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The Influence of Omnichannel Integration on Customer Loyalty through Customer Journey Experience in Modern Retail

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ABSTRACT

This study examines the role of omnichannel integration in fostering customer loyalty through customer journey experience in Denpasar's fashion retail sector. Using a quantitative explanatory design, data from 200 consumers were analyzed with PLS-SEM. The results reveal that omnichannel integration significantly enhances customer journey experience and customer loyalty. Customer journey experience also positively influences loyalty and partially mediates the relationship between omnichannel integration and loyalty. However, the modest explanatory power of omnichannel integration on customer journey experience indicates that experience formation is shaped by broader contextual and interactional factors. These findings suggest that while channel integration improves consistency across touchpoints, customer loyalty ultimately depends on delivering high-quality experiences throughout the entire customer journey in omnichannel retail environments.

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INTRODUCTION

The advancement of omnichannel strategies in the retail industry has led firms to integrate multiple interaction channels, both online and offline, with the aim of enhancing customer experience. However, the mere presence of multiple channels does not necessarily translate into a seamless customer experience. Despite substantial investments in technological integration, customers frequently encounter inconsistent information, difficulties in transitioning across channels, and discontinuities in service across touchpoints. This discrepancy highlights a critical misalignment between firm-designed integration and customer-perceived integration, suggesting that omnichannel initiatives may not always deliver the intended experiential outcomes (Verhoef et al., 2015).

Within the marketing literature, omnichannel integration is widely regarded as a key driver of customer experience. It is assumed to improve accessibility, ensure information consistency, and enable flexible interactions, thereby enhancing overall experience quality (Juaneda-Ayensa et al., 2016). In turn, customer experience is considered a central mechanism in shaping customer loyalty, influencing both repurchase intentions and word-of-mouth behavior (Ahmad et al., 2022; Lemon & Verhoef, 2016). Accordingly, prior studies commonly conceptualize the relationship between omnichannel integration, customer experience, and customer loyalty as a linear process in which integration enhances experience, which subsequently drives loyalty (Alim et al., 2025).

However, this dominant perspective is subject to important conceptual limitations. Much of the existing literature treats customer experience as a static and aggregated construct, thereby neglecting its inherently dynamic and processual nature across the customer journey. In practice, the customer journey comprises multiple stages and non-linear interactions across diverse touchpoints, each of which may generate distinct experiential responses (Gerea et al., 2021; Lemon & Verhoef, 2016). By failing to account for this complexity, prior models risk oversimplifying the mechanism through which omnichannel integration influences customer loyalty, potentially leading to an incomplete understanding of how value is actually created across the customer journey.

These conceptual limitations have important implications for the interpretation of empirical findings. When customer experience is not conceptualized as a dynamic, process-based journey, it becomes difficult to determine at which stages channel integration creates value or, conversely, introduces friction. As a result, the effect of omnichannel integration on customer loyalty may be overstated or inaccurately attributed. Under such conditions, the commonly assumed linear relationship between omnichannel integration, customer experience, and customer loyalty becomes theoretically fragile and requires critical re-examination.

This limitation is particularly evident in emerging market contexts characterized by uneven levels of digital adoption. Denpasar, as one of Indonesia's major economic and tourism hubs, represents a retail environment where rapid digital channel expansion coexists with a persistent reliance on offline interactions. In the fashion retail sector, consumers frequently engage with multiple channels in a non-linear manner. For example, searching for product information online while completing purchases offline without fully integrated system support. Such interaction patterns tend to produce fragmented experiences across different stages of the customer journey rather than a seamless, unified experience. In this context, the assumption that omnichannel integration inherently leads to seamless experiences and, subsequently, enhances customer loyalty becomes increasingly questionable.

The foregoing discussion points to several critical gaps in the existing literature. First, limited attention has been given to conceptualizing customer journey experience as a process-based mediating mechanism, rather than treating it as a static and aggregated construct. Second, empirical evidence remains scarce in contexts characterized by hybrid online–offline interactions, where the assumptions of seamless integration are inherently challenged. As such, the issue is not merely the absence of prior research, but the insufficient examination of established theoretical assumptions under conditions that deviate from fully integrated omnichannel environments.

In response to these gaps, this study investigates the influence of omnichannel integration on customer loyalty through customer journey experience as a mediating mechanism in the fashion retail context of Denpasar. Rather than solely testing direct relationships among variables, this study critically evaluates the validity of the underlying mechanism within a setting where integration remains partial and fragmented. Theoretically, this research contributes by advancing a process-based perspective of customer experience, emphasizing the role of the customer journey as a dynamic mechanism linking channel integration and customer loyalty. Practically, the findings offer insights for retailers to move beyond a purely technological focus on integration and instead prioritize the continuity and coherence of customer experience across multiple touchpoints.

LITERATURE REVIEW

Customer Loyalty

Customer loyalty is a central construct in marketing, commonly defined as a deeply held commitment to repurchase a preferred product or service despite situational influences and competitive pressures (Kotler & Keller, 2016). Beyond repeated purchase behavior, loyalty encompasses attitudinal dimensions such as preference, emotional attachment, and willingness to recommend, reflecting a more comprehensive evaluation of the customer–firm relationship (Kumar & Reinartz, 2016). However, this conventional conceptualization often assumes that loyalty is formed as a relatively stable outcome of cumulative satisfaction, without sufficiently accounting for the variability of customer experiences across different interaction contexts.

From a relationship marketing perspective, loyalty is understood as the result of long-term interactions that foster trust and perceived value over time (Lemon & Verhoef, 2016). Yet, in omnichannel environments, these interactions are no longer confined to a single channel but are distributed across multiple touchpoints, each of which may generate distinct and sometimes inconsistent experiences. This fragmentation challenges the assumption of uniform experience accumulation underlying traditional loyalty models. In such contexts, loyalty formation becomes contingent upon the consistency and coherence of experiences across the entire customer journey, rather than the outcome of isolated or channel-specific interactions.

Accordingly, this study conceptualizes customer loyalty as a path-dependent outcome emerging from the accumulation of experiences across the customer journey. By adopting this perspective, the study departs from conventional models that implicitly attribute loyalty to channel integration alone and instead emphasizes experiential continuity as a critical mechanism shaping loyalty formation. This reconceptualization provides a more nuanced understanding of how loyalty is developed in environments characterized by fragmented and non-linear customer interactions.

Omnichannel Integration

Omnichannel integration represents an evolution in channel management strategies, emphasizing the coordination of multiple channels to deliver a consistent customer experience. While early conceptualizations focused on aligning distribution and communication channels to provide uniform value (Kotler & Keller, 2016), the emergence of digital technologies has expanded this notion toward ensuring continuity of customer experience across all interaction points. In this regard, omnichannel integration is commonly defined as the degree of synchronization across channels that enables customers to transition seamlessly without loss of information or service quality (Verhoef et al., 2015).

However, this dominant view implicitly assumes that greater integration necessarily leads to improved customer experiences. Such an assumption overlooks the possibility that integration may remain largely technical or structural, without being fully reflected in customers' actual interactions. In practice, inconsistencies across channels, misaligned information, and fragmented service processes may persist despite formal integration efforts. This suggests that the effectiveness of omnichannel integration cannot be evaluated solely based on its structural implementation, but must be assessed in terms of how it is experienced across different stages of the customer journey.

From a service-dominant logic perspective, value is co-created through interactions between firms and customers. In an omnichannel context, the quality of these interactions depends on the extent to which channels are not only integrated, but also capable of supporting coherent and continuous experiences. Rather than functioning as a direct driver of outcomes, omnichannel integration operates as an enabling mechanism that shapes the consistency, continuity, and fluidity of interactions across touchpoints. Consequently, its impact on customer experience is contingent upon how effectively integration translates into seamless transitions and coherent experiences throughout the customer journey.

This perspective differs fundamentally from traditional multichannel retail models. In multichannel retailing, firms provide customers with multiple purchasing channels, such as physical stores, websites, or mobile applications, but these channels frequently operate independently with limited coordination. As a result, customers may experience inconsistent information, duplicated processes, or fragmented interactions when moving across channels. Traditional multichannel research therefore emphasizes channel availability and customer channel choice rather than the continuity of customer experiences across touchpoints (Verhoef et al., 2015).

In contrast, the omnichannel perspective views all customer touchpoints as interconnected components of a single customer journey. Rather than focusing solely on the availability of multiple channels, omnichannel integration seeks to create seamless transitions and consistent experiences throughout the pre-purchase, purchase, and post-purchase stages (Lemon & Verhoef, 2016). Accordingly, the conceptual framework proposed in this study differs from traditional multichannel models by positioning customer journey experience as the primary mechanism through which omnichannel integration influences customer loyalty.

Within this framework, omnichannel integration is expected to positively influence customer journey experience by enhancing the continuity and coherence of interactions across multiple touchpoints.

H1: *Omnichannel Integration has a positive effect on Customer Journey Experience.*

Customer Journey Experience

Customer journey experience extends the broader concept of customer experience by emphasizing its processual and temporal nature. While customer experience is commonly defined as customers' cognitive, emotional, and behavioral responses to firm interactions (Schmitt, 1999), this definition often treats experience as a cumulative but relatively undifferentiated construct. In contrast, the customer journey perspective conceptualizes experience as emerging from a sequence of interconnected interactions across pre-purchase, purchase, and post-purchase stages, each of which may generate distinct evaluative responses (Lemon & Verhoef, 2016). Accordingly, customer journey experience is understood as a dynamic, path-dependent construct shaped by the configuration and continuity of interactions across multiple touchpoints.

In omnichannel environments, the formation of customer journey experience becomes increasingly complex due to the involvement of multiple online and offline channels. While prior research suggests that channel integration facilitates seamless transitions and enhances convenience (Gerea et al., 2021), this assumption does not always hold in practice. Variations in channel performance, inconsistencies in information, and disruptions in service processes may produce fragmented experiences across different stages of the journey. As such, customer journey experience is not merely determined by the quality of individual interactions, but by the degree to which these interactions are coherently connected throughout the journey. This reinforces its role as a dynamic mechanism through which integration-related factors are translated into experiential outcomes.

In relation to post-purchase behavior, customer journey experience plays a central role in shaping customer loyalty. Rather than emerging from isolated satisfaction episodes, loyalty is better understood as the outcome of accumulated experiences across the entire journey. A coherent and consistently positive journey experience strengthens perceived value and emotional attachment, thereby increasing the likelihood of repurchase and positive word-of-mouth.

H2: *Customer Journey Experience has a positive effect on Customer Loyalty.*

The Effect of Omnichannel Integration on Customer Loyalty

As a strategic capability, omnichannel integration not only shapes customer experience but may also exert a direct influence on customer loyalty. From a perceived value perspective, customers evaluate firms based on the efficiency, convenience, and consistency of their interactions. Integrated channels enable access to consistent information, facilitate smoother transactions, and reduce redundant processes, thereby enhancing functional value perceptions (Verhoef et al., 2015).

However, the formation of loyalty does not always require a comprehensive evaluation of experiences across the entire customer journey. In many cases, customers rely on heuristic judgments related to system usability, reliability, and interaction efficiency. When channel integration effectively reduces friction and simplifies decision-making processes, it can directly reinforce perceptions of competence and trustworthiness. These perceptions may be sufficient to drive repeat usage and preference, even in the absence of fully developed or consciously evaluated journey experiences (Juaneda-Ayensa et al., 2016; Alim et al., 2025).

In highly competitive retail environments characterized by low switching barriers, such functional and efficiency-based evaluations become particularly salient. Customers are more likely to remain with firms that consistently offer frictionless and reliable interactions across channels. Accordingly, omnichannel integration is expected to have a direct positive effect on customer loyalty, independent of its role in shaping customer journey experience.

H3: *Omnichannel Integration has a positive effect on Customer Loyalty.*

The Mediating Role of Customer Journey Experience

The relationship between omnichannel integration and customer loyalty is not purely direct, but operates through internal evaluation processes that unfold across the customer journey. Drawing on the *stimulus–organism–response* (S-O-R) framework, omnichannel integration can be conceptualized as a stimulus that structures the interaction environment, while customer journey experience represents the organism reflecting customers' cognitive and affective evaluations. These evaluations, accumulated across multiple touchpoints, subsequently shape behavioral responses in the form of customer loyalty. From this perspective, loyalty is not driven by integration per se, but by how integration is translated into coherent and meaningful experiences throughout the journey.

Mechanistically, effective channel integration facilitates the creation of consistent, low-friction, and contextually relevant interactions across stages of the customer journey. These accumulated interactions form the basis of perceived value, trust, and emotional attachment. Conversely, when experiences across touchpoints are fragmented or inconsistent, the positive effects of integration are unlikely to be fully realized. This implies that the impact of omnichannel integration is conditional upon the quality and continuity of the experiences it enables, rather than its mere structural presence (Gerea et al., 2021).

Accordingly, customer journey experience functions as the primary transmission mechanism through which omnichannel integration influences customer loyalty. While a direct effect of integration on loyalty may occur through heuristic evaluations of efficiency and reliability, a substantial portion of its influence is expected to be channeled through the formation of accumulated experiences across the journey. This suggests that the indirect pathway represents a more substantive explanation of loyalty formation in omnichannel contexts.

H4: *Customer Journey Experience mediates the effect of Omnichannel Integration on Customer Loyalty.*

Figure 1. Conceptual Framework

METHODOLOGY

This study adopts a quantitative approach with an explanatory research design to examine the causal relationships among omnichannel integration, customer journey experience, and customer loyalty. Given the model's focus on prediction and the inclusion of multiple latent constructs with mediation effects, Partial Least Squares Structural Equation Modeling (PLS-SEM) is employed as the primary analytical technique. PLS-SEM is particularly appropriate for this study due to its suitability for complex models, its robustness in handling non-normal data distributions, and its emphasis on maximizing explained variance in endogenous constructs (Hair et al., 2022).

The population comprises modern retail consumers in Denpasar, Indonesia, who have engaged with firms through multiple online and offline channels. Denpasar represents an appropriate empirical setting because modern retail in Indonesia reflects the broader Southeast Asian retail landscape, characterized by rapid digital transformation alongside the continued importance of physical stores and hybrid shopping behavior. This context provides a suitable environment for examining how omnichannel integration influences customer journey experience and customer loyalty.

A purposive sampling technique is applied to ensure that respondents possess relevant omnichannel experience. To enhance the validity of responses, screening criteria are implemented to include only individuals who have conducted at least one cross-channel interaction, such as searching for information online and completing a purchase offline. Following methodological recommendations for PLS-SEM, a minimum sample size of 200 respondents is established to achieve adequate statistical power and stable parameter estimation (Hair et al., 2021).

Data are analyzed using PLS-SEM with SmartPLS software, following a two-stage procedure. First, the measurement model is evaluated to assess indicator reliability, internal consistency reliability, convergent validity, and discriminant validity. Second, the structural model is assessed using the coefficient of determination (R^2), predictive relevance (Q^2), and the significance and magnitude of path coefficients. Bootstrapping procedures are employed to test the significance of direct and indirect effects, enabling a rigorous assessment of mediation.

RESEARCH RESULT

Evaluation of Measurement Models

The measurement model in this study consists of reflective constructs, where omnichannel integration, customer journey experience, and customer loyalty are operationalized as reflective latent variables.

Table 1. Outer Loading, Composite Reliability and AVE

Variable	Measurement Items	Outer Loading	Cronbachs Alpha	Composite Reliability	AVE
Omnichannel Integration	OCI1	0.743	0.875	0.896	0.595
	OCI2	0.911			
	OCI3	0.910			
	OCI4	0.757			
	OCI5	0.693			
Customer Journey Experience	CJE1	0.838	0.930	0.944	0.706
	CJE2	0.880			
	CJE3	0.787			
	CJE4	0.884			
	CJE5	0.797			
	CJE6	0.888			
	CJE7	0.803			
Customer Loyalty	CL1	0.838	0.883	0.908	0.595
	CL2	0.851			
	CL3	0.734			
	CL4	0.698			
	CL5	0.827			
	CL6	0.627			
	CL7	0.770			

The assessment of convergent validity indicates that all indicators exhibit outer loadings above the recommended threshold of 0.60, satisfying the rule of thumb criteria (Ghozali, 2021). In addition, the results demonstrate that all constructs achieve composite reliability (ρc) and Cronbach's alpha values exceeding 0.70, indicating satisfactory internal consistency reliability. Furthermore, the average variance extracted (AVE) values for all constructs are above 0.50, suggesting that each construct explains at least 50% of the variance of its indicators, thereby confirming adequate convergent validity (Hair et al., 2021).

Table 2. Fornell-Larcker

Variabel	Customer Journey Experience	Customer Loyalty	Omnichannel Integration
Customer Journey Experience	0.840		
Customer Loyalty	0.781	0.767	
Omnichannel Integration	0.300	0.426	0.807

Discriminant validity is assessed using the Fornell–Larcker criterion, which shows that the majority of constructs meet the required thresholds. This assessment is further supported by the cross-loadings analysis, where each indicator loads highest on its corresponding construct compared to other constructs in the model. These results collectively confirm that the measurement model demonstrates satisfactory discriminant validity.

Table 3. Cross Loadings

Indikator	OCI	CJE	CL
OCI1	0.739	0.162	0.208
OCI2	0.913	0.297	0.450
OCI3	0.916	0.344	0.460
OCI4	0.761	0.100	0.177
OCI5	0.674	0.042	0.046
CJE1	0.293	0.838	0.671
CJE2	0.287	0.879	0.699
CJE3	0.039	0.787	0.628
CJE4	0.194	0.883	0.639
CJE5	0.357	0.797	0.634
CJE6	0.201	0.888	0.653
CJE7	0.349	0.804	0.658
CL1	0.332	0.733	0.839
CL2	0.384	0.638	0.851
CL3	0.326	0.532	0.733
CL4	0.275	0.382	0.698
CL5	0.299	0.786	0.826
CL6	0.545	0.400	0.626
CL7	0.162	0.573	0.770

Evaluation of Structural Models

The coefficient of determination (R^2) is used to assess the explanatory power of the structural model. The adjusted R^2 value for customer journey experience is 0.079, indicating that omnichannel integration explains only 7.9% of the variance in customer journey experience. This suggests a weak explanatory power for this endogenous construct. In contrast, the adjusted R^2 value for customer loyalty is 0.641, indicating that the combined effects of omnichannel integration and customer journey experience explain 64.1% of the variance in customer loyalty, which can be considered moderate to substantial (Hair et al., 2021). These results suggest that the model is more effective in explaining customer loyalty than customer journey experience.

Table 4. R Square

	R-square adjusted
Customer Journey Experience	0.079
Customer Loyalty	0.641

Predictive relevance is evaluated using Q^2_predict. The Q^2_predict values for customer journey experience (0.065) and customer loyalty (0.157) indicate small to moderate predictive relevance. Nevertheless, the positive Q^2 values suggest that the model has predictive capability and performs better than a naïve benchmark (Hair et al., 2021).

Table 5. Q Square

	Q^2predict
Customer Journey Experience	0.065
Customer Loyalty	0.157

The structural model results indicate that all hypothesized direct relationships are statistically significant. Omnichannel integration has a positive and significant effect on customer journey experience (β = 0.300; p < 0.001), suggesting that higher levels of channel integration are associated with improved customer experiences. Customer journey experience exhibits the strongest effect on customer loyalty (β = 0.717; p < 0.001), indicating that it is a key determinant of loyalty formation. Additionally, omnichannel integration has a positive direct effect on customer loyalty (β = 0.211; p = 0.006), although the magnitude of this effect is weaker compared to the indirect pathway.

Table 6. Path Coefficients

Direct Effect	Path Coefficients	P values
H1. Omnichannel Integration -> Customer Journey Experience	0.300	0.000
H2. Customer Journey Experience -> Customer Loyalty	0.717	0.000
H3. Omnichannel Integration -> Customer Loyalty	0.211	0.006
Indirect Effect	**Path Coefficients**	**P values**
H4. Omnichannel Integration -> Customer Journey Experience -> Customer Loyalty	0.216	0.000

The mediation analysis reveals that customer journey experience significantly mediates the relationship between omnichannel integration and customer loyalty (β = 0.216; p < 0.001). Given that the direct effect remains significant, the mediation can be classified as partial. This finding indicates that the influence of omnichannel integration on customer loyalty operates both directly and indirectly through the enhancement of customer journey experience.

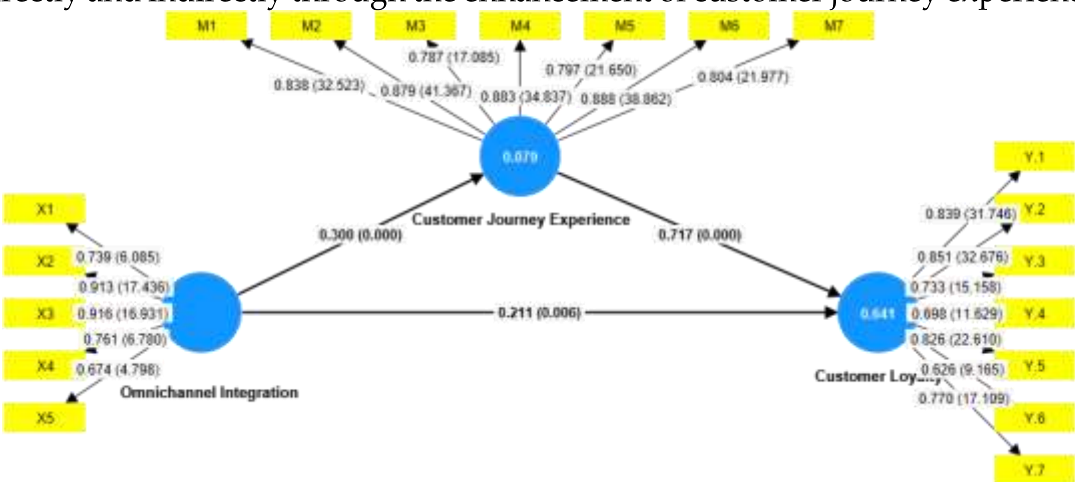

Figure 2. Bootstraping Analysis

DISCUSSION

The findings confirm that omnichannel integration has a positive and significant effect on customer journey experience, indicating that the integration of multiple channels contributes to the formation of customer experiences by enabling continuity across interactions. Customers not only utilize multiple channels but also expect seamless transitions across touchpoints without losing information, service consistency, or control over the purchasing process. When such integration is achieved, friction throughout the customer journey is reduced, resulting in experiences that are more coherent and cognitively manageable.

This finding is consistent with prior literature that positions channel integration as a key enabler of customer experience formation. Lemon and Verhoef (2016) argue that customer experience emerges from the accumulation of interactions across multiple touchpoints, making consistency and connectivity across channels essential. Similarly, seamless experiences facilitated by channel integration enhance perceptions of convenience, efficiency, and ease of use in the shopping process (Grewal et al., 2017; Wirtz et al., 2023).

However, the effect of omnichannel integration on customer journey experience appears to be relatively limited and context-dependent. The low explanatory power (R^2 = 0.079) suggests that channel integration alone is insufficient to fully account for variations in customer journey experience. This indicates that experience formation is influenced by a broader set of factors beyond technical integration, including contextual and experiential elements inherent in the retail environment.

In the fashion retail context, prior studies suggest that customer experience is more strongly shaped by hedonic and emotional factors rather than purely functional aspects of channel integration. Bonetti et al. (2018) highlight the importance of visual merchandising, brand image, and social interaction in shaping customer perceptions. Furthermore, Ahmad et al. (2022) emphasize that customer engagement and value co-creation processes play a more central role in experience formation than system integration alone.

This finding should also be interpreted within the context of modern retail in Southeast Asia, where omnichannel adoption is progressing unevenly across firms and consumer segments. Unlike highly digitalized retail markets, consumers in Indonesia and many Southeast Asian countries frequently alternate between online platforms, social commerce, and physical stores during a single purchase journey. Consequently, seamless omnichannel integration is often constrained by differences in technological capability, inventory synchronization, and service consistency across channels. Under these conditions, customer journey experience is shaped not only by channel integration but also by frontline service quality, interpersonal interactions, and localized retail practices, explaining why omnichannel integration alone accounts for only a limited proportion of the variance in customer journey experience.

The findings further indicate that while omnichannel integration plays a role in reducing friction throughout the customer journey, the resulting experience extends beyond mere interaction and becomes a key determinant of customers' evaluative responses toward the firm, as reflected in customer loyalty. The support for the second hypothesis confirms that a positive customer journey experience significantly enhances customer loyalty. Consistent, convenient, and enjoyable experiences generate cumulative satisfaction and strengthen customers' emotional attachment. In the retail context, such experiences not only increase the likelihood of repurchase but also reinforce customer preferences and reduce sensitivity to competing alternatives.

Theoretically, this relationship is well grounded in the literature that positions customer experience as a primary driver of loyal behavior. Brakus et al. (2009) demonstrate that customer experience influences behavioral responses, including loyalty, through sensory, affective, and cognitive dimensions. Similarly, Homburg et al. (2017) argue that positive customer experiences strengthen emotional attachment and value perceptions, ultimately enhancing loyalty. In the context of modern retail—particularly fashion retail in Denpasar—Grewal et al. (2017) highlight that experiences which are both integrated and aligned with customer needs contribute significantly to customer retention and repurchase intention, especially in environments characterized by abundant alternatives.

However, assuming that positive experiences automatically translate into loyalty would be an oversimplification. Prior studies suggest that loyalty may also be influenced by other factors such as switching costs, habitual behavior, or economic incentives. Kumar and Reinartz (2016) show that customers may remain loyal despite moderate or even low satisfaction levels, particularly when barriers to switching are present. This implies that while customer journey experience is a strong determinant, it does not fully account for the complexity of loyalty formation.

Within the Southeast Asian retail environment, customer loyalty is also influenced by cultural preferences for personalized service and interpersonal relationships. Although digital channels increasingly support shopping activities, consumers often continue to value face-to-face interactions, particularly when evaluating fashion products. Therefore, loyalty is strengthened when retailers successfully combine digital convenience with high-quality in-store experiences throughout the customer journey.

The acceptance of the third hypothesis further indicates that omnichannel integration exerts a direct effect on customer loyalty. This suggests that channel integration does not operate solely through experience formation but also generates functional value that directly influences customers' decisions to remain with a firm. In modern retail settings, customers increasingly demand flexibility and consistency across channels, making integrated access a critical factor in shaping preferences. Effective integration reduces process complexity, enhances efficiency, and provides customers with a greater sense of control, all of which contribute to repeat purchase behavior. This finding aligns with Verhoef et al. (2015), who emphasize that channel consistency enhances perceived service quality, as well as Grewal et al. (2017), who demonstrate that cross-channel accessibility directly contributes to customer retention.

This pattern reflects the current stage of omnichannel development in many Southeast Asian retail markets, where consumers increasingly expect integrated digital services as a basic requirement rather than a unique competitive advantage. As omnichannel capabilities become more widespread, channel integration functions as a necessary operational standard, while retailers achieve stronger differentiation through superior customer experiences and service quality.

Nevertheless, the direct effect of omnichannel integration on loyalty should not be interpreted as a dominant determinant. Several studies suggest that channel integration functions more appropriately as a hygiene factor—that is, a necessary condition that must be fulfilled but is insufficient to generate strong and enduring loyalty on its own. Kumar and Reinartz (2016) argue that customer loyalty is often more strongly influenced by economic factors such as pricing and promotional incentives than by operational system quality. Furthermore, Kumar et al. (2013) highlight that behavioral loyalty can emerge without strong emotional attachment, indicating that effective channel integration does not necessarily lead to deep, attitudinal loyalty.

Therefore, the findings of this study should be interpreted with caution: omnichannel integration acts as a supporting factor that reinforces loyalty, but its effectiveness depends on the presence of other value-creating elements that differentiate the customer experience. This interpretation is consistent with the current evolution of modern retail across Southeast Asia. As retailers increasingly adopt omnichannel capabilities, consumers have begun to perceive integrated channels as an expected service standard rather than a distinctive competitive advantage. Consequently, retailers are less likely to achieve sustainable customer loyalty through technological integration alone and instead need to differentiate themselves by delivering superior customer experiences across both online and offline touchpoints.

The support for the fourth hypothesis indicates that omnichannel integration influences customer loyalty indirectly through customer journey experience, thereby confirming the role of customer experience as a key mediating mechanism in the proposed model. This finding suggests that channel integration does not automatically translate into customer loyalty; rather, it first shapes customer experiences, which are subsequently translated into behavioral responses. In the context of modern retail—particularly fashion retail in Denpasar customers do not directly evaluate the technical complexity of systems or the degree of channel integration. Instead, they perceive its outcomes in the form of convenience, consistency, and comfort throughout the customer journey. Therefore, the quality of the resulting experience becomes the critical link connecting firms' technical capabilities with customers' loyalty decisions.

Theoretically, this finding aligns with the view that customer experience emerges from the accumulation of interactions across multiple touchpoints and serves as a primary determinant of customer behavior (Lemon & Verhoef, 2016). In an omnichannel context, channel integration facilitates coordinated and low-friction interactions, which in turn enhance customers' overall evaluations of the firm (Verhoef et al., 2015). Empirical evidence further suggests that the effect of channel integration on loyalty is often indirect, operating through experiential or engagement-related mechanisms. For instance, Le and Nguyen-Le (2021) find that omnichannel customer experience significantly mediates the relationship between channel integration and patronage intention. Similarly, Hossain et al. (2020) demonstrate that both utilitarian and hedonic dimensions of customer experience serve as key mediators in the formation of customer loyalty. These findings reinforce the notion that customer journey experience functions not merely as an intervening variable, but as the mechanism through which the functional value of channel integration is transformed into perceived value by customers.

This study also highlights a critical implication: in the absence of positive customer experiences, the influence of omnichannel integration on loyalty becomes substantially weakened. Becker and Jaakkola (2020) argue that firm-created value must be perceived and experienced by customers in order to influence their behavior. In addition, Kumar et al. (2013) emphasize that customer loyalty is not solely driven by functional performance but also shaped by subjective evaluations and emotional attachment. Accordingly, customer journey experience in this study should not be interpreted as a supplementary variable, but as a central pathway that explains how and why omnichannel integration contributes to customer loyalty.

At the same time, it is important to interpret this mediation effect in light of the empirical findings, which indicate partial rather than full mediation. This suggests that while customer journey experience constitutes a dominant pathway, omnichannel integration also exerts a direct influence on loyalty through functional value perceptions such as efficiency and convenience. Taken together, these results point to a dual-path mechanism in which experiential and functional routes jointly explain how omnichannel integration affects customer loyalty. From a broader regional perspective, these findings provide practical implications for retailers operating in Southeast Asia, where hybrid shopping behaviors have become increasingly common. Consumers often move between e-commerce platforms, social media, messaging applications, and physical stores during a single purchase journey. In such an environment, successful omnichannel strategies require more than technological connectivity; they require retailers to coordinate customer experiences consistently across all touchpoints. Therefore, experience orchestration, rather than channel integration alone, should become the primary strategic focus for retailers seeking to strengthen long-term customer loyalty.

CONCLUSIONS AND RECOMMENDATIONS

This study demonstrates that omnichannel integration plays a significant role in shaping customer loyalty, both directly and indirectly through customer journey experience. The findings reveal that while omnichannel integration contributes to reducing friction and enhancing functional aspects of customer interactions, its direct influence on loyalty is relatively limited. Instead, customer journey experience emerges as the most critical determinant of customer loyalty, indicating that loyalty is primarily driven by the accumulation of consistent, convenient, and meaningful experiences across the customer journey. The mediation analysis further confirms that customer journey experience serves as a key mechanism through which the value of omnichannel integration is translated into customer loyalty, although the presence of a direct effect suggests a complementary functional pathway.

These findings imply that the effectiveness of omnichannel strategies does not solely depend on the level of technical integration across channels, but more importantly on how such integration is experienced by customers. Omnichannel integration should therefore be understood as an enabling condition rather than a dominant driver of loyalty. Without the transformation of integration into coherent and valuable experiences, the impact of omnichannel systems on customer loyalty remains constrained. This highlights the need to shift the focus from system-oriented integration to experience-oriented orchestration across the customer journey.

From a managerial perspective, modern retailers should adopt an integrated customer journey strategy rather than managing online and offline channels independently. First, retailers should ensure real-time consistency of product information, pricing, promotions, and inventory across all customer touchpoints to minimize confusion and service failures. Second, firms should implement unified customer data systems that enable customers to continue their shopping journey seamlessly across websites, mobile applications, social commerce platforms, and physical stores without repeating transactions or losing purchase information. Third, frontline employees should be trained to support omnichannel customers by accessing customer histories and assisting cross-channel transactions efficiently. Finally, retailers should continuously monitor customer journey performance by collecting feedback at key touchpoints and identifying stages where customers experience friction. By focusing on the orchestration of customer experiences rather than merely expanding digital channels, retailers can strengthen customer loyalty through more consistent and meaningful interactions across the entire customer journey.

ADVANCED RESEARCH

This study has several limitations that should be considered when interpreting the findings. First, the study employed a cross-sectional design, preventing the observation of changes in customer journey experience and loyalty over time. Second, the respondents were limited to consumers residing in Denpasar, Bali, which may not fully represent customer behavior in other Indonesian regions or the broader Southeast Asian retail market, where levels of digital adoption and omnichannel maturity vary considerably. Third, the study focused exclusively on modern fashion retail businesses that provide both online and offline shopping channels. Therefore, the findings may not be directly applicable to other retail sectors, such as grocery, electronics, home improvement, or specialty retail, where customer journeys and omnichannel practices differ substantially. Finally, the relatively low explanatory power of omnichannel integration for customer journey experience suggests that additional factors, including emotional engagement, service quality, store atmosphere, and sales personnel interactions, should be incorporated into future research. Future studies are encouraged to employ longitudinal designs, include more geographically diverse samples, compare multiple retail sectors, and examine additional experiential variables to improve the generalizability of the findings.

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