaction point, and contact link between customers and companies.

Multichannel retailing refers to a company’s marketing strategy to serve customers using more than one channel or medium, such as internet or television, operating independently (Frazer & Stiehler, 2014). Crucially, in the multichannel strategy, different channels of shopping are still being operated in isolation (Frazer & Stiehler, 2014). As such, carrying out purchase from a company that utilises a multichannel strategy, the different channels (internet, television and physical store) are independent, meaning a customer can order home a product from the online store, or purchase the chosen product at the company's physical location. The customer is unable to place the order online and pick it up at the store and is unable to return an online purchase at the physical store location, as the different channels carry out their own independent operations (Verhoef, Kannan, & Inman, 2015).

Cross-channel allows a partial integration and a better degree of interaction between some of the channels. When buying from a retailer that operates with a cross-channel strategy, the customer, for instance, can buy merchandise from an online store then return it to the physical shop (Beck & Rygl, 2015).
Omnichannel retailing refers to a company’s strategic integration and full implementation of the offline and online experience, combining the advantages of the interactive aspect of a physical store with the information-rich experience aspect of online shopping (Frazer & Stiehler, 2014). Thus, using the omnichannel strategy, borders between channels become increasingly blurred and break down, such as geography or customer ignorance (Verhoef et al., 2015). If applied in a practical setting, this means that when purchasing a product from a company that is utilising an omnichannel strategy, a customer can combine the features of several channels simultaneously to complete one transaction. This simultaneous use of different channels leads to the creation of two new phenomena; Showrooming, in the omnichannel phase, whereby shoppers search for information in the store and simultaneously search on their mobile device to get further information. For instance, using the online-app to get information about the available offers, while shopping in the physical store (Verhoef et al., 2015). The opposite scenario to this being Webrooming, whereas shoppers seek information online and buy offline (Verhoef et al., 2015).

As such, the omnichannel revolution may be seen as next phase of multichannel and cross-channel purchasing, where the prevalent notions are integrated/seamless experience using all channels (Lazaris & Vrechopoulos, 2014; Piotrowicz & Cuthbertson, 2014), rather than isolated silos.

2.2 Impact and Projections
Dramatic changes have been observed concerning the retail industry for the last two decades due to the ever-ongoing digitalisation and online channel presence (Verhoef et al., 2015). The internet and its increased usage have dramatically affected the conduct of business for companies, leading to markets and industries being transformed. An observation made based on internet users in Northern Europe as of January 2018, a total of 98 million active internet users can be observed. North America shows some 320 million active internet users, and East Asia shows an incredible 947 million active internet users (Statista.com, 2018). The Internet, as shown by active users, has since its creation, become an undeniably powerful mechanism for communication, greatly aiding the process of consummation and processing of business transactions (DeLone & McLean, 2004). Substantial investments are made by companies
worldwide in e-commerce applications, as the new economy demands exploitation of new models and paradigms (DeLone & McLean, 2004).

Experts have projected a future of retail where customers can shop across channels, at any time, anywhere. Omnichannel is more relevant than ever and is growing in terms of companies who adopt the strategy (Beck & Rygl, 2015). With observed data suggesting that developing countries are growing more prosperous, becoming better educated, the use of technology is likely to grow. In 2016, a study made by Poushter (2016) highlighted technology usage rates by adults in developed economies and emerging economies, showing a median of 37% reported adult smartphone owners in developing economies, and a median of 68% adult smartphone owners in advanced economies. Whereas internet users, the report observed a median of 54% adult internet users in developing economies and a median of 87% adult internet users in advanced economies. Whether a developing country or a developed one, the higher education and income an individual has, the higher the chance of the individual using the internet or owning a smartphone. Additionally, within nearly every country, those aged 18 to 34 (Millennials), are more likely to be internet users and smartphone owners than those aged 34 or older. The place for omnichannel is a growing attraction (Poushter, 2016).

2.3 The technological evolution behind Omnichannel

The omnichannel development represents the highest form of integration between retail channels, where the boundaries between online and offline are blurred. The strategy of combining the benefits of both worlds is perused by retailers who want to increase their customers' satisfaction through making all options available (Rigby 2011).

It becomes essential for fashion companies to be available for their customers, regardless of how and where customers want to interact (Brynjolfsson et al., 2013). As the next phase and the natural progression of technology, omnichannel has developed in consequence of single channel, multichannel, and cross-channel retailing. From single channel retailing that represents the purest form of interaction and one-way communication to all and every way possible. Today's omnichannel trade can be described as a result of the increased digitisation and technological developments in society and the trading industry (Piotrowicz & Cuthbertson, 2014).
Customers today become more powerful and have different levels of expectations than what they had before. Due to technological advancements, customers expect high levels of channel integration and uninformed, stabilised offers, with information throughout every channel they use, no matter where and when (Piotrowicz & Cuthbertson, 2014).

The integration of managerial activities such as marketing, promotion, pricing, supply chain, and brand building throughout the different channels, make channels reinforce each other and lead to one another. This can direct customers smoothly from one channel to another and encourage their shopping behaviour by making every choice available and giving them the freedom of movement without barriers (Piotrowicz & Cuthbertson, 2014). Logistics and technology have been perceived as main concerns when it comes to omnichannel execution. Different issues such as deliveries, returns, inventory, product availability, and supply chain management across channels should be integrated and modified to serve the omnichannel application.

The coordination of information flow should link distribution activities to function as one single body, where all supply chain procedures are connected (Piotrowicz & Cuthbertson, 2014). Supported by the rise of technology, such as smart devices, mobile phones, social media, and logistics integration, omnichannel marketing can achieve its intended value of making the different preferences and needs of customers attainable (Piotrowicz & Cuthbertson, 2014).

2.4 Customer Loyalty

“Customer Loyalty includes measures that a company takes in order to influence the present and future customer behaviour intentions in a company or its activities in a positive way, to stabilise and develop our relationship with it” (Stanica & Turkes, 2018).

Another clear definition given by Dick & Basu (1994), describes customer loyalty as a pleasant attitude and repeated purchasing behaviour. Their research suggests that what they define as ‘real loyalty’, should be distinguished, as it includes; (1) a favourable and repeatable buying behaviour; (2) favourable tendency towards the brand (Dick & Basu, 1994).
Porter (1994) however, describes loyalty as a means to differentiate companies that have a competitive advantage over their competitors in the market, by providing distinctive offers or value to their customers. Furthermore, Dick & Basu (1994) have additionally referred to customer loyalty as a potent factor in the relationship between an individual’s relative attitude and repeated intentions. This relationship stretches between social norms and situational aspects. Thus cognitive, effective, and conative factors of proportional attitude are marked as contributing in loyalty building, accompanied with motivational, behavioural, and perceptual aspects (Dick & Basu, 1994).

According to Shankar, Smith & Rangaswamy (2003), there are two loyalty definitions; behavioural and attitudinal. A behaviourally loyal customer is a satisfied customer that remains with a specific service provider until better alternatives are offered, whereas attitudinally loyal customers have a strong commitment to the company and would not swap easily to another provider (Shankar et al., 2003). It is essential to distinguish between the differences in customers with positive attitude, considered loyal to the brand, and those with a shallow attitude who are forced to stick with a particular brand, as other options are unavailable, and their reason of repeated purchases may be due to huge discounts or other offers (Bandyopadhyay & Martell, 2007).

Customer loyalty becomes a critical objective for strategic planning, and it generates a solid foundation for building and sustaining a competitive advantage in the market (Dick & Basu, 1994). Furthermore, it has several advantages and is hence a significant goal for marketers when designing business strategies (Dick & Basu, 1994). Customer loyalty mainly represents a stable stream of permanent customers for the company and its products or services (Dick & Basu, 1994). Taking into account that small shifts in the rate of retained customers can result in a significant change of profit, which affects the firm's economic performance over time. Loyal customers, therefore, tend to purchase more, are willing to pay premium prices, and spread out a positive word of mouth (Shankar et al., 2003). Loyalty is without a doubt strongly linked to profitability (Oliver, 1999).

2.5 Loyalty Development

Within marketing, it has been observed that aligning a focus toward developing and maintaining relationships with customers continue to increase, as well as the increased interest
of managers to maintain customers in the long run (Lemon et al., 2002). Several theories and models of customer loyalty exist as a result of previous research on the topic. Highlighted in previous research is customer satisfaction, which is argued to be a key driver in a customer’s intention to keep or drop a specific good or service. Satisfaction measures have formed nearly 40% of different aspects impacting customer loyalty and its orientations (Lemon et al., 2002). Numerous definitions of customer satisfaction exist, Lemon et al. (2002) define it as; “Satisfaction is the customer’s fulfilment response. It is a judgement that a product or service feature, or the product or service itself, provided (or is providing) a pleasurable level of consumption-related fulfilment, including levels of under or over fulfilment”. Anderson & Sullivan (1993) proposed that satisfaction can be measured when comparing post purchasing results by customers with pre-perceptions and expectations before buying the product (Lemon et al., 2002). While these definitions highlight satisfaction as traditionally derived from past and present evaluations of the good or service, Lemon et al. (2002) state that satisfaction could be related to future considerations, which in turn impact the customer's action. Hence, it is argued that customer's future orientations fulfil a significant role in the customer's decision to remain a customer or not.

Customer satisfaction has in some instances been defined and divided into two kinds of satisfaction, service encounter satisfaction and overall customer satisfaction (Shankar et al., 2003). Service encounter satisfaction is transaction-specific, whereas the overall customer satisfaction is relationship-specific. The overall satisfaction is considered to be a progressive and collective sum of service encounters or transaction exchanges with a company throughout a period of time (Shankar et al., 2003). These two satisfaction aspects are linked and influence one another. Simultaneously, different aspects could influence each of them and could be implemented and managed in both online or offline environments. For instance, service encounter satisfaction heavily relies on the performance of a particular attribute of the service encounter, such as the price consistency with customer's expectations. Whereas the overall satisfaction depends on aspects occurring through transactions, such as the ease of buying (the availability). Some mentionable vital drivers highlighted that impact customer satisfaction are the following; service provider location, past customer experience, frequency of product/service use, and ease of acquiring information (Shankar et al., 2003).
2.6 Online and Offline loyalty

The online environment is found to be more attractive as it presents more opportunities to exploit by marketers (Shankar et al., 2003). It offers opportunities for interactive and personalised marketing tools that can positively influence customer satisfaction. Consumers who conduct transactions and shop online, can with ease compare different alternatives and available offers, which increases the competition level between businesses (Shankar et al., 2003).

By some standards, the online channel is seen as a riskier medium to pursue than the offline, and simultaneously harder to manage and maintain customers. It has been shown that online channels tend to suit shoppers who are price concerned and prefer to search for more information to compare the different offers (van Baal & Dach, 2005). Whereas, Shankar et al., (2003), states that customers tend to be less sensitive to price in the online environment, and brand names have potential to strike a higher effect online rather than offline.

However, increased online satisfaction does not necessarily generate loyalty in the same means as in the offline channel. The behaviour and attitude from customers differentiate significantly for specific products and services when comparing the online and offline channels (Shankar et al., 2003).

The offline channel, a physical location, has both advantages and disadvantages, like the online channel, from the consumer point of view. The consumer does not need to consider shipping costs or issues, waiting time for delivery, or quality issues with the product, as it can be tested in the store (Bell et al., 2014). When the price difference is minimal, and the physical location holds adequate inventory, consumers tend to prefer physical stores (Brynjolfsson et al., 2013). According to Brynjolfsson et al. (2013), this is because of the instant gratification, trust and service which consumers experience when shopping in physical stores.

From the producer’s point of view, the online channel may present a more difficult circumstance to manage and retain customers (Shankar et al., 2003). The physical store presents other challenges as it requires crucial location and store-design decisions to be made (Bell et al., 2014). Additionally, stores have to be readily accessible to consumers across a
2.7 Multichannel implications on Customer Loyalty

Studies show that multichannel buyers are more likely to be loyal than single-channel buyers and tend to spend more time and money when they purchase, which in turn increases retailer’s revenues (Kumar & Venkatesan, 2005). A study conducted by Wallacea, Gieseb and Johnson (2004) highlighted the significant linkage between the concept of multichannel and its impact on customers, concerning customer loyalty. Multichannel retail strategies improve the value of service outputs presented to the consumer, stating that customer loyalty derives from enhanced and focused customer satisfaction (Wallace et al., 2004). On the other hand, some studies argue that multichannel buyers are not as loyal compared to single channel buyers (Verhoef & Donkers, 2005). The reason behind that, is they tend to be more conscious in term of prices and are mainly focused on finding the best offer, thus the tendency to switch retailers and channels (Bolton, Lemon & Verhoef, 2004).

Whereas, Wallace et al., (2004) argue that if a business considers expanding the number of retailing channels, it can potentially lead to building stronger customer loyalty, as enhancing service outputs through pursuing multichannel strategies attains loyalty. However, failing in executing cross-channel activities, disconfirmation and competition risk can be potential direct causes of disloyalty and dissatisfaction for customers (Wallace et al., 2004). In many examples, the lost customers of several businesses have experienced overall low satisfaction due to exaggerated expectations and the strength of competitors (Wallace et al., 2004).
3 Conceptual Framework

To help strengthen this study, a conceptual framework, the ‘Omnichannel Loyalty Development Conceptual Framework’, has been developed. Previous literature inspires the elements and implications of this conceptual framework in the topic, mixed with a collection of important key aspects of customer satisfaction and loyalty. Taking a closer look at figure 1, a couple of vital factors can be observed that drive this framework. The relationship between omnichannel and customer loyalty is shown in this model, which, as observed, highlight the importance of omnichannel and customer satisfaction as major influencers in achieving customer loyalty. Whereas loyalty, in turn, has a direct impact on a firm’s profitability (Oliver, 1999). Other several factors that reinforce the way in which customers are satisfied, such as perceived quality, perceived equity, perceived value, and previous expectations are also noted in this research.

The continuous sections will now delve deeper into the conceptual framework created, and break it down into three main sections, each, with its own explanation of the theoretical background behind the specified structural alignment. The first section will cover and argue the place of omnichannel as a relevant factor in the created framework, and its direct implications on loyalty, where the different brackets of theory such as expectations, satisfaction, and loyalty will be explained. Following the first section, a light will be shed on customer channel choice, and it is drivers and its consequences. The final part will cover and identify other influential elements that help break down customer satisfaction as a whole and help analyse overall satisfaction.
3.1 Conceptual Framework Developed

The central conceptual framework was built on the notion of the effect multichannel has on customer loyalty. Based on previous research, developed by Wallace et al., (2004), multichannel buyers tend to have more loyalty than single-channel buyers, as more expectations are being satisfied by presenting more service outputs to the customers.

A conceptual framework developed by Wallace et al., (2004), argued that increasing the potential number of touch points with customers can have a significant strategic impact on customer satisfaction, and lead to customer-retailer loyalty (Wallace et al., 2004). According to the study, a multichannel strategy can have a direct positive effect on customer satisfaction, and overall loyalty, as more channels are being exposed by a particular retailer to serve the different needs of customers (Wallace et al., 2004).

As explained earlier in this paper, the omnichannel strategy is defined as the maximised level of channel expansion. It represents the full business scope and the revolution of multichannel, and in addition to that, the integrated version of business resources and a seamless experience delivered to the end customer (Verhoef et al., 2015). As such, the first box of the conceptual framework, as seen in figure 1, represents a company's increased effort in integrating its channels or increasing its channels, to an omnichannel level. Wallace et al., (2004) indicate the role of satisfaction as a mediator key between multichannel application and customer loyalty. In their study, they argue that increased service outputs generate positive disconfirmation, leading to satisfaction, that then again turns to retailer loyalty.

However, in the Expectation Disconfirmation Theory, developed by Oliver, (1980), it is stated that customers rely on comparing their previous expectations about a firm's performance with their post-purchase result to measure their ultimate satisfaction. The more expectations customers have, the higher is the probability of customer disappointment or higher degree of disconfirmation. In other words, customers will be less satisfied if they have higher pre-purchase expectations compared to how the actual performance of service plays out (Liao,
Chen & Yen, 2007). This fundamental aspect of dynamic disconfirmation is argued to have a significant influence on satisfaction combined with the other aspects displayed more detailed in figure 2.

However, taking another look at the study made Wallace et al., (2004), it is argued that expanding the available package of service outputs by increasing the number of contact points with customers can have a positive disconfirmation outcome. Hence, when the available options of service output increase for customers, negative expectations will be positively disconfirmed and more positive expectations will be fulfilled. According to that, a higher level of satisfaction will be achieved, and ultimately customer loyalty (Wallace et al., 2004).

Taking that into consideration, the assumption of this research is developed by exchanging multichannel to omnichannel in the equation of loyalty. As such, if multichannel has a higher influence on customer loyalty than what single channel has, then theoretically omnichannel would have an even more significant impact on loyalty, as it represents more and fully integrated channels.

3.2 Customer’s channel choice

To confirm the previous assumption, it is crucial to understand the principal value of omnichannel, and what the logic behind customer channel choice is, as customers are faced with several available options. Therefore, customer’s channel choice is analysed, to diagnose the main advantages and disadvantages customers perceive when interacting with the different channels. Five main drivers of customer channel choice are highlighted; channel attributes; marketing activities; channel experience; social effects; customer heterogeneity; and the consequences that follow these main choice drivers. Which lead to better understanding of what omnichannel can offer to fulfil the gaps customers have in their shopping experience when they interact with different channels.

Taking a closer look at customer’s channel choice and its implications on loyalty, as seen in figure 3, Melero, Sese & Verhoef (2016) argue that customers profoundly
differ in their channel preference, which will be reflected later on in different purchasing
behaviour and on retailer profitability. Five main drivers of customer channel choice are
highlighted; channel attributes; marketing activities; channel experience; social effects; and
customer heterogeneity, as well as the consequences that follow these main choice drivers. If
a company understands which contact point a customer prefers and what the customer drivers
are, it can give valuable insights to enhance the value or the experience consistency presented
to each customer through his/her preferred channel. That, in turn, would result in higher levels
of customer satisfaction, leading to greater loyalty (Melero et al., 2016).

Channel qualities and characteristics have a leading influence on customer channel choice,
whereas the various available channels have different attributes, advantages, and conditions.
Whether they are physical or virtual, their level of suitability for each individual varies, as
well as the degree of accessibility and convenience (Melero et al., 2016). Therefore, customer
perception about the different channels makes up their intended behaviour toward the
presence of these interactive channels. The power of marketing activities and its implications
through the various channels also affects individual usage and behaviour of choosing a
particular channel over another or to move around, across channels, as well as starting to
adopt new channels.

Regarding customer channel experience, which is considered to be one of the primary drivers,
previous experiences and interactions with a channel form a good indicator of customer's
future behaviour. Thus, past experiences can develop habits, which increase the likelihood of
using the same channels used before. Another primary driver is social effects, which describes
the influence society has on an individual's channel choice, and that one's choice could be
affected by others behaviour. Finally, customer heterogeneity expresses how different
psychographic- and demographic-attributes, as well as individualised purchasing behaviour,
have their direct influence on individual channel choice. For instance, their age, gender,
income, or nationality (Melero et al., 2016).

Melero et al. (2016) illustrated the consequences of customer’s channel choice by
constructing two group studies. The first was focused on the individual behaviour of single-
channel usage, including the different relational, behavioural and financial outcomes. The
second group studies were conducted on consumers who buy across channels, and use several
channels.
Since channels differentiate from each other significantly in their attributes, such as kind of contact, search, service degree, switching barriers and costs, this will in turn influence the firm’s outcomes. For instance, customers who use the internet as a channel tend to have lower loyalty rate as these channels can lead to other cross-selling options due to lower switching costs and the lack of human contact (Melero et al., 2016). The same study did, however, argue that loyalty through the internet could be higher than purchasing through offline channels.

Melero et al., (2016) highlight in their study that companies who tend to have customers purchasing their products or services through a large number of channels performs better regarding revenue, share of wallet, and maintaining customers. Their research reinforces the conceptual framework of omnichannel and loyalty, as presented in this thesis since multichannel customers are more profitable than single-channel users. This indicates that omnichannel customers will result in an even better financial outcome to firms since expanded options of service output are available. The study also states that the higher number of channels available, the more it helps to retain better customer-firm relationships. Furthermore, the coordinated multichannel strategy is more likely to satisfy the complex needs of customers, which in turn lead to overall customer loyalty (Melero et al., 2016).

3.3 Repurchase Intention Model and Satisfaction

Repurchase intention represents the likelihood of customers returning to the same provider, with the intention to buy its products or services (Hellier, Geursen, Carr & Rickard, 2003). Satisfaction is the fundamental driver of customer repurchase intention and customer loyalty. It represents the direct indicator of the degree of overall pleasure felt by customers (Hellier, Geursen, Carr & Rickard, 2003). Previously in this study, some aspects that have a direct influence on satisfaction have been discussed, such as increased channels. However, several methods to measure the aspects affecting customer satisfaction have been mentioned (Hellier et al., 2003). The expectations compared to performance (disconfirmation theory) is one of these approaches, and it is suitable when detecting the shortfalls of a service (Hellier et al., 2003). Therefore, this theory is included in this study as the primary purpose is to diagnose positive as well as negative aspects that may occur as a result of the omnichannel strategy.
Another aspect, according to the Customer Repurchase Intention model, developed by Hellier et al., (2003), perceived value, perceived equity and perceived quality are argued to be the main ingredients that lead to satisfaction, loyalty and customers repurchase intentions. Whereas customers repurchase intentions come as the outcome of the relationship between satisfaction and loyalty. The model also includes the motivation customers have to recommend the service to others, spread a positive word of mouth, and the willingness to re-buy from the same retailer (Rodríguez del Bosque, San Martín & Collado, 2006).

According to Hellier et al., (2003) perceived value is; “The customer's overall appraisal of the net worth of the service, based on the customer's assessment of what is received (benefits provided by the service), and what is given (costs or sacrifice in acquiring and utilising the service)”. Their study highlighted that perceived value has a direct positive effect on customer satisfaction and brand preference. Perceived value could also include perceived quality and equity. Perceived equity, however, indicates the customer's measurement level of trust, justice, and fairness, is provided through a firm's transactions and the way they deal with customer complaints. Lastly, perceived quality represents customer's overall measurement of a service encounter and delivery process (Hellier et al., 2003).

Hellier et al., (2003) argues these three categories to be the driving pillars leading to customer satisfaction and ultimately customer loyalty. According to the study's developed research model, all of the three attributes provide significant potential and are of vital importance in the goal of achieving customer satisfaction, as can be seen, more detailed in figure 4. However, depending on how a company decides to emphasise its operations, one attribute can generate more positive feedback than another (Hellier et al., 2003). A company operating a low-cost business, for example, might generate more customer satisfaction by emphasising perceived quality, giving customers a high qualitative customer service despite operating a low-cost business, instead of focusing on perceived value, as their products are cheap and probably assumed to be of low quality, despite what the company states. As all three
attributes are applicable to satisfaction, they are incorporated in this study’s conceptual framework.
4 Methodology

The methodology starts by explaining the research philosophy and research approach used throughout the research process, followed by an outline of the selected secondary and primary research methods for the data collection. Then a general discussion of the strengths and weaknesses of the main chosen method. Research structure and design will be elaborated on later.

4.1 Research Philosophy

To establish a logic for the research and methodology part of this paper, it is necessary to select a research philosophy. Saunders, Lewis and Thornhill (2012) explain research philosophy as: “An over-arching term related to the development of knowledge and the nature of that knowledge”. The research philosophy a researcher adopts encompasses assumptions about the way the world is viewed throughout the research. These assumptions will underpin the research strategy and methods that the researcher chooses to use as part of that strategy (Saunders et al., 2012), as they guide the research direction.

There are four established research philosophies, positivism, realism, interpretivism and pragmatism. As noted by Rubin and Rubin (2011), all four of these research philosophies encompass different assumptions and views on human actions, through which to gather and analyse research. Positivism, for example, as quoted: “Assumes reality is fixed, directly measurable, and knowable and that there is just one truth, one external reality” (Rubin & Rubin, 2011), which makes it suitable for quantitative research, where knowledge is based on scientific, measurable facts (Golafshani, 2003). The absolutism nature of that philosophy makes it an inappropriate one for this specific paper. In contrast, the interpretivism philosophy, suggests that there is no definitive answer, instead, reality is more open to interpretation and varies from person to another (Rubin & Rubin, 2011). Therefore, the interpretivism research philosophy is selected as the most appropriate for this paper as it argues that the core of understanding is learning what people make of the world around them,
how people interpret individual encounters, and how they assign meanings and values to events or objects (Rubin & Rubin, 2011).

The purpose of this is to interpret humans as social actors, that observe and play a vital role. Thus, it argues that there is a reality but that it cannot be measured directly; instead, it is perceived by people, each of whom views it through their own individual perspective based of their prior experience, knowledge, and expectations (Rubin & Rubin, 2011). This interpretative nature fits well with the explorative aim of this paper and the qualitative research method which is to be implemented later on. This is because it allows for open communication between researchers and interviewees to discuss viewpoints and develop a deeper understanding of the interviewees as individual social actors (Saunders et al., 2012).

When conducting interviews, the interviewer must expect the interviewees to have individual opinions and views, in this case on omnichannel. However, one must also take into consideration that these are likely to change depending on the situation and circumstance of a given transaction. The ability to explore different circumstances and opportunities is necessary for this paper, and this research philosophy offers the option to do so.

4.2 Research Approach

The two most common research approaches are deductive and inductive. The deductive approach means a researcher can develop a theoretical or conceptual framework, which can subsequently be tested using data (Saunders et al., 2012). Thus, the researcher has established theories based on preliminary research and then aims to test these theories, using the most appropriate strategy. The inductive approach tackles this issue differently, as, according to the inductive approach, in research projects, one sets out to explore the data and develop theories from them, these theories are then subsequently related to the theory (Saunders et al., 2012). In practice, this means that the researcher does not start with predetermined theories, rather, the literature search should help establish some purpose and objective, from which the researchers then proceed to find answers (Saunders et al., 2012). Hence, as quoted: “If the analysis is effective, new findings and theories will emerge that neither you nor anyone else has thought about” (Strauss & Corbin 1998). The existing gap in the omnichannel research means that establishing predetermined theories is difficult. Therefore, the inductive approach,
which is more open to new perspectives, suits the explorative purpose of this study better than the deductive.

The research process for this paper is multi-tiered, in that it involves continuous literature search for background and supporting information, teamed with a qualitative research method. The inductive process, which often places method before theory, enables one to continually revert to the theory following the gathering of primary data. The ambition with this research model is that theories or patterns that may occur as a result of the primary research can be compared to the established theory, to answer the research question.

4.3 Data Collection

The academic foundation on which this paper is based is created using an extensive amount of existing knowledge from past studies, gathered through a literature search. This existing literature is critical as the primary purpose is to help researchers develop a solid foundation of understanding and acquire insights into relevant existing research and trends (Saunders et al., 2012). The initial phases of the literature search involve utilising online tools, such as academic articles and books from Google Scholar and Primo, as well as offline sources and literature from the physical library of Jönköping University. To ensure that all information gathered is appropriate, standards are set for what is considered to be qualified journals. These rules include the age of the journal whereby all journals directly relevant to omnichannel, are required to have been published within the last five years of this paper’s writing, to be deemed relevant and accurate. Journals regarding multichannel and other supporting information could be older, and as these concepts have existed for longer, thus old papers still maintain relevant and accurate information. However, a focus is maintained on using as modern sources as possible. Additionally, all journals have to be peer-reviewed or published by an accountable publisher and fully cited to increase accuracy and validity. Where possible, citations are checked to ensure that more than one researcher supports the information used. To gather relevant journals, a list of keywords words are used for the search, these are; ‘Omnichannel’; ‘Customer loyalty’; ‘Multichannel’; ‘Online channel’; ‘Offline channel’; ‘Channel Choice’; ‘Marketing strategy’.

As was stated earlier in this paper, the omnichannel phenomenon is still relatively new to the academic field, as such there are a limited amount of directly relevant academic articles. To
overcome this, a general search for research journals looking at the multichannel strategy is conducted, to provide complementary information on the base findings that may also apply to the omnichannel strategy. The explorative nature of this paper means that discoveries are realised throughout the research process; as a result, the literature search is continuous, to gather relevant information to discoveries as they appear.

To fit the interpretivism research philosophy, the most suitable methodological choice for the primary data in this study is a mono qualitative approach. Qualitative is often used as a synonym for any data collected using a technique which provides or uses no-numerical data, such as an interview (Saunders et al., 2012). Different types of information can be gathered by choosing qualitative research, hence knowledge is derived from observations and detailed interviews, that is abstracted from general statistical results (Glesne & Peshkin, 1992, p. 8). The use of qualitative research also reinforces the chosen interpretive philosophy for this paper, since observations are crucial, and the use of survey is seen as complementary or secondary (Golafshani, 2003).

The use of quantitative research was considered as an option in the developmental phases of the methodology; however, it was deemed less suitable. “The process of qualitative analysis aims to bring meaning to a situation rather than the search for truth focused on by quantitative research” (Raibee, 2004). This logic makes it seem more applicable than quantitative data, which may have been more useful if there was a specific hypothesis to determine. The strength of quantitative data lies mainly in the reach, as tools such as online surveys make it easy to reach a large sample. However, a potential weakness with this method may be that the individuals being surveyed misinterpret questions or the structure of questions, leading to inaccuracies. This inability to communicate directly with the individual being surveyed could present a critical flaw if used in this particular research paper.

Specifically, the plan is to assemble a targeted segment of consumers, which reflect the target audience for fashion retailers in Sweden. The qualitative research is gathered through a series of focus groups. According to Lederman, a focus group is a research method which involves participants who are selected because they can add value, are a sample of a specific population, though not necessarily representative, and can be assembled in a room to conduct in-depth group interviews (Thomas, MacMillan, McColl & Bond, 1995).
The decision to utilise the focus group method as opposed to regular interviews is for efficiency purposes. Focus groups make it possible to engage in extensive interviews through dialogue, with a number of consumers simultaneously, thus increasing the number of interviewees that may be interviewed, over individual interviews in a specific time frame (Green JM, Draper AK & Dowler, 2003). Additionally, participants in this type of research are selected based on criteria which require that they have something to contribute on the topic, are within the age-range, follow similar social characteristics and are comfortable talking to each other and the moderator (Richardson & Rabiee, 2001). Selecting participants based on criteria highlights another strength of using a focus group approach. As this topic is explorative and the exact definition of omnichannel is unclear even to some academics, using interviews to gather primary data provides the opportunity to interpret the correct definitions and ensure that the interviewees ask questions. This likely increases the accuracy and minimises confusion among the interviewees, thus increasing the accuracy of the information gathered.

4.4 Sample

A sample is a subgroup of a population (Levy & Lemeshow, 2008), used to be a representative of the whole population. In research, one uses a sample as using an entire population is often unnecessary, but also, usually impossible (Etikan, Abubakar Musa & Sunusi Alkassim, 2016). The sample in the focus group is based on several qualifications, to align with the research purpose. Thus, a prospective interviewee fulfils these criteria to be considered a potential candidate. The first criteria are the age group that will be targeted for research. For this study, the target group is the millennials in Sweden. Thus, participants must be born between the late 1970’s, early 1980’s and the early 2000’s (Fromm & Garton, 2013). Millennials are chosen because they are typically early adopters and regular users of technology (Immordino-Yang et al., 2012; Bolton et al., 2013; Martin 2005), making them the ideal target marketing for businesses moving toward omnichannel. Additionally, millennials have a substantial collective buying power estimated at $200 billion annually. This will only increase as they mature into their peak earning and spending years (Fromm & Garton, 2013). For this specific research, the interviewees must be born between 1980 and 2000, as that enables the research to be focused around consumers who are already financially stable and consumers that are on the verge of becoming it.
An additional criterion is that all interviewees have previous experience with both online and ‘brick-and-mortar’ shopping, to have a base of understanding the omnichannel concept. Specifically, having experience with online shopping is essential as that is the concept that may be more foreign to some consumers. To fulfil the geographic requirements, the individuals in the sample are required to have extensive experience in shopping for clothing and apparel in Sweden, so as to be familiar with the market and methods used in the studied geographical area.

To gather primary data the convenience sampling method is utilised for this paper. Convenience sampling is a type of non-probability or non-random sampling, where the members of the population are invited to participate based on certain practical criteria (Etikan et al., 2016). This includes easy accessibility, geographical proximity, availability at a given time, or the willingness to participate (Dornyei, 2007). The primary reason this method is selected is due to resource and time constraints. Convenience sampling is typically affordable, easy and the subjects are readily available (Etikan et al., 2016). Given that the target group consists of millennials with experience of shopping in Sweden, utilising the convenience sampling method to gather focus group participants at Jönköping University is appropriate. The majority of the students fit within the age gap, have shopping experience in Sweden, are technologically aware and easily accessible. Additionally, the students come from different countries as such they would have broader viewpoints. The major drawback of convenience sampling is the high likelihood of the sampling being biased (Mackey & Gass, 2005), as researchers have the possibility to select participants. To counter the effects of this bias, potential participants are approached randomly at Jönköping University and asked a few questions, based on the practical criteria listed above, as well as their shopping experiences in Sweden.

The exact number of participants necessary to provide sufficient primary data is hard to predict. Krueger (1994) suggests, as quoted: “Continuing with running focus groups until a clear pattern emerges and subsequent groups produce only repetitious information (theoretical saturation)”. Other authors, including Krueger (1994) however, have suggested that three to four groups may be sufficient if it is simple research, but this is also subjective. For this study, to ensure accuracy, the first rule applied, is that focus groups are interviewed until a stable pattern emerges, which help illustrate the implications an omnichannel strategy has on customer loyalty.
4.5 Focus Group Design

To obtain the most possible information from the focus group sessions, the sessions are dialogue focused. This means that the moderator has prepared talking points and open questions, so as to encourage open dialogue between the interviewees in the focus groups. The purpose of this is to ensure that the dialogue is driven by the purpose, however, not restricted by time or formal questions which must be answered. The ambition of this strategy is to confirm existing theories of consumer behaviour in the retailer market, but additionally, to uncover consumer characteristics and habits, which may not already have been noted. The talking points are prepared before the first focus group session but will be evaluated and adapted for future focus groups, to improve the talking points and research gathering process. These changes are carefully noted for future reference.

Focus groups also present some challenges for researchers, which must be considered carefully in preparation for the interviews. One of these issues is data analysis, as focus-group interviews generate extensive amounts of data, which is likely to overwhelm even experienced researchers (Raibee, 2004). “This large amount of data can mean that a 1 h interview could easily take 5–6 h to transcribe in full, leading to thirty to forty pages of transcripts” (Raibee, 2004). To overcome this overwhelming amount of data, Krueger and Casey (2000) suggest practical steps for managing data. Having prepared the data, Krueger and Casey (2000) suggest that the research should read and answer the following four questions:

1. Did the participant appropriately answer the question that was asked? If yes, go to question 3; if no, go to question 2; if don’t know, set it aside and reassess at a later time;

2. Does the comment answer a separate question discussed in the focus group? If yes, refer it to the appropriate question; if no, go to question 3;

3. Does the comment contribute something of importance to the purpose? If yes, put it under the appropriate question; if no, set it aside;
4. Is it a repetition of something which has been stated earlier? If yes, start assembling similar quotes; if no, start a separate pile.

Answering these questions leaves the researchers with the most important quotes from the interviews, which are directly applicable to the research purpose.

An important consideration is the interpretation of data which is gathered through focus group interviews. One of the tasks is not only to make sense of the individual quotes but to be imaginative and analytical enough to see the relationship between the quotes, taking the information to an interconnected level (Raibee, 2004). Having this ability raises the value of the data collected to another level, as it allows researchers to recognise patterns and thus recognise behaviour which may be relatable to the research purpose. To help the interpretation of data Krueger (1994) provides seven established criteria, which focuses on words; context; internal consistency; frequency and extensiveness of comments; specificity of comments; intensity of comments; and big ideas. This was elaborated on by Raibee (2004), who noted that a researcher should consider the actual words used and their meaning, consider the context, consider the frequency and extensiveness of comments, intensity of the comments, internal consistency, specificity of responses and the big ideas. The focus on big ideas is particularly interesting, as it asks the researcher to, consider larger trends or concepts that emerge from an accumulation of evidence and spread through the various discussions (Raibee, 2004).

Another critical factor in all research, qualitative or quantitative, is to recognise and avoid bias. Krueger & Casey (2000) point out that the analysis should be systematic, sequential, verifiable, and continuous. If the entire analysis process complies with these four characteristics, bias tendencies may be avoided, as there is a firm focus on objectivity and the ability to attain the same results time and time again. To further avoid this issue and increase consistency, the same moderator is used for all focus groups. As quoted: “A skilful moderator, as well as being able to manage the existing relationship, could create an environment in which the participants who do not know each other feel relaxed and encouraged to engage and exchange feelings, views and ideas about an issue” (Raibee, 2004). Alongside the moderator are a note-taker and an additional observer, such that the moderator can focus entirely on that duty. The focus group sessions were recorded for future reference and accuracy purposes, the note taker is noting timestamps, for easy reference in the
future. The third observer is in the room purely to observe the behaviour and body language of the participants.

The unique quality of the focus group method is its ability to produce data created by the group interaction and dialogue (Green et al. 2003). The group interaction can however also lead to a corrupt result if the interviewees do feel oppressed by the fellow interviewees. As Green et al. (2003) noted, it is important to be wary of these peer pressure effects. To combat this issue, extra attention is paid to the introduction of the interview and the environment in which it is conducted, to boost synergy and avoid potential conflict. The final strategy to boost an open dialogue is to create a comfortable environment, with comfortable seating, beverages and snacks for all participants.

Table 1 below provides some brief information about the numbers that made up our focus group interviews.

<table>
<thead>
<tr>
<th>Focus Group Studies Information</th>
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<tbody>
<tr>
<td>Number of participants</td>
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<tr>
<td>Number of groups</td>
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<tr>
<td>Number of females</td>
</tr>
<tr>
<td>Number of males</td>
</tr>
<tr>
<td>Age range</td>
</tr>
<tr>
<td>Focus group time</td>
</tr>
<tr>
<td>Participants with past omnichannel experience (in Sweden or abroad)</td>
</tr>
<tr>
<td>Number of nationalities represented by participants</td>
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4.6 Time horizon

Time horizon refers to the time constraints in which the research is being processed, and if the research is conducted over a short or long-time period (Saunders et al., 2012). In ‘cross-sectional’ cases, the study would only take a few months to be fully conducted. While, in ‘longitudinal’ scenarios, studies could take several years to be fully solved, and data would need to be collected on the long-term (Saunders et al., 2012). Most researchers implement the cross-sectional study, where there is a specific question to be answered, and experiment strategies are limited to a short time span (AlKindy, Shah & Jusoh, 2016). As discussed earlier, the research method implemented for this study is focus group interviews, and the aim
is to collect information at a specific point in time, as people's perceptions and experiences change over time. Also, the concept of omnichannel is relatively new, and the purpose of the research is to explore their ideas about this emerging phenomenon. However, all sessions are conducted within two weeks. For instance, if the development of omnichannel will be further studied for comparison reasons in future research, then longitudinal approach would take place to collect new data after a couple of years and compare the two studies.

4.7 Data Analysis Method

The qualitative data analysis applied in practice following the interviews in this study are inspired and practically guided by the academically strengthened focus-group analysis structures by Krueger (1994) and Ritchie and Spencer (1994), presented by Rabiee (2004), issued by Cambridge University. Applying focus-group interviews is deemed the optimal choice of qualitative research, as the method is argued to be the ideal choice of information-gathering suited for lifestyle behaviour within the context of lived experience (Rabiee, 2004). Focus-group interviews, used as a primary method of qualitative data research, offer great exposure of information relevant to studies seeking to analyse need assessment and the meanings, beliefs, and cultures that influence the feelings, attitudes, and behaviour of individuals (Rabiee, 2004). The chosen method is known to generate qualitatively rich data; however, this is often accompanied by a lot of not usable data, which must be sorted.

The solution to the problem of the vast amount of information collected is presented in the structural framework developed by Krueger (1994), incorporated with some key factors of ‘Framework Analysis’ described by Ritchie and Spencer (1994). Krueger's data analysis framework (1994) suggests that taking a series of specific steps, from the mere accumulation of raw data to the interpretation of data, provide advantages for novice and experienced researchers in their aim to transcribe focus-group interviews. The Krueger analysis continuum is as follows: raw data; descriptive statements; interpretation (Rabiee, 2004). An important note is to highlight the fact that the analysis does not take place in linear form, meaning one process of the analysis continuum overlaps another (Krueger 1994). ‘Framework Analysis’, as described by Ritchie and Spencer (1994), follow a similar pattern of several interconnected stages to be taken. The five presented stages highlighted are familiarisation; identifying a thematic framework; indexing; charting; mapping; and interpretation.
Having taken the presented methods of data analysis into account during the qualitative data analysis of this study's focus-groups, the process of the data analysis begins during the collection of data itself. It is done through facilitating the discussion, collecting rich data, while simultaneously complementing with additional observational notes. Following that is the familiarisation of collected data, which involves listening to the recorded interviews, transcribing the recordings efficiently and concisely, and reading the additional observational notes taken during the interviews. The goal is to get immersed in the details, resulting in understanding the interview as a whole, before breaking it down into parts. The next stage consists of identifying thematic frameworks, by adding short phrase memos, ideas, or concepts, next to the transcribed texts or on blank notes, which arise from reading or listening to the interviews, developing categories of interest forming descriptive statements. The third stage consists of highlighting and sorting out quotes of interest, which carry analytical importance on specific categories.

4.8 Validity

Although ‘reliability’ as a measure is more associated with quantitative rather than qualitative research, as it evaluates the consistency of the research result, the concept is however applied in all types of research (Golafshani, 2003). In qualitative research, ‘quality’ is the most important evaluator, as the main purpose of it is to provide an understanding of a certain case that might be unclear, or foggy, whereas in quantitative research reliability is an indicator to measure quality as the purpose is to explain. The difference in purposes of assessing quality makes the idea of reliability vary between the two (Golafshani, 2003). According to Stenbacka, (2001): “Reliability has no relevance in qualitative research, where it is impossible to differentiate between researcher and method”. Since reliability is considered a measurement tool, it has been criticised that applying it in a qualitative study is inappropriate (Stenbacka, 2001). On the other hand, it has been argued by Patton, (2011) that reliability and validity are two critical aspects which help in evaluating the quality of qualitative research. One primary factor found to reinforce reliability is ‘trustworthiness testing’ (Golafshani, 2003).

Validity is the critical measure used to indicate if the research successfully achieved its intended aim (Golafshani, 2003). The validity of a conducted research study is about determining whether or not the findings are about what they appear to be about (Saunders et
al. 2012). Again, as it considered a measurement instrument, some argue that the concept of validity is misleading for qualitative studies and cannot be applied, while others emphasise the usefulness of these terms (Golafshani, 2003). Saunders et al. (2012) highlight two potential risks to validity in research, logic leaps and false assumptions, and note that the researchers thought process behind their research must hold up to the highest scrutiny. It is also worth considering the validity of the information provided by the interviewees, to avoid issues such as the ‘good news’ syndrome, where interviewees portray what they believe make them look the best (Saunders et al., 2012).

Ensuring appropriate testing of validity in this paper, a variation of the triangulation strategy is applied throughout the research. Triangulation is a strategy that researchers can use to increase validity, as it is an approach to evaluate bias and establish valid propositions (Mathison, 1988). Triangulation refers to the use of two or more data sources, methods, and approaches to analysis when conducting qualitative research (Brink, 1993). Utilising a number of different strategies in the data gathering process, should improve the validity of this research and help overcome personal biases (Brink, 1993). The strategy utilised in the focus group interviews, involved mixing genders and ages, so as to mix perspectives and experiences. This means conducting focus groups with only females, only males, mixed genders and different ages. The triangulation strategy's logic of applying different methods, sources, and viewpoints in the analysis, can be a helpful tool to test validity in research studies (Golafshani, 2003).

4.9 Transferability

Transferability refers to the concern with the extent to which the results of one particular study may be applied to other scenarios (Shenton, 2004). Transferability is often considered a particular concern in qualitative research, where primary information is based on a small and unrepresentative number of cases (Saunders et al., 2012). As a result, it is not easy to show how the small number of participants may be representative of other population segments. To counter this issue, a full and accurate description of the research design, methodology, interpretations and findings are provided. This encompassing description should provide readers with the necessary information to transfer the study and results to different scenarios, where it may be seen as valuable (Shenton, 2004).
The provide transferability this thesis provides an extensive methodology and results section, which adequately describes the design and research process, as well as indicate the questions and lose structure utilised in the focus groups. The conceptual framework describes the model designed specifically for this thesis, what it is based on, and its application.

4.10 Research Ethics

The individuals participating in this research are protected against unjustified deception, privacy invasion, and psychological/physical harm (Graziano & Raulin, 2004). According to the principles for protecting human subjects, researchers must abide by three fundamental principles: full disclosure; confidentiality; and voluntary participation (Depoy & Gitlin, 2015).

Full disclosure aligns with informed consent, stating that researchers must be transparent and honest about the research for participants to make an informed decision on whether to take part in the study (Depoy & Gitlin, 2015). To ensure that, this research is conducted appropriately. There is full transparency regarding the purpose and information of this research with the participants. Additionally, participants can ask any question they wish during the focus groups, as they are dialogue driven. As all participants are millennials and 18-years-old or older, no parental consent is needed (Depoy & Gitlin, 2015). Upon starting each focus group, all participants are asked to provide a verbal consent allowing the researchers to record the focus group and use any information provided to inform the research paper. When potential participants are approached to take part in a focus group, they are offered necessary information regarding the research purpose and different time schedules, to be most convenient to their own schedule. The individuals then elect to participate or not of their own free will.

An essential human right is the right to privacy, which is found both in national as well as international legislation. To not violate this right, and to make all participants feel comfortable, the data collected is used anonymously only. This is important to make the participants feel safe and thereby more willing to communicate. However, it is also an absolute requirement for researchers (Mauthner, Birch, Miller & Jessop, 2012). Because the participants are addressed by name in the focus groups, their names are audible on the recording. As such these recordings will only be heard by the research team, during the
research process. It is thoroughly explained to the participants that this is the case and the actual information which is provided is used anonymously in the report. The recordings are kept for reference purposes and will not be published.
5 Focus Group Results

In this section are summaries of the focus group interviews divided into four central themes, as they were observed. Note, these are not all quotes, but selected quotes.

5.1 Channel Preference

5.1.1 Offline channel

Note: Some interviewees stated that they preferred physical stores, but they have become used to online shopping and will use it if circumstance dictates.

Quote 1: “I think before I used to prefer online just because I could take my time and do it whenever I wanted to. But now I prefer going in the store because it’s an experience, like, you do something, you can feel the material and you have the possibility to talk to employees there”

Quote 2: “I don’t mind online, I got used to it, so I’m perfectly fine. But sometimes it is better, if you want to get check things out, at least for a jacket, sometimes the cuts are different”

Quote 3: “I like physical, test there, fit the clothes, test fitting room, and get it home immediately, I don’t like to return things”

Note: Some prefer offline, because they do not trust what they see, and they want more of the shopping experience such as feeling the material, touching and trying it on.

Quote 4: “I think it’s easier if I’m not sure what to buy, if I go to the store, and see then I find something nice, because just a picture does not help me”

Note: They all agreed about going to physical stores to buy more luxurious and expensive items, as it is more trustworthy.

Quote 5: “You don’t want to be sitting at home like I’m getting my Louis Vuitton bag! no one is going to see it, u want to be the one holding the bags! a lot of phycology behind it”

Quote 6: “If it’s really nice and expensive shirt then you really want to know the quality and the fitting, but it’s a cheap one it doesn’t really matter”
Note: The interviewees indicated that the main strengths of a physical store were the ability to immediately test and feel products, while the primary benefit of online stores was accessibility and purchasing items not locally available.

Quote 7: “If I buy online, I will buy online from a website that is not so popular here in Sweden”

Quote 8: “The sizing is most it for me, not even the feeling, just the sizing” (testing sizes in a store)

Quote 9: “I like physical, test there, fit the clothes, testing in the fitting room, and get it home immediately, I don’t like to order online and the process of returning things”

Quote 10: “I think the process of having a complaint and getting it fixed or money back is faster in-store rather than online where it has to be inspected to see if it already was damaged etc .. so I would avoid that risk and go to the store”

5.1.2 Online channel

Note: Some of them buy only online because they think it is more convenient, time-saving, and fits with their lifestyle being ‘lazy’, but at the same time they think the fitting is the biggest problem with online, and it is solved when the returns are for free.

Quote 11: “Well, I think it’s fast you know, I can just do it from the couch, and I’m pretty lazy person, just it’s fast and convenient and specially when it’s free shipping most of the time”

Quote 12: “It’s a lot easier today and also a lot more convenient because they have better offers, bigger supply, online they do have lower prices also”

Quote 13: “I just don’t like go shopping, it takes so much time, and I don’t want meet people”

Note: No one considers buying from social media channels due to trust issues.

Quote 14: “I don’t like it, I just go to an online store because I trust that more”
5.2 Expectation and Satisfaction

Note: The interviewees stated that expectation had a substantial impact on their satisfaction both during and post-purchase. The interviewees listed quality, price, availability and shipping costs as the main factors which affect their satisfaction.

Quote 15: “Expectations affect a lot my perception of a store. Like if I go with the intention of buying something specific and if it’s not in the store or like if it is really difficult to get a hold of it, it can still be good if I get it and it’s what I expected, but if I go through all this trouble and it’s like lacking in quality or the colour is not what I expected it to be, I would be unhappy”

Quote 16: “If I expect a store to sell clothes at a cheap price, I automatically expect to get worse quality and service, contrary to stores with a higher price tag, whereas I would expect better quality clothes and service”

Note: The main factors for their loyalty were customer service, and the overall value they get from the trade-off between quality and price also previous expectations have a significant influence on the repurchase intentions.

Quote 17: “If it’s beyond our expectations, then that’s going to positively affect, but sometimes u have high expectations and you go to a store and it’s below that then again it affects you, at least you don’t want to go to that specific store”

5.3 Perceived loyalty

Note: The majority of interviewees do not consider themselves to be loyal customers, but they do tend to have ‘go-to’ brands which they frequent. They tend to be more price sensitive is most of them were students.

Quote 18: “I always go to certain kind of shops before then check the rest”

Quote 19: “Like if it is good, stick to it, but if I find something better, just switch. I find it easy to switch if I find something better”

Quote 20: “All depends on the prices, offers, and discounts”
Quote 21: “I am loyal about two companies, but it’s mainly clothing for sports activities, so I’m always buying at that stores and shopping online at that stores. And since I knew that nothing was destroyed and that it was OK to order it online from that store”

Quote 22: “I can say I’m pretty loyal to the website that I buy from, because I know how it works, and the fitting, so usually I don’t have to send it back, so I’m pretty loyal in that way”

Quote 23: “I’m from Stockholm, and when I’m shopping there, I like to stroll around, but I don’t like carrying around stuff, so that would be good with omnichannel, in the example of purchasing something and sending it home or to Jönköping. That’d make me loyal”

Quote 24: “If I really like a brand, even though another brand offers something that my brand doesn’t, I would still go to my brand because I like them and omnichannel wouldn’t impact my loyalty or purchasing pattern”

5.4 Value of Omnichannel strategy

Note: The interviewees had none or limited omnichannel experience, however, when asked what value they thought the omnichannel strategy might add, the interviewees listed accessibility and convenience as the main advantages of a fully implemented omnichannel marketing strategy. Additionally, the interviewees stated that the omnichannel strategy would only be worthwhile if it solved an existing problem in the shopping process.

Quote 25: "Time-saving, mobility, that you can buy from everywhere"

Quote 26: “I don’t think it will make a difference, because I don’t think a lot of people, maybe in the beginning people will think it’s a cool thing, but I don’t think a lot of people will actually find benefits from this”

Quote 27: “Still depends on if I like the clothes and the price, not solely on the strategy. But if I had to choose from two identical stores, I would definitely choose the one with the omnichannel strategy”

Quote 28: “Yes! We love the idea, that’s why we potentially would love omnichannel. Very convenient. You try them on and get them delivered. Awesome concept”

Quote 29: “As times change and we constantly move to the online marketplace, I think it’s potentially going to grow and become more important as time goes. I think it’s going
to add more value to upcoming generations, those who grew up with technology from day one are going to appreciate this new and technological strategy”

Note: Someone argued that omnichannel is pointless, hence if he decides to go to the store then he expect to buy from that store and takes the stuff with him home; otherwise he would not bother going to the store.

Quote 30: “This pretty inconvenient, if I get my lazy ass from the couch to go to the store, I expect myself to buy something back home”

Note: Some of them also said omnichannel makes sense because they do not like the waiting time for delivery when it is possible to pick it up directly from the store and bring it home, especially in a situation when the product is urgently needed, perhaps on that day.

Quote 31: “If I go to shop I would like to have those today or tomorrow like for a party, if I go to buy a shirt I’ll buy it for the next day party”

Note: Delivery times, logistics, and extra price were the main concerns about omnichannel.

Quote 32: “Because they got to connect everything so it’s going to be costly with logistics”

Quote 33: “Maybe the service has to increase the price in some way you know”

Quote 34: “There should be communication between channels, so that could be an issue to organize it in such a way that there is communication flow between the two or the three places”

Note: They do not think omnichannel can make them loyal to a company, as they care about more important things such as price, but they think that the respective company is trying to be better by offering this strategy.

Quote 35: “This obviously means that they are thinking about what’s our next step, and what we can do more to improve”
Note: One participant stated that omnichannel strategy would be more relevant in bigger cities; also, the participants agreed that omnichannel could depend widely on individual's lifestyle and personal preferences. They all agreed that omnichannel could match younger people more than old people as they tend to adapt more to new development.

Quote 36: “I guess it’s more relevant for big cities where the queues can happen not like in Sweden, in Jönköping no problem. But like in New York, in Manhattan omnichannel will be a great option”

Quote 37: “It depends on the kind of customer’s the store wants to attract, like if it’s kind of more directed toward young people then omnichannel would be preferred, but if u sell to old people maybe they won’t care that much about it”

Note: Participants chose the store with the omnichannel option over the store without omnichannel, only when all other factors are identical. However, a change in other factors such as price, or quality would change their choice quickly.

Quote 38: “If everything else is identical, yes I chose Omni because obviously it makes it easier”

Quote 39: “I buy from the cheapest, if it’s the same shirt, not from the store that uses omnichannel”

Note: They all think that omnichannel is a natural development, and the perceived value behind it is to make shopping more flexible, easy, and convenient for customers. However, it is not strong enough to be a deciding factor to buy from a particular retailer with omnichannel, but the retailer would have an extra incentive.

Quote 40: “Definitely it makes sense from multi to omnichannel, and I think people there are gonna catch up to this”

Quote 41: “It could make me loyal, I’m not saying that it will make me guaranteed, but there is an incentive for that”
6 Analysis and Discussion

6.1 Channel Choice – Offline versus Online

6.1.1 Value of considering customer’s preferred channel

As was noted in the literature review section of this paper, the two different realms of shopping are online and offline, and both have advantages and disadvantages for the consumer. These different advantages and disadvantages may affect shopping behaviour and habits (Bell et al., 2014), which is why customer channel choice is a component of the model designed for this paper (see figure 3). During each focus group session, interviewees were asked about their preferred channels and the reasons behind this. This information can be broken down and assessed based on the work of Melero, Sese and Verhoef (2016) and their five drivers of customers’ channel choice. The five drivers being, channel attributes; marketing activities; channel experience; social effects; and customer heterogeneity, as well as the consequences that follow these main choice drivers. This information can then be applied in the conceptual model.

6.1.2 Physical location shopping

A physical location, this may be a regular store or a demo store, is the most established method of shopping (Bell et al. 2014) and tends to be the preferred option among consumers, when price differences are minimal, and inventories are sufficient in capacity (Brynjolfsson et al., 2013). “I think it’s easier if I’m not sure what to buy, if I go to the store, and see then I find something nice, because just a picture doesn’t help me”, was the main reason suggested by a female focus group participant. This pattern emerged throughout a majority of the focus groups, with another female participant stating: “Store because you can try the sizes immediately”, “Call your friend, get me the smaller one!”, added another female participant. The opportunity to try and feel the items of clothes, for size and fitment, was the most prominent benefit listed by female participants concerning shopping at a physical store. The male participants echoed this, with one participant stating: “If you go to physical store, you can buy something yourself, you can touch the material and quality”. This attitude correlates with the suggestions of (Bell et al., 2014) that customers see a significant value is being able to test the product for quality and fitment directly in the store.
Two additional advantageous aspects of the physical shopping experience are instant gratification and the service and trust which the consumer experiences in a physical store (Brynjolfsson et al., 2013). All participants interviewed agreed that waiting time is an important consideration, as stated by a female participant: "And you don’t want to wait, you need that and you want it now so you just choose and pay and just go", with several female participants adding that even a one-day wait is considered a negative. “Because like getting the clothes directly, like we said before, that is part of the experience and the reason that I would go to the store”. It is also worth noting that interviewees stated the sense of occasion or experience as being part of the fun in going to a physical store with friends. The desire to shop with friends, receive the purchased items immediately and walk through a city with a bag from a store, all relates back to the social effects which influence customers’ channel choice.

The service and trust aspect of physical store shopping was debated amongst the interviewees, as to its value. Past research indicates that service and trust are important benefits of physical shopping (Brynjolfsson et al., 2013) and some participants agreed with this, stating: “Customer service, also, I would say, that helps when shopping”, and “If I go online shopping the service won’t be the same, so then I might use a store”. Counter to that, some participants stated they often do not need the help and that it can be too intrusive, noting: “I don’t like personnel that is like nagging, can I help you, do you want anything, oh that looks great on you, oh you should buy this too; just leave me alone”. This is worth considering for producers as it may be an area where the omnichannel strategy could be implemented, through for example mobile devices, when the customer needs it, thus merging the physical store with the information pack digital platform (Frazer & Stiehler, 2014).

The main issues with physical stores, as stated by focus group participants, was accessibility issues and inventory issues. Accessibility issues ranged from the store not being nearby where they lived or local stores following the same trends; thus no differentiation, not enough sizes or even in some cases damaged clothes and no remaining inventory to sell. All of these issues drive customers online, as they know they can find the products there, as quoted by a female participant: "One time when I was shopping there was this beautiful dress, but there was only one size in the shop, and it was destroyed, so I automatically go to the website because there was more on the website, the same size, same colour, same dress".

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6.1.3 Online Shopping

Research conducted by Dixon et al., (2010) indicates that delighting customers does not lead to the creation of more loyalty. However, reducing the consumer effort does. Additionally, theory suggests that the online environment is more attractive as it presents more opportunities to compare alternatives and explore more options than a physical location can offer (Shankar et al., 2003). This was reflected in the first benefit mentioned by most focus group participants, namely accessibility, as stated: “It’s a lot easier today and also a lot more convenient because they have better offers, bigger supply, online they do have lower prices also”. As noted by Bell et al., (2014) an issue with physical locations is that they can only be present in so many places and maintain a limited inventory. These are restrictions more easily avoided through online shopping, which is important to consumers, such as the female participant buying a dress, mentioned before and other examples such as, a female participant stating: “I tend to shop online if the product I’m looking at in-store isn’t available, I go to look for it online” or, “But I do like online because of the variety, it’s easier, like you have a lot more to choose from”. Another noted strength, is the differentiation in the products available online, “that’s a strength of online shopping, you can get different things that other people can’t find easily. Uniqueness”.

Convenience was the second significant benefit listed by participants to online shopping, put simply by a female participant: “Why not at home, it’s more convenient since you can see all the collection” and “I think before I used to prefer online just because I could take my time and do it whenever I wanted to”. The convenience of being able to sit at home or school and look for clothes and accessories online, for any amount of time is important to the millennials shoppers. Online shopping can become a social event in its own right, particularly amongst female shoppers, as quoted: “Me and my friends order a lot of clothes home online, and put it on invoice, try it by ourselves, take our time, and just return it easily and convenient, I prefer online”. In this way, the consumers get around fitting issues by ordering several sizes of clothes home and using free return policies to send back the items they did not like.

Participants mentioned that waiting times should be as short as possible. However, as stated by a female participant: “I also think that if I would buy something online I would be so excited and that’s also fun, like when it delivers it’s like, oh my god I got something, it’s a nice feeling”. Thus, the convenience and variety of clothes available online may be enough to overcome one of the main problems with online shopping, waiting times. An important note
to convenience is the value of free shipping and the value of good return policies. “I value free shipping, if it’s not free shipping then I feel like, why should I pay extra when I can just go to town and buy it there or like similar”, this opinion was agreed on by all participants, that shipping costs should always be as low as possible, with free shipping expected by most. Expensive or complicated return policies can be off-putting, “I don’t like to order online and the process of returning things”, “I always check return policy, return policy is very important” and “Return policy is fundamental”, are some quote examples proving this point. Complicated or expensive return policies can add so much irritation and stress that it negates the convenience of online shopping altogether, with participants adding that free return shipping or returns to local stores are a necessity.

Connected to convenience is the marketing of online shopping and its connection to impulse purchasing. All participants were familiar with online advertisements through social media platforms, with one male participant stating that one Google search of a Nike shoe, led to weeks of advertisements for the shoe and eventually purchase. “I never thought I would be affected by social media when it came to shopping. But the way they present it to the shops you open, for me it really influences me buying things” the male participant stated.

Historically electronic shopping channels have suffered from security and trust problems (Görsch, 2000) and though this was still a consideration to a small degree from some of the participants, for the majority it was not seen as an issue. Under the umbrella of trust is the trust that one's products will be delivered; the correct amount is charged from the bank account and that the customer service will help individual consumers. A participant raised the point: “Consistency is important, it builds trust”, supported by a participant who stated that: "I buy a lot of my clothes from GymShark and I have had correspondence with their customers service and I know that they are good and so now I'm not as hesitant to buy from them”. Another participant stated: "It can be something about trust yea, not now maybe but ten years ago, you can be scammed easily”, this mentality was reflected in several participants, indicating that the online shopping experience for consumers in Sweden has overcome initial trust issues.

6.1.4 Interviewee’s channel choice preferences
Understanding the logic behind individual customer channel choice is important in an omnichannel marketing strategy, as understanding which contact point a customer prefers and
what the drivers for this are, provides valuable insights to enhance the value or the experience consistency presented to each customer through his/her preferred channel (Melero et al., 2016). Amongst the focus participants were a couple, who shopped exclusive online mainly for personal reasons and a couple who shopped exclusively in physical stores for other personal reasons. Most of this can be put down to past experiences leading to habitual behaviour, as suggested by Melero et al., (2016), other elements involve a lack of availability of options in physical stores, leading to almost exclusive online shopping. Alternatively, abysmal experiences with online shopping, leading to the exclusive use of physical stores.

As suggested in past research (Brynjolfsson et al., 2013), the majority of interviewees preferred a physical location if it was available and held sufficient inventory. They sought to online shopping for differentiation or to purchase something not available at a local store. This suggests that channel attributes, channel experience and social effects and the consequences of these drivers were the most prominent driving forces guiding customer channel choice over time. Arguably, marketing activities had a stronger effect on impulse decisions to purchase an item, such as the participant who bought the shoe online. However, the marketing activities are hugely important to consider in the grand scheme of the omnichannel marketing model, as the communication needs to be synced across all platforms and can ultimately guide customer behaviour (Melero et al., 2016).

6.2 Perceived value and expectations of Omnichannel

6.2.1 Customers’ Expectations

Expectations play an essential role in shaping the future relationship between customers and a particular company (Prakash & Lounsbury, 1984). Confirmation theory of expectations illustrates how the comparison between pre-perceptions of performance and post-purchase outcome contribute to making or breaking satisfaction (Liao, Chen & Yen, 2007) (Lemon et al., 2002). The interviewees stated that expectations had a significant impact on their satisfaction both during and after the encounter. As mentioned before, service encounter satisfaction heavily relies on the performance of a specific attribute of the service encounter, such as the price consistency with customer’s expectations (Shankar et al., 2003). “If I expect a store to sell clothes at a cheap price, I automatically expect to get worse quality and
service, contrary to stores with a higher price tag, whereas I would expect better quality clothes and service.”

It has been argued by Wallace et al., (2004), when the outputs of a service are expanded, that will eventually increase the expectations level customers have as the transaction is being more complicated, and disconfirmation risk of fulfilling those expectations becomes higher. “Omnichannel should represent the highest level of performance, and integration between online and offline, so it gains our trust by time.”

6.2.2 Customers’ Perceptions

Participants had different perceptions and expectations when it comes to omnichannel and its value. Most of them had no sufficient past experiences dealing with an omnichannel strategy; thus, they had to align their current expectations with the potential future interaction with this strategy. Lemon et al. (2002) state that satisfaction could be related to future considerations, which in turn impact the customer’s action. Hence, it is argued that customer’s future orientations fulfil a significant role in the customer’s decision to remain a customer or not. Therefore, when conducting the focus groups sessions, the primary focus was in which way they expect omnichannel to serve their needs, and what the pre-perceptions of the intended value of omnichannel they have on their minds. Many participants pointed out that the central values behind omnichannel are accessibility, convenience and flexibility. “Time-saving, mobility, that you can buy from everywhere”. That was stressed by Shankar et al., (2003), indicating that availability and the ease of buying, have a direct influence on the overall satisfaction of a service.

Most of the participants have perceived omnichannel as being a new way of distribution and logistics, which was the wrong conception of the strategy. They only viewed the technical side of omnichannel, whereas the core value of this marketing strategy was a bit marginalised as it is still a new phenomenon. One male participant stated: “It is a new way of distribution, but logistics are different in Sweden, I don’t think it would work here”.

Others viewed it as a new ‘trend’ that will eventually disappear by time, as one participant stated: “Maybe in the beginning people will think it’s a cool thing, but I don’t think a lot of people will actually find benefits from this”.
Some of the participants said that some applications of omnichannel do not fit their needs, for instance, they do not think it is beneficial for them to go to the physical store then have the purchased items delivered to their home, as stated by a female participant: “This pretty inconvenient, if I get my lazy ass from the couch to go to the store, I expect myself to buy something back home”. Logistics, delivery times and extra costs were the main concerns about an omnichannel strategy. This has also been illustrated by Piotrowicz and Cuthbertson (2014), the coordination of information flow should link distribution activities to work as one body where all supply chain procedures are connected. According to one participant, “because they got to connect everything so it’s going to be costly with logistics.”

Melero et al., (2016), states that social effects and customer heterogeneity are two of the five main drivers of channel preference, this has also been observed when conducting the focus groups sessions. One said that omnichannel strategy would be more relevant in bigger cities; moreover, the participants agreed that omnichannel could depend widely on individual’s lifestyle and personal preferences. They all agreed that omnichannel could match young people more than older ones, as younger customers tend to adopt more to new development. “It depends on the kind of customer’s the store wants to attract, like if it’s kind of more directed toward young people then omnichannel would be preferred.”

After explaining how omnichannel works, what is the core value behind this strategy, and how it could cover several problems with multichannel shopping, participants showed a positive reaction toward it. A statement which whom several participants agreed with: “Everything will be possible and all the information across channels will be identical, I really like the concept.”

The strategy of combining the benefits of all channels is perused by retailers who want to increase their customers' satisfaction through making all options available (Rigby 2011). The most significant value people had in their minds about omnichannel is to get the maximised shopping experience by combining the advantages of online and offline tools. The power that customers can have lies in the ability to move freely between channels without limits. "If I can use the app to get information while shopping from the store, I can have the ability to check all the offers available online and use them offline”, stated by a participant.
Participants have found returns as one of the most critical aspects considering an omnichannel strategy. One participant stated that her perception of this strategy would be positively influenced if she can return what she has bought online at a physical retail store and vice versa. The ease of returns and the availability of different channels can make customers more flexible thus more satisfied with their transaction. Hence, according to Shankar et al., (2003), service encounter satisfaction heavily relies on the performance of a specific attribute of the service encounter. This, in turn, impacts the customer repurchase intention, as it is argued that customer's previous experiences fulfil a significant role in the customer's decision to remain a customer or not (Lemon et al., 2002). On the other hand, the majority of interviewees indicated that their perception of omnichannel would be negatively influenced if they have to pay extra costs for returns through the different channels. A female participant stated: “Maybe the service has to increase the price in some way you know, and that would make me lose interest”.

The main perceived benefit participants viewed that omnichannel could present, is the ability to mix the advantages of both worlds, as they have pointed out earlier in the interviews the strengths and weaknesses about online and offline. Therefore, they are expected to experience the combinations of attributes they like about their preferred channels. "Omnichannel would allow me to return my online order in store, to get immediate help from personnel if the item was damaged, or the sizing was wrong". Combining the convenience and mobility offered by of online channels with the experience, trust and support given by physical stores can be the core value that omnichannel can deliver to customers (Rigby 2011).

6.3 Satisfaction

6.3.1. Perceived value

The perceived value of a customer, or rather, the benefits the customer perceives he or she gets from a service or product, is argued by Hellier et al. (2003) to be one of the driving pillars leading to customer satisfaction, and ultimately loyalty. Simultaneously presented in this study's theoretical framework, it is argued that perceived value is vital when considering customer loyalty (see figure 3). Apart from theory, the focus groups conducted introduced great evidence of the significant impact perceived value of a service or product has on the retain-ability and potential loyalty of a customer.
On several occasions, individuals reflected their opinions on perceived value and the impact of positive and negative expectations. As one male participant stated: “If I expect a store to sell clothes at a cheap price, I automatically expect to get worse quality and service, contrary to stores with a higher price tag, whereas I would expect better quality clothes and service”. This view was commonly shared throughout the interviews between individuals. It is important to highlight the fact that this statement does not imply that the purchasing of products one perceives to be of low quality, is unable to lead to customer satisfaction ultimately, and does not imply that the service is necessarily bad. When the participants were asked about whether or not they are loyal to one or several companies, a common answer was the pledged loyalty to the big clothing brand Zara. As mentioned by a female participant: “I’m loyal to Zara, because I know my way around there. I always check it first before any other company, and I always know what to expect. Cheap and good-looking clothes”. This statement implies that even though customers are aware of the fact that the clothes they buy are cheap and of low quality, they enjoy it and become loyal to the company. That said if a company can provide benefits that align with the perceived value of customers, this study’s theoretical framework suggests that no matter the quality or service, a company can make customers satisfied and turn them into loyal customers, as highlighted in detail in figure 5.

Considering omnichannel and perceived value, participants were additionally asked whether or not the adoption of omnichannel would impact their perceived value or loyalty. One male participant stated: “if I really like a brand, even though another brand offers something that my brand doesn’t, I would still go to my brand because I like them and omnichannel wouldn’t impact my loyalty or purchasing pattern”. This statement was agreed upon within several of the focus group interviews. However, seeing as omnichannel is a relatively new concept, despite the participants being presented with the definition, it was figured that the participants might need to be provided with practical examples of omnichannel to grasp the concept fully. After providing the focus group with examples of practical omnichannel uses, the reaction was significantly different as to what was observed previously. One female participant stated: “I’m from Stockholm, and when I’m shopping there, I like to stroll around, but I don’t like...
carrying around stuff, so that would be good with omnichannel, in the example of purchasing something and sending it home or to Jönköping. That’d make me loyal”, which several other individuals agreed with.

Taking these observations into account, it could be argued that omnichannel potentially provides value exceeding customers initial perceived value, therefore increasing the chance of gaining loyal customers. However, seeing as omnichannel is a new concept, there is no evidence on how the apparel industry would use this strategy in practice, let alone similarly to the practical examples that were provided during the interviews. It is therefore uncertain if the strategy provides additional value depending on how the companies choose to utilise the strategy. It does, however, as observed, contain significant potential for growth of customer satisfaction.

6.3.2. Perceived equity

The perceived equity of a customer is another critical pillar of customer satisfaction argued by Hellier et al., (2003) and highlighted in the theoretical framework of this thesis (see figure 3). Essentially, the perceived equity is the customer's overall assessment regarding customer support and fairness in service transactions, such as problem and complaint handling process (Hellier et al., 2003). When the focus group participants were questioned about the importance of perceived equity, the majority highlighted concern regarding online transactions. One female participant stated: “I like physical, test there, fit the clothes, testing in the fitting room, and get it home immediately, I don’t like to order online, having potential additional costs, and if necessary, the process of returning things”. The participant reflected a concern in the fairness of transactions, highlighting additional costs such as shipment and other fees as a cause. Additionally, the participant assessed concern in the process of returning. This was commonly agreed upon by several participants within the focus groups.
However, not all participants were concerned with online. One female participant stated: “I don’t mind online, I got used to it, so I’m perfectly fine. I get to test everything at home in my own comfort, and it’s really easy and convenient to return”, reflecting positive perceived equity. Whether or not a participant had positive perceived equity to online or offline channels, it was observed, however, that for a customer to have satisfaction, one of the two options had to be trusted. One could trust offline and not online, but still be satisfied and loyal to a company. “I think the process of having a complaint and getting it fixed or getting money back is faster in-store rather than online where it has to be inspected to see if it already was damaged etc., so I would avoid that risk and go to the store”, stated by a female participant loyal to Zara. Whatever option the customer trusts, perceived equity was observed to be crucial for customers to be satisfied, providing evidence for the theory by Hellier et al., (2003), and strengthening the theoretical framework of this thesis, as detailed in figure 6.

When the participants were questioned about omnichannel in relation to perceived equity, a shared concern was apparent between the participants who initially had negative perceived equity to the online factor. The primary concern consisted of the fact that as more channels became intertwined, as described in the omnichannel definition earlier in this paper, it would be believed to result in higher risk of unfairness in service transactions and worse customer support. It is important to note, as mentioned, that this concern was only shared among participants who already had an unfavorable view of online shopping, either from experience or general distrust. Among the participants who instead preferred online shopping, the idea of omnichannel did not impact their perceived equity negatively.

As suggested by Hellier et al., (2003), and according to the observations made throughout the focus groups, it is safe to assume that perceived equity indeed plays a significant role in the satisfaction of customers. Generally, it would seem that having robust customer support on the offline or the online marketplace, is sufficient to attract loyal customers. However, for a company to attract as many as possible, and increase the positive perceived equity of customers, offline and online customer support and problem handling should be equally prioritised. In terms of omnichannel adoption, it did not seem to impact the perceived value of participants who already had a favourable view on the online area, however, it seemed to
cause some level of uncertainty in individuals who preferred offline. Judging from this, it can be argued that the participants who favoured offline shopping react negatively due to the thorough explanation of omnichannel provided during the focus group interviews. It would seem unnecessary and unlikely for companies that adopt the strategy to explain the channel integration, causing uncertainty in customers. Since participants who prefer offline don't get any significant impact on their traditional shopping experience from an omnichannel adoption, it can be argued that omnichannel has a low chance of impacting the perceived equity of customers. It might affect the perceived equity of online shoppers, but seeing as they already trust the online marketplace, it is deemed improbable.

6.3.3 Perceived quality

The third and final key driver of satisfaction is perceived quality, which is explained by Hellier et al., (2003) to be the customers' assessment of the standard of the service delivery process. It essentially defines perceived quality as the level of satisfaction gained from the service included in purchasing a service or product. It is argued to be of vital importance as not only the quality of the product or service itself matters, but rather the level of standard of the service included (Hellier et al., 2003).

On several occasions during the focus group interviews, participants highlighted the joy of shopping where their perceived quality was high. Such instances were commonly reflected upon when visiting stores or websites that are considered to be more ‘premium’. Generally including stores with higher price tags. Participants experienced a higher perceived quality in these premium stores, as the level of service included when purchasing a product, was significantly higher and more noticeable compared to a store with generally lower price tags. A female participant stated: “I like shopping at physical stores, especially those with more expensive brands. Not because the clothes or the quality is better, but the experience you get with every purchase is much more enjoyable compared to a less expensive store”. A vast majority of participants agreed with this statement, supporting the theory argued by Hellier et al., (2003), and providing evidence for the theoretical framework of this thesis, as detailed in figure 7.
It was concurrently observed and reflected by many participants that they were willing to pay more even though they knew the quality of the clothes could potentially be the same as the clothes of a much cheaper store. Having a high standard of service, giving customers a high standard of perceived quality, is as observed, an arguably useful and important factor in consideration of customer satisfaction. Considering omnichannel, implications existed proving participants were aware of the added value omnichannel carried, despite being a new concept. As one male participant stated; “As times change and we constantly move to online, I think its potentially going to grow and become more important as time goes”. Concurrently, a female participant stated: “I think It’s going to add more value to upcoming generations, those who grew up with technology from day one are going to appreciate this new and technological strategy”. As evident, participants noted the value in omnichannel, despite it being a new concept.

When providing examples for a participant of the omnichannel strategy in practice, observed reactions implicated a higher potential increase in perceived quality. Noted in several participants, they stated: “Yes! We love the idea, that’s why we potentially would love omnichannel. Very convenient. You try them on and get them delivered. Awesome concept”. The observed reactions serve as evidence strengthening the theory of Hellier et al., (2003), and this thesis theoretical framework, implicating perceived quality is of great importance when considering customer satisfaction. Observing the empirical data provided through the focus group studies, it can be argued that perceived quality implicate higher joy and satisfaction of purchasing for customers. When incorporating omnichannel, observed reactions implicate an increase in the value of perceived quality. As participants were given hypothetical examples and not real-life examples, the uncertainty of this statement lies in the potential adaptation of companies adopting omnichannel. One cannot argue for sure how companies decide to adopt an omnichannel strategy, stating that customers may not have the same positive perceived quality attitude as shown in this study when questioned about omnichannel. It can be stated, however, that the potential omnichannel carries, is highly likely to increase perceived quality if incorporated correctly, as observed in this study.

6.4 Omnichannel and Loyalty
According to Shankar, Smith and Rangaswamy (2003), there are two loyalty definitions, behavioural and attitudinal. Behavioural loyalty is when the customer is loyal to a particular
brand because he/she is used to buying from there, but he/she would switch easily if a better alternative shows up. This is what most of the participants expressed during the focus group sessions, as they tend to prefer specific brands, but do not mind switching if they find an attractive alternative. “I always go to certain kind of shops before then check the rest”.

Whereas some few other participants have shown an attitudinal loyalty, as they considered themselves to be loyal and would be hard for them to switch, “If I really like a brand, even though another brand offers something that my brand doesn’t, I would still go to my brand because I like them”. In many of the cases, this attitudinal loyalty was developed based on previous experience with the brand, trust, and ease of use. “I can say I’m pretty loyal to the website that I buy from, because I know how it works, and the fitting, so usually I don’t have to send it back”.

Studies of consumer loyalty indicate that multichannel buyers are more likely to be loyal than single-channel buyers, spending more money and time with a respective consumer, when they purchase (Kumar & Venkatesan, 2005). According to Wallacea et al., (2004), increasing the service output will lead to customer-retailer loyalty, as more channels are being available to serve customers different needs. This has been reinforced during the focus groups sessions, by participants: “This obviously means that they are thinking about what’s our next step, and what we can do more to improve”. Hence, many had perceived omnichannel as a step forward taken by companies to develop a better and stronger relationship with customers, moreover to make their shopping more comfortable and more convenient.

Presenting all channels integrated, increases the service level and empowers customers to choose how and where they want to initiate, process, and end their purchase. The customer will be the vital cell in the transaction, and all operations will be directed according to their specific needs (Rigby, 2011). Moreover, the consistency of promotion and marketing activities engage customers in the shopping process as more channels reinforce, and lead to each other. “Yes! We love the idea, that’s why we potentially would love omnichannel. Very convenient. You try them on and get them delivered, Awesome concept!”

According to Shankar et al., (2003) customer satisfaction has been divided into two kinds of satisfaction, the first is service encounter satisfaction and the second is overall satisfaction. Service encounter satisfaction is transaction-specific, whereas the overall customer satisfaction is relationship-specific. As observed, omnichannel can lead to overall customer
satisfaction, as this type of satisfaction could be achieved through progressive and collective sum of service encounters or transaction exchanges with a company throughout over time. Furthermore, the overall satisfaction depends on aspects occurring through transactions, such as the ease of buying (the availability), which has been highly reinforced by consumers, “omnichannel will make it easier for us to buy as all channels reflect each other and work together, that is great!”

The concept of omnichannel has a positive impact on customer's retailer choice when it comes to choosing between a company that does utilise the omnichannel strategy and one which does not. When all other factors are identical, participants favour the store who has an omnichannel strategy over the store with a multichannel strategy. “If everything else is identical, yes I chose omnichannel because obviously it makes it easier.”

Whereas any change in the equation, can lead to a different outcome, taking same previous examples with the change in the price factor, participants changed their decision to the other store with a multichannel strategy if they can have the same item with a lower price. “I buy from the cheapest, if it's the same shirt, not from the store that uses omnichannel”. Other factors such as quality, price, and customer support had greater impact when it comes to satisfaction and loyalty. Though omnichannel could be an incentive to choose a retailer over another, but it is still not sufficient to be the deciding factor. “It could make me loyal, I’m not saying that it will make me guaranteed, but there is an incentive for that”.

On the other hand, omnichannel could damage loyalty as the strategy may lead to increased customer expectations, due to the added risks of the complicated transaction process. As one participant said: “if they failed to integrate their channels, I’ll never buy from that company again.” This was also stressed by Wallace et al., (2004), indicating that expanded outputs of a service will eventually increase the expectations level customers have as the transaction is being more complicated, and disconfirmation risk of fulfilling those expectations becomes higher.
7 Conclusion

Omnichannel represents the evolution of technology and the full integration of business resources. It empowers customers by giving them the freedom of choice to move across different channels without barriers, directing marketing activities to be customer-centred and designed according to customer's needs. The observations made for this paper indicate that millennial consumers have different preferences when it comes to the usage of channels and shopping habits. As the vast majority of consumers still shop either online or offline, omnichannel will bring together the advantages of both worlds as it offers seamless shopping experience. This is suitable to the strength of the omnichannel strategy, as it may solve the shopping problems customers might experience by choosing a certain channel.

Despite this, the omnichannel strategy is seemingly not a strong enough advantage in the equation compared with other aspects influencing satisfaction and loyalty such as quality and price. The omnichannel strategy has a positive perception in people's mind as it is related to convenience and flexibility, but it was not sufficient to be the deciding factor when choosing a company over another. The most prominent themes that were mentioned by consumers and can lead them to satisfaction were more associated with quality, price, and customer support. Omnichannel accompanied with other factors can increase loyalty but solely does not play a significant role. It does, however, contain potential to increase satisfaction among customers if adopted right. From that, it is concluded that omnichannel could add an incentive for customers and play role when it comes to customer's relationship development with retailers, but it is not as strong as the other factors affecting loyalty.
8 Discussion

8.1 Strengths

A strength of this thesis was the internationalism of the participants of the focus groups. All participants had extensive knowledge about shopping in the Swedish and other markets, making their experience and knowledge far-reaching and valuable. Another was the focus on a specific industry and country which made the information digestible and reliable. Not focusing on a specific company or list of companies, made it a holistic focus on the fashion industry in Sweden, making the results more applicable to other companies and potentially industries. As the topic is complicated and hard to explain conceptually, focusing on a specific industry allowed for a significant amount of time to discuss specific factors with the participants, to obtain as much knowledge as possible.

A final strength is the development of the model, which was based on pre-existing models and research but was made specifically to fit this topic and research purpose. the omnichannel loyalty development conceptual framework created in this thesis, proves itself to be a suitable and applicable theory when studying the relationship of customer satisfaction in parallel to increased channel usage. As discussed in the analysis, through empirical data and research, evidence is provided in the favour of the theoretically usable function of the framework, concluding that it does indeed work and provide potential future usage.

8.2 Limitations

A limitation of this thesis was the exclusive use of focus groups for primary data. Time constraints and difficulty arranging a time with a suitable company representative, made it challenging to manage focus groups, while also arranging one-on-one interviews. One or more one-on-one interviews with a representative from a company could've produced an interesting comparative view.

8.3 Managerial implications

The hope with this thesis is that it will inspire marketing students and companies to open their eyes to this new marketing strategy and realise its potential in a holistic marketing view. The analysis and conclusion present the values and drawbacks as seen by the customers and companies have the possibility to use this as guidance when developing their omnichannel strategy. This paper shows that to succeed in an omnichannel world, first companies should
have a foundation of well operating offline and online channels. Additionally, that some steps of the business model must be prioritised, for omnichannel to meet customers' expectations, such as the delivery and collection of products and minimised waiting times. This was stressed by almost all participants and should as such be an important consideration for companies aiming to implement the strategy. Meanwhile, students can use it as a base off which to explore this strategy in new realms as yet unimagined.

8.4 Future Research
This study is focused entirely on the fashion industry in Sweden, which is a specific industry operating in a specific way; thus, future research can expand on this by researching other industries in other countries. This could aid in developing an understanding of different geographical values and weaknesses of this strategy. Additionally, future research could focus more on case studies and the company perspective, utilising real-life examples and transition phases, exploring the changes this may have on the company and its relationship to its customers.
9. References


