

Application of Omnichannel Experience to Customer Loyalty though WOM Intention in the Beauty Industry: A Conceptual Framework

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ARTICLE INFO

Keywords: Omnichannel Experience, Customer Loyalty, WOM intention

Received : 02 November

Revised : 25 November

Accepted: 28 December

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ABSTRACT

This study aims to analyze the effect of implementing an omnichannel experience strategy on customer loyalty with Word of Mouth (WOM) intention as a mediating variable. Customer data processed through various channels helps brands understand consumer preferences and behavior, so they can provide relevant and satisfying experiences. The results are expected to provide strategic insights for the beauty industry in building stronger relationships with customers, as well as increasing WOM intention that contributes to the purchasing decisions of others.

INTRODUCTION

The beauty industry in Indonesia is growing along with the emergence of local cosmetic products due to the increasing young population in Indonesia in maintaining the appearance and health of the skin. The trend of using local products also shows that the quality of local products can compete with products from abroad. This is inseparable from significant transformations due to technological developments and changes in consumer behavior, such as customers not only shopping offline or in physical stores but also making purchases online through various digital channels. In the application of omnichannel, customers can spread information through three basic forms, namely conducting face-to-face communication with offline acquaintances, posting product reviews on online store websites, and sharing recommendations on third-party social media platforms (Babić Rosario et al., 2020). So, that the application of omnichannel experience is a solution to create better interactions between brands and customers.

Customer loyalty is one of the main factors in the ultimate success of marketing strategies, especially in the highly competitive beauty industry. Customers who have a good experience with a brand, they will share this positive experience with others, either directly WOM or through social media (Tan, 2023). With the recommendation from person to person has a significant impact on a person's purchasing decision.

The application of omnichannel experience strategies in the beauty industry can create more personalized and relevant customer interactions. By utilizing customer data from various channels, brands can understand consumer preferences and behaviors, so that they can provide a more satisfying experience. This not only increases customer satisfaction but also has the potential to increase WOM intention, where satisfied customers tend to recommend products to others.

Therefore, this study aims to determine how the application of omnichannel experience affects customer loyalty through WOM intention as a mediating variable. With this research, it is hoped that it will be able to provide insight for the beauty industry to be able to build stronger relationships with their customers.

LITERATURE REVIEW

Omnichannel Retailing

Omnichannel suggests that the customer experience does not only use one channel, but involves all interactions made between customers and retailers both online (website, social media) and offline (physical stores) (Hickman et al., 2020). Omnichannel retail uses technology to help create relationships with customers to be more interactive so that customers can shop easily and flexibly, and the end result is increased sales (Huang, 2021). This research has five main dimensions in shaping the omnichannel experience, namely consistency, connectivity, personalization, integration and flexibility (Shi et al., 2020).

Customer Loyalty

According to Kotler and Keller in (Krisdamayanti, 2020) Customer loyalty is a deeply held commitment to buy and support a preferred product or service again in the future even though the influence of the situation and marketing efforts has the potential to cause customers to switch.

Word Of Mouth (WOM)

Word of Mouth is an informal form of communication that often happens in everyday life, when customers share their experiences both positive and negative (Das & Ramalingam, 2023). WOM behavior in omnichannel retail is grouped into three categories, namely face-to-face oral communication, posting reviews on social media, and providing recommendations on social media (Tan, 2023).

H1: Consistency has a positive effect on (a) WOM Intention and (b) Customer Loyalty.

While consistency has a positive influence on WOM, Consistency has a positive influence on customer loyalty, with the application of omnichannel customers becoming consistent in buying products so as to give the company a good brand reputation (Hickman et al., 2020).

H2: Connectivity affects (a) WOM Intention and (b) Customer Loyalty.

Connectivity has an important role in ensuring that customers have a continuous experience both shopping online and offline (Wang, 2022). The existence of connected channels makes it easier for customers to increase cross-buying and word of mouth (WOM) (Wang, 2022).

H3: Personalization affects (a) WOM Intention and (b) Customer Loyalty

Personalization is an approach that companies use in providing experiences that are relevant and able to tailor customer needs (Shi et al., 2020). Personalization provides a positive experience in increasing customer satisfaction where when customers feel that their needs are met, they tend to recommend the brand to friends, family or social media, creating positive WOM Intention (Shi et al., 2020).

H4: Integration affects (a) WOM Intention and (b) Customer Loyalty.

Integration plays a role in the customer experience so it is important to create a positive and satisfying customer experience (Shi et al., 2020). The integrity of high omnichannel channels does not only impact customer loyalty and satisfaction, but also impacts the utilization of WOM intention as an effective marketing strategy to strengthen brand reputation (Hamouda, 2019).

H5: Flexibility affects (a) WOM Intention and (b) Customer Loyalty.

Flexibility has the ability to manage, resolve and adapt to changing situations and provide experiences that can be tailored to customer preferences (Sorkun et al., 2020).

H6: WOM Intention has a positive effect on Customer Loyalty

Customer loyalty has a positive effect on consumer intention to provide word of mouth recommendations (WOM) (Managem, 2020). The relationship of WOM has an important role in building customer attitudes towards omnichannel retail, online reviews and recommendations from other customers can influence purchasing decisions and perceptions of a brand, creating a positive relationship that can build customer loyalty (Jo & Bang, 2024).

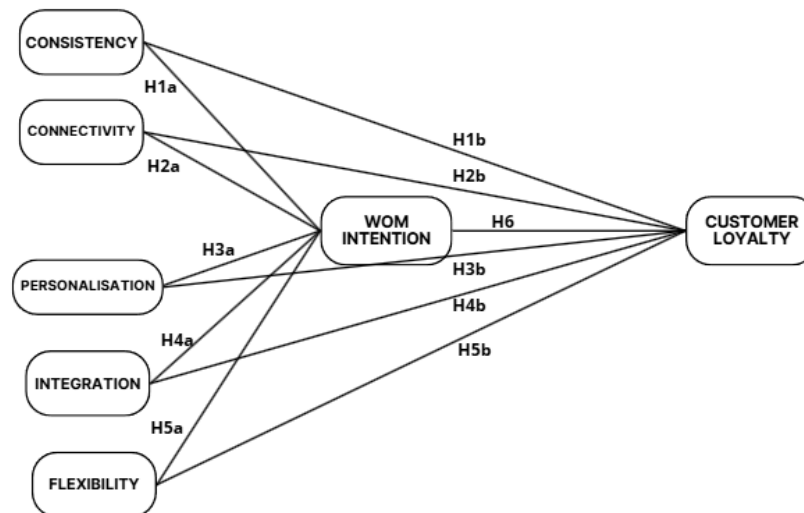


Figure 1. Conceptual Framework

METHODOLOGY

This paper uses a quantitative method that is analyzed using the SmartPLS 4 tool (Ringle et al., 2022) to determine the relationship between variables in Omnichannel. In this study, the targeted population is consumers who interact through various channels, such as online and offline, while the sample taken is respondents with diverse demographic and behavioral characteristics.

RESEARCH RESULT

Based on this research, there are five main dimensions in shaping the omnichannel experience, namely consistency, connectivity, personalization, integration and flexibility (Shi et al., 2020). As an independent variable, WOM Intention as a mediating variable and customer loyalty as a dependent variable. There is a positive and significant relationship between omnichannel experience and customer loyalty, where omnichannel plays an important role in providing experiences for customers to be directly involved in building a brand so that it leads to participation in loyalty programs, social media interaction or involvement in building a brand (Gao & Huang, 2021). Customer loyalty has a positive relationship with WOM Intention, loyal customers tend to recommend brands to friends and family so as to increase brand reputation and brand competitiveness in the market (Jo & Bang, 2024).

DISCUSSION

This study demonstrates that implementing an omnichannel experience in the beauty industry positively impacts customer loyalty, with word-of-mouth (WOM) intention acting as a mediating factor. Key dimensions of the omnichannel experience—such as consistency, connectivity, personalization, integration, and flexibility—have been shown to enhance customer experience. Customers who enjoy a seamless shopping experience across both online and offline channels are generally more loyal to the brand. Furthermore, personalization that aligns with consumer needs fosters more meaningful interactions, which subsequently boosts the likelihood of recommending the brand through word of mouth.

WOM plays a crucial role in shaping purchasing decisions, particularly in the highly competitive beauty sector. Satisfied customers are more inclined to share positive feedback, whether in person or on social media platforms. Therefore, an omnichannel strategy not only fortifies customer relationships with brands but also contributes to business sustainability through the power of WOM.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

The implementation of an Omnichannel Experience in the beauty industry can significantly enhance customer loyalty by boosting Word of Mouth (WOM) intention. Research indicates that the omnichannel experience is crucial in shaping how customers perceive innovation, which subsequently influences their willingness to shop across various integrated channels. Utilizing Innovation Diffusion Theory, we can understand how the omnichannel experience impacts perceived compatibility and perceived risk—two essential factors that shape customers' beliefs and intentions. In the beauty sector, providing a seamless and cohesive experience across all channels not only elevates customer satisfaction but also encourages them to recommend products or services to others, thereby reinforcing long-term loyalty.

Recommendations

The first research recommendation is for the beauty industry to increase integration between online and offline channels. This aims to ensure that information related to products, promotions and customer experience can be consistent so that customers feel more involved in building a brand. Second, companies should focus on creating a customer experience to encourage customers to continue to want to share their experiences with others, giving rise to WOM Intention. Third, future research is expected to conduct deeper empirical studies on the conceptual framework that has been developed, exploring omnichannel experiences and customer loyalty in different market segments. So that it can help companies adjust strategies to meet market needs. And the last, future researchers involve practitioners to collaborate in the beauty industry in order to get a more practical perspective on the application of omnichannel experiences.

ADVANCED RESEARCH

This study's limitations include the number of samples that cannot represent the entire population of customers in the beauty industry. So that future researchers are advised to examine several external factors that become market competition and the application of new technology and examine how the omnichannel dimension affects other industries to compare the results.

ACKNOWLEDGMENT

I would like to express my gratitude to my supervisor who has provided advice and guidance in this research. May the results of this paper be useful for future business development.

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