Purchase Intention of Indian Customers in Omnichannel Retail: Development of Conceptual Framework and Empirical Analysis

Babita Singla

Chitkara Business School, Chitkara University, Punjab, India. E-mail: babita.singla@chitkara.edu.in

K.P. Jaheer Mukthar

Kristu Jayanti College Autonomous, Bengaluru, India. E-mail: jaheer@kristujayanti.com

Rosario Huerta-Soto

Universidad Cesar Vallejo, Huaraz, Peru. E-mail: rhuertaso@ucvvirtual.edu.pe

Maria Medina-Gutierrez

Universidad Nacional Santiago Antunez De Mayolo, Huaraz, Peru. E-mail: mmedinag@unasam.edu.pe

Segundo Tomas-Aguilar

Universidad Cesar Vallejo, Huaraz, Peru. E-mail: stomas@ucv.edu.pe

Fernando Salazar-Gonzales

Universidad San Pedro, Chimbote, Peru. E-mail: manuel.salazar@usanpedro.edu.pe

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Abstract

The rise of the Internet technology and other technological breakthroughs in the last decade have altered the retail landscape. An ever-increasing number of outlets is emerging, causing purchasers' preferences and buying habits to shift. Customers can shop across channels from any place using an omnichannel method, which enables real-time collaboration and provides customers with an engaging, complete, and consistent purchase experience that bridges the lying channel gap in between. The objective of the study is to figure out what influences omnichannel purchasers' behavior by recognizing and aiming to use technological advancements within the purchasing cycle. To that end, a new framework was conceptualized based on factors, Social Influence, Habits Influence, Hedonic Motivation, Personal innovativeness and perceived security. The impact of these factors on the purchase intentions

of customers in the omnichannel retail was analyzed using the data of sample size 314. The results of the study confirm positive influence of all factors mentioned in the framework on customers purchase intention in omnichannel retail. The study concludes with important implication for both scholarly field and practitioners beside mentioning its limitations.

Keywords

Purchaser behaviour, Omnichannel Retail, Purchase Intention, Technology Acceptance, UTAUT2.

Introduction

Digital Innovation has empowered the retail sector in more than one way. There are numerous benefits associated with retail industry going the digital way although complexities related to the adoption mechanism also need to be delt in a constructive manner (Reinartz et al., 2019; Verhoef & Bijmolt, 2019). Some of the prominent challenges that retail players need to content with include building consumer interaction interface adding new online channels of shopping and sales to understanding consumer behavior in a manner that will benefit all stakeholders in the industry, resulting in significant changes in customer behaviour (Verhoef et al., 2015). During their buying trip, an increasing proportion of clients use numerous channels. Omnishoppers are those who shop across multiple channels and want a consistent experience (Crittenden et al., 2010; Medrano et al., 2016). An omnishopper use a smartphone app to research product details, compare pricing on different channels of sales including the e commerce websites and then making the actual purchase on the physical stores. This makes use of modern technologies to find information, express opinions, describe experiences, make purchases, and communicate with brands (Rippé et al., 2016; Yurova et al., 2017). In the previous literature very, less work is available related to the problem of pre-reception rules for omnishoppers, and clarifications of why clients carry on with a specific goal in mind toward data advancements have prevalently centered around instrumental convictions (Konuş et al., 2008; Verhoef et al., 2015). This research aims to further the knowledge in the domain of omnichannel retail and helping industry stakeholders to understand the consumer behavior regarding selection of the stores and their purchase behavior (Schmitt, 1999, 2010). To that end, the study emphasis and evaluate the process through which customer use the technology in making purchase decision in the context of omnichannel retail. (J. Lu et al., 2005; Venkatesh et al., 2012) The research makes use of various construct of UTAUT 2 (Unified Theory of Acceptance, and Use of Technology) in addition to using innovativeness and security as additional construct. Our research has significant implication for both theory and practice. In the scholarly field the research will open the new evolute of innovation for researchers

to evaluate fast growing channel of omnichannel. In practice executive will gain understanding of consumer behavior that will help to achieve sustainability of their business in the long run while enhancing customer satisfaction and loyalty (Lazaris et al., 2014; Neslin et al., 2014; Verhoef et al., 2015). Rest of the study has been divided into the following section: the literature review section takes a deep look into the previous studies on technology adoption, consumer behavior and multichannel retail this helps us to identify key variables/dimensions that are crucial and critical for intention of consumer to adopt technology in the context of making purchase in multichannel retail (Lazaris et al., 2015; J. Lu et al., 2005). This has led to development of hypothesis followed by collection of data through the observations. Data analysis follows the data collection and PLS 3 tool has been used to analysis measurement and structural model. Towards the end, the conclusion and discussion section elaborate important implications of the study for both academia and industry. This in turn, will help the stakeholders to understand the mechanism through which consumer adopt the technology in the omnichannel retail. Lastly, the research describes the limitation of the study by describing the future course of action for further explorations.

Literature Review and Development of Hypothesis

1) Omnichannel Retailing: Emerging Context and Changing Consumer Behavior

Omnichannel retailing has sprung into prominence, thanks to the evolution of technology emergence of new challenges and changing customer purchase behavior towards multichannel retailing (Brynjolfsson et al., 2013; Lazaris et al., 2015). Stakeholders in the multichannel retailing are increasingly facing new business pressures and to further aggravate the challenges, changing customer preferences and stringent policy regime is waying on their business interests. The evolution in the format of multichannel retailing is also confronting the sustainability of conventional business practices in the retail sector (Melero et al., 2016; Piotrowicz & Cuthbertson, 2014). To face all these challenges effectively retailers, have to adopt the emerging concept of omnichannel retailing which in compasses targeting customers in a multi facets way. Omnichannel retail employs all possible ways of attracting customers and integration of these measures is likely to deliver desirable result for stakeholders across the value chain in retail sector (Neslin et al., 2014). The significant characteristic of omnichannel retail is its Holistic focus on the customer shopping experience. According to the research conducted by Gupta et al. (2004) and Shah et. al. (2006), Omnichannel retailing focuses on providing a comprehensive experience to customers in a more user-friendly manner. The concept also emphasizes the better exchange of value between brands, channels, retailers and customers so that each stakeholder derives

its share of benefits from the exchange (Konuş et al., 2008). This means the concept is not only focuses on enhancing customer convenience and value it also aims to consolidate the entire ecosystem in retail by empowering all the stakeholders. Another advantage associated with omnichannel retail is higher systemic efficiencies related to purchase, sourcing, and post purchase which in turn coverts into better value for stakeholders in the retail ecosystem (Schlager & Maas, 2013; Yurova et al., 2017). The influence of technology is very much apparent in all Industries nowadays. The retail sector is no exception and thanks to the emergence of omnichannel retail, the role of Technology has become even more significant. To study the consumer adoption and use of technology in omnichannel retail, this research draws on the literature to understand the factors influencing customer behaviour towards omnichannel retail. To that end, Venkatesh et. al. (2012) model of UTAUT 2 has been taken as a base model for the research. The primary reason behind the adoption of this model is its significance in explaining the usage and role of Internet and Communication Technologies (ICT) influencing the behaviour of the customer in multichannel retail. As Omnichannel retail is particularly impacted by the role of Technology the significance and applicability of the UTAUT 2 model is very much apparent.

2) Development of Hypothesis

Social Influence (SI)

SI is characterized by the impact of society on the purchase decision of the customers and benefits associated with their purchasing and consumption process (Venkatesh et al., 2003, Pascual-Miguel et al., 2015). The factors have been demonstrated to have an impact on adoption and use of technology by the consumers in the retail sector (Venkatesh et al., 2012, Escobar-Rodriguez and Carvajal-Trujillo, 2014). Different studies conducted by different authors have found that expectations and perception of society have a considerable impact on the purchase behavior of customers. Specifically, in the omnichannel retail, this effect is significant as many purchase decision are influenced by family members and peer groups. The purchase of the clothing and apparel have significant influenced from the social circle of the buyer and now with technology playing a key role in purchase decision the influence of social media and allied platforms could not be over emphases. User's reviews on the electronic platforms have also found to impact the buying decision in omni channel retail as found in studies conducted by Fishbein and Ajzen, 1975; Schifter and Ajzen, 1985; Davis, 1989; Davis et al., 1989; Moore and Benbasat, 1991. Therefore, on the basis of extent research and previous studies, we propose that social influence will have positive significant impact on the purchase intentions of buyers in the omnichannel retail.

H1. SI has significant positive impact on purchase intentions of customers in omnichannel Retail.

Habits Influence (HI)

Past habits have a considerable influence on buying behavior of customers as demonstrated by studies of Kim et al., 2005; Limayem et al., 2007, Nicholson et al., 2002, Crowley et al., 1992. This is particularly significant for stakeholders in the value chain as they need to research, plan and analyze the buyer's data to gain customer loyalty. In other words, producers, retailers and other stakeholders in the industry have to work in tandem to influence the habits of consumers in a positive manner. This will lead to evolution of the omnichannel retail in the positive manner so that it's format can find more favor with the target customers. The role of marketing research to correctly identify purchasing patterns and behavioral habits of target consumers can also play an important role in spreading popularity of omnichannel retail. The data from the past purchase of the consumers' needs to be analyzed and accordingly, analyst can track the behavior related to future purchase patterns of buyers. While analyzing these trends it is also important to take cognizance of technology influence as the format of omnichannel retail gets influenced by social media platforms and allied technology. Some of these aspects have been researched by Kim and Malhotra, 2005; Balasubramanian et al., 2005 and Carvajal-Trujillo, 2014; and in accordance to previous literature our study purposes the following hypothesis related to habits Influence on purchase intention of buyers.

H2. HI has significant positive impact on purchase intentions of customers in omnichannel Retail.

Hedonic Motivation (HM)

The pleasure of doing shopping is one of the primary predictors of consumer behavior in retail industry. In the past researchers have investigated the fun/delight that customer derive from their purchase experience and it has significant role to play in case of multichannel retail. This has even more important role to play when it comes to the omnichannel retail experience of buyers. Along with the shopping customers are also looking forward to have a desirable social experience that include exploring the place, shopping for their needs, enjoy the ambience, participating in fun activities etc. In other words, all these activities not only provide a holistic social experience but also saves a lot of time of consumers by offering them to one stop solution for their shopping and social needs. Some of the previous studies have also found the significant positive relation between HM and purchase intention, which testifies the association between these two variables of interest. The factor

require research both from the personal and social perspective and as it involves a deep study on psychology, multidisciplinary research is the ideal way to investigate the impact of HM on the purchase intention of consumers. For our research purpose, we have taken the queue from the studies of Thong et al., (2006); Blázquez, (2014), and accordingly the following hypothesis with respect to hedonic motivations impact on purchase intention has been proposed.

H3. HM influence has significant positive impact on purchase intentions of customers in omnichannel Retail.

Personal Innovativeness (PI)

The evolution in the technology has many consequences for consumers. Earlier studies have shown that customers are likely to explore more option in omnichannel retail if their personality is innovative and open to new experiences (Prasad & Agarwal, 1998; Herrero Crespo & Rodríguez del Bosque, 2008). Further studies have shown that imagination and innovation play a very important role in influencing buying behavior of customers in the retail sector. This is specifically significant in case of buyers are inclined to purchase technology products useful for personal and family use. The previous exposure, awareness, knowledge of the purchase segment can also play an important role in ensuring that PI helps consumer to make an informed purchase decision related to their needs and requirements. The education level of users also impacts the PI which in turn has implication for the purchase decision of the user. This is because the overall awareness has a direct relationship with personal innovativeness of buyer and one of the ways to enhance the creativity among users is to provide them information and exposure to arrange of variables associated with omnichannel retail. We contend that personal innovativeness is likely to have a positive impact on purchase intention of customers and hence the following hypothesis is proposed (Konuş et al., 2008; Escobar-Rodríguez & Carvajal-Trujillo, 2014).

H4. PI has significant positive impact on purchase intentions of customers in omnichannel Retail.

Perceived Security (PS)

The downside of increasing use of technology is the threat associated with its excessive usage period. In order to enhance the response of the customers towards multichannel retailing, studies by (Kim & Forsythe, 2007; Escobar-Rodríguez & Carvajal-Trujillo, 2014). The need to work on enhancing perceived security is felt acrossed the eco system of retail industry. This is even more significant in omnichannel retail as the emphasis of this

particular segment is on enhancing the evolvement of customers through the use of many technological platforms. This mandates retailers to provide high degree of perceived securities to customers for evoking positive response from them (Steenkamp & Baumgartner, 1992; Salisbury et al., 2001). There are many mechanisms that omnichannel retailers can use to enhance the perceived security among target market. Some of the significant measures include providing extended warranties, Onsite replacement, credible after sale service, easy and prompt consumer redressal system and no question return policy. All these factors come together to help improve the perceived security among prospective buyers and can have a positive impact on the purchase intentions of the consumers. This will also lead to a reassure shopping experience that can be leveraged by omnichannel retailers for better services, profitability, market share and customer satisfaction. Accordingly the study proposes that perceived security is positively associated with purchase intention of buyers as stated in the hypothesis given below:

H5. PS has significant positive impact on purchase intentions of customers in omnichannel Retail.

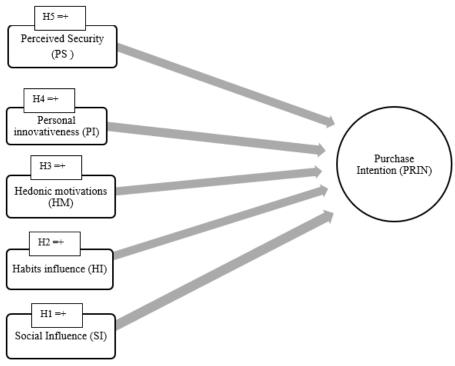


Figure 1 Conceptual Framework

Research Methodology

For the purpose of our study, we categorized omnichannel customers those who use more than two channels for shopping and purchasing products of their choice. An online survey

form was created and in total, 374 responses were received. Preliminarily analysis of the responses led to the inclusion of 314 completely filled forms that were used in the data analysis. The survey form of consisted of following two sections: 1) Socio Economic profile of respondents, 2) Shopping behaviour based on their recent purchase process and experience.

Table T Description of Sample							
Parameter	Percentage						
Sample Size	374						
Useable Responses	314						
Gender							
Male	38 %						
Female	62 %						
Age							
15 to 25	28%						
26 to 40	42%						
41 to 55	18%						
56 and above	12%						
Occupation							
Students	24%						
Employee	41%						
Self Employed	12%						
Home Maker	17%						
Retired	6%						
Education							
High School	11.1%						
College	40%						
Professionals	48.9%						

Table 1 Description of Sample

The responses were taken on a five-point Likert scale with responses ranging between one (Strongly Disagree) and 5 (Strongly Agree). Before administering the survey form, we conducted a pilot test of the questionnaire to determine its reliability and relevance for the target respondents/ shoppers. Reliability of the questionnaire was analysed through the Cronbach alpha test with value of which came out above the level of threshold value. For analysis purposes partial least squares (PLS) 2.0 has been utilised for testing measurement and validity structural model.

Data Analysis and Results

1) Estimation Model

In order to evaluate reliability and validity of the model the study makes use of Cronbach Alpha, average variable extracted (AVE) and composite reliability (CR). The value of

Cronbach alpha was found to be more than the threshold value suggested by previous researches that is 0.7. Along the same lines, the value of AVE came out to be more than minimum suggested value of 0.50. CR is also an important determinant of reliability and the value of CR came out more than the minimum suggested value by previous researchers.

	CR	Cronbach Alpha	AVE	SI	HI	HM	PI	PS	PRIN
SI	0.94	0.89	0.55	0.77					
HI	0.92	0.85	0.57	0.59	0.86				
HM	0.92	0.88	0.62	0.57	0.54	0.78			
PI	0.91	0.85	0.58	0.51	0.53	0.57	0.72		
PS	0.92	0.89	0.56	0.51	0.51	0.44	0.41	0.67	
PRIN	0.94	0.92	0.55	0.40	0.44	0.34	0.38	0.49	0.73

Table 2 Reliability and Validity Results

To access the discriminant validity the research uses the criteria of value comparison between AVE and inter construct correlation. According to the guidelines, AVE's square root for construct should be more than the correlation between them (Hair et al., 2011; Roldán & Sánchez-Franco, 2012). Results of the estimation model is given in the Table 2.

2) Structural Model

PLS 2.0 is used for the assessing the structural fit of the model and testing the hypothesis proposed by the study. To that end bootstrapping technique with 3000 resamples was used by the study and results of which are given below in Table 3.

	Path coefficient	T	P -values	Hypotheses			
$SI \rightarrow PRIN$	0.487	0.490	0.001	H1: Accepted			
$HI \rightarrow PRIN$	0.362	0.436	0.000	H2: Accepted			
$HM \rightarrow PRIN$	0.412	0.572	0.001	H3: Accepted			
$PI \rightarrow PRIN$	0.311	0.506	0.000	H4: Accepted			
PS -> PRIN	0.321	0.467	0.001	H5: Accepted			

Table 3 Structural Model Measurement

As shown in the table the path coefficients of the proposed relationship between construct came out to be significant with respective values of 0.487, 0.362, 0.412, 0.311. 0.321. Based on analysis of data, all the purposed hypothesis were accepted i.e., SI, HI, HM, PI and PS are positively related to Purchase intentions of consumer in the omnichannel retail settings.

Conclusion

As shown by the data analysis, purchase intentions of consumers in the omnichannel retail are positively associated with SI, HI, HM, PI and PS. The results are aligned with the outcomes of the previous studies as the positive role of social influence on the purchase intention was also confirmed by (Escobar-Rodríguez & Carvajal-Trujillo, 2014; Herrero Crespo & Rodríguez del Bosque, 2008; Y. Lu et al., 2011; San Martín & Herrero, 2012). Similarly, the positive influencing role of habit on purchase intention was established by (Escobar-Rodríguez & Carvajal-Trujillo, 2014; Venkatesh et al., 2012). Our study also strengthen these previous results by reinstating the influence of habits on the purchase intentions of consumer in omnichannel retail. The impact of Hedonic motivation and personal innovativeness has been explored by (Escobar-Rodríguez & Carvajal-Trujillo, 2014; Thong et al., 2006; van der Heijden, 2004; Venkatesh et al., 2012) in the past. These researchers have found both these factors influential in impacting the purchase intentions of consumers and analysis of our research also support the findings of these previous studies. We found the role of perceived security quite influential in influencing purchase intention of consumer in omnichannel retail also literature is not very forthright in connecting these two factors. This may be due to the fact that omnichannel retailing mandates use of electronic devices and technology which makes the customers susceptible to data and personal information theft. No wonders consumers want extra assurance from omnichannel retail platforms regarding their safety and security of sensitive information. The study has important implications for both academia and practice. Researchers can use the study as the starting point to compare the characteristics of consumers impacting their purchase decisions in omnichannel retail across different regions/countries. More constructs can be added to the existing model, especially the ones which can impact this relationship by a mediating or moderating route. This will be significant addition to the body of knowledge as very less work has been done in establishing the impact of mediating and moderating variables on the purchase intention of consumers in omnichannel retail. For practitioners, the study is significant in more than one way. First, the research will help in extend their understanding of consumer behaviour in the omnichannel retail settings. This in turn will help them to conceive the strategy that are more customer oriented and impactful in their approach. Second, retailers must focus on appropriately characterize which innovations they will put resources into, yet additionally how they will empower the acknowledgment thereof, as this acknowledgment is a significant indicator of procurement aim. Specifically, in-store innovation must be centred around making another coordinated client experience, utilizing innovation that is useful, charming, and fascinating to guarantee that inventive clients see that the new omnichannel retailers stimulate and accelerate their purchasing experience There are certain limits to this article. The information pertains to a specific instance of customer behaviour: the purchasing process at omnichannel retail that sells products.

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