

HOW VALUE IN EXPERIENCE MEDIATING THE CUSTOMER LOYALTY IN OMNI-CHANNEL RETAILING

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Abstract:

Channel integration through multiple touchpoints is the first step in creating a great Omni-channel retail experience. A value is obtained by the customer from the experience during the buying process, this value is known as customer value in experience, which is defined as the customer's perception of the overall experience that they get. When this is implemented, companies will minimize the risk of losing customers because service is standardized across channels and at every point of contact. When the channel shows a higher degree of integration according to customer experience, customer satisfaction increases. Satisfied customers are reflected in repeat purchases as well as customer intention to choose that retailer again or recommend it to others and the marketing actions controlled by retailers play a tremendous role in achieving customer loyalty. This article explores multi-channel integration, value in experience, and satisfaction to increase customer loyalty in Omni-channel retail. This study was conducted on 212 department store customers who have active memberships and have shopped on at least two channels. The results show that multi-channel integration affects value in experience and value in experience affects satisfaction. The results also show that multi-channel integration has no direct effect on satisfaction and customer loyalty. Multi-channel integration has a positive effect on customer loyalty through value in experience and satisfaction. The results show the value in experience as a good mediating variable to increase customer loyalty in Omni-channel retail.

Keywords: Value in Experience, Multi-channel Integration, Satisfaction, Customer Loyalty, Omni –channel Retailing

1. INTRODUCTION

The emergence of digital media and online store leads traditional retail store lost its consumers (Sholeh, 2020). According to (Kang et al., 2018) offline channels are experiencing a drastic decline while online channels through various digital channels such as sales via mobile phones is showing a significant growth. It is easier for customers to access, compare, choose, buy and return goods due to the development of information technology and communication (Juaneda-ayensa, Mosquera, & Murillo, 2016; Verhoef, Kannan, & Inman, 2015); development of retail channels and points of contact (Beck & Rygl, 2015; Chopra, 2015; Piotrowicz & Cuthbertson, 2015; Wagner, Schramm-klein, & Steinmann, 2013).

The firms need invest and reallocate the number of channel that they have to create competitive advantage by additional online channels (Emrich, Paul, & Rudolph, 2015; M. Frassetto & Et.al, 2015; Gallino & Moreno, 2014; Oh, Teo, & Sambamurthy, 2012; Wallace, Giese, & Johnson, 2004a). Omni-channel retail utilizes multiple channels in its operation (Hossain, Akhter, Kattiyapornpong, & Wamba, 2017). It integrates many channels as touchpoints to create seamless shopping experience for the customers (Silva, Duarte, & Sundetova, 2020; Simone &

Sabbadin, 2018; Verhoef et al., 2015). According to (Kushwaha & Shankar, 2013; Wallace, Giese, & Johnson, 2004b) integrated multi-channel can improve the value of service output to the customers through customer loyalty that comes from increased and focused customers satisfaction. Furthermore, the customers can also receive seamless, consistent and personalized shopping experience (Cao & Li, 2015b; Grewal, Roggeveen, & Nordfält, 2017; Hossain, Akter, Kattiyapornpong, & Dwivedi, 2019).

This is supported by (M. Frassetto & Et.al, 2015; Neslin & Shankar, 2009; Schramm-klein, 2010) that state adding the number of channels can increase long-term customer relationship. Previous studies point out that integrated channels strategy succeeds in serving the customers, giving higher satisfaction and helping in avoid customer switching. Study by (Bendoly et.al, 2005) also found that integration that used in managing online and in store channels seamlessly and transparently gives foundation to increase customer loyalty. This is supported by (Bardwell Ch, 2013) that the customers that are provided with unlimited experience across many channels tend to shop frequently by purchasing large number of products categories; loyal and profitable (Cook, 2014).

Contrarily, the study by (A. Frassetto & Maria-José Miquel, 2016) show that integrated multi-channels show significant effect on loyalty both offline and online. However, the magnitude of the effect is not very strong and offline loyalty does not have positive impact on online loyalty. Furthermore, the study by (X. L. Shen, 2018) concludes that it is still unclear how service integration is related to customer loyalty even though previous study show Omni-channel retail has positive effect on the customer behaviour response on the retailer. This is supported by (Medium, 2019) that points out weak customer management in any channels, inconsistent information and lack of personalization can cause the loss of customers in the long term. The lack of integration across channel can create confusion and impersonal shopping experience that usually leads to customers feeling frustrated that have negative effect on their willingness to continue the business interaction (Dimitrov, 2020).

According to the premise of Service Dominant Logic (SDL) theory in the context of Omni-channel retail, value is considered to be the primary driver for shaping experiences. Channel integration, innovation, and supply chain management enriched with skills, capabilities and competencies that are the resources of the operands and all tangible objects such as shops, devices, distribution centres, equipment that are the resources of the operators are channel-based value (Denktas-sakar & Surucu, 2018). Value will not be created if no offer is used, experience and perception are important to determine a "value" (Lusch & Vargo, 2006). The experience felt by the customers create an obtained value called value-in-experience. It is a meaning-based value creation effort, and is defined as the experience of "resource integration" and "experience sharing" throughout the value fulfilment process (Chen, Drennan, & Andrews, 2012). A value is obtained by the customer from the experience during the buying process, this value is known as customer value in experience, which is defined as the customer's perception of the overall experience that they get (Helkkula, Kelleher, & Pihlström, 2012; Turnbull, 2009).

To create shared experiences and value, individual customers must actively participate in one or more of the activities carried out in the experience (co-production), transcend cognitive

psychological states and emotional involvement and adapt the experience to meet their needs through customization, interaction with service representatives, and technology (personalization), this is a co-created experience, with value as its derivative (Minkiewicz, Evans, & Bridson, 2014). The main offline channel, i.e. physical stores, is increasingly integrated with digital channels to offer a connected personal experience in the customer's shopping journey (Mosquera, Olarte-pascual, Ayensa, & Murillo, 2018).

Knowing the success rate of an Omni-channel retailer is to understand the form of experience that customer's value, one of which is through multi-channel integration. Omni-channel retail allows customers to get the combined benefits of different retail channels and better customer service, increased sales and higher loyalty (McCormick et al., 2014; J. Zhang et al., 2010b). Customers can only be adapted to an Omni-channel through the integration of channels owned by retailers (Denktas-sakar & Surucu, 2018). Channel integration through stores, websites, web, mobile channels, and social media and touchpoints is the first step in creating a good Omni-channel experience which will reduce the risk of losing customers by gaining experience from providing standardized and integrated services and driving customers to continue smooth transactions at every point of contact (Denktas-sakar & Surucu, 2018; Dibb & Simkin, 2020).

This study focuses on multi-channel integration, value-in-experience, satisfaction and customer loyalty in the context of Omni-channel retail, namely the Department Store. The data from the company shows that there was a decline in revenue of up to 57.6% in the nine-month period in 2020. The Department Store also closed 7 large format outlets and closed all specialty outlets. Another obstacle faced is that online channels have not been able to handle large-scale orders related to the supply chain. Likewise from some shopping experiences and reviews from customers who often experience delays in delivery at certain times. This results in the shopping experience obtained by customers being not good, and thinking about choosing other retail e-commerce platforms. According to (Varshneya & Das, 2017) customer experience in the retail context is a series of interactions that are intentionally made by retailers through various touch points that require customer involvement at various levels and provoke reactions from them. Therefore it becomes clear that a good experience in retail will provide value for customers to make customers satisfied and loyal. Value is no longer something that is created by companies alone: value arises from co-creating experiences, through interactions between companies and customers and is determined through positive evaluations of an experience at a given moment, or during a particular exchange encounter (Akaka & Vargo, 2015). Thus, organizing customer experience becomes an important element to develop and maintain customer satisfaction and loyalty (Chakravorti, 2011).

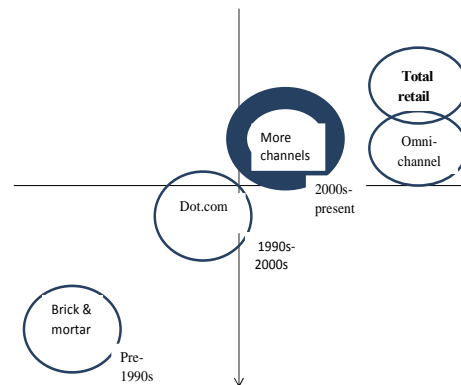
2. LITERATURE REVIEW

Omni-Channel Retailing

In its development, there is shift in the channel form in the retail sector. In 1990s, retail uses brick and mortar concepts, which then moves to online store due to the development of technology during 1990-2000. The increasing development of technology gives rise to many existing channels, therefore retails started to use many channels until now, they implement

Omni-channel due to the form of the channel and its integration. The development of retail channels is as follows:

Figure 1: The Development of Retail Channels



Source: PwC, Achieving Total Retail: Customer expectations driving the next retail business model, 2014

Today's customers expect an integrated shopping experience by combining multiple channels according to their preferences and Omni-channel is how retailers fulfil this. Omni-channel retail gives customers the possibility to order online for pick up in stores; have in-store k-kiosks to place orders online, wider product offerings, ease of in-store assistance; have a website that provides information on product availability in stores and locations (Dennis Herhausen, Binder, Schoegel, & Herrmann, 2015; Kumar, Sharma, Shah, & Rajan, 2013).

Omni-channel retail allows customers to get the combined benefits of different retail channels and better customer service, increased sales and higher loyalty (McCormick et al., 2014; J. Zhang et al., 2010a).

Multi-channel integration

Multi-channel integration is a key characteristic of an Omni-channel environment (Denktas-sakar & Surucu, 2018; Iftikhar, Pourzolfaghar, & Helfert, 2019). This is done to help retailers stay competitive (Iftikhar et al., 2019). Integration aims to build holistic concepts from multi-channel in that no channel is dominating one another, which is a whole total integration that brings benefit to the buyers (Gulati & Garino, 2000; H. Lee & Kim, 2010). Buyers will get different benefits if the channels are used separately (Schramm-klein, 2010). If the integration strategy is applied, retail companies can apply a uniform buyer model.

Multi-channel Integration (MCI) is a form of diversified channel management to offer a seamless experience for shoppers across all channels of a retail company (Chatterjee, 2010; Goersch, 2002a). Customers experience tend to increase when they use integrated channels (Cao & Li, 2015b; Goersch, 2002b; Verhoef et al., 2015; Vinhas et al., 2010). According to (Bendoly, Blocher, Bretthauer, & Krishnan, 2005) MCI aims to provide mutual support and

exchange channels for buyers. Coordinating and integrating channels can provide synergies to increase the effectiveness of each channel and contribute to improving retailer performance.

Channel integration is described as having several dimensions in its measurement. Channel integration is measured by:

Table 1: Dimension Multi-Channel Integration (MCI)

No	Study	MCI Dimension
1	(Gao, Fan, Li, & Wang, 2021)	<i>Integrated Promotion, Integrated Product and Price, Integrated Transaction Information, Integrated Information Access, Integrated Order Fulfillment, dan Integrated Customer Service</i>
2	(W. Lee, 2020)	<i>Integrated Promotion, Integrated Product and Price, Integrated Transaction Information, Integrated Order Fulfillment, Dan Integrated Customer Service; Integrated Information Access</i>
3	(Ifitikhar et al., 2019)	<i>Integrated Promotion, Integrated Product and Price, Integrated Transaction Information, Integrated Order Fulfillment, dan Integrated Customer Service</i>
4	(M. Zhang, Ren, Wang, & He, 2018)	<i>Integrated Promotion, Integrated Product and Price, Integrated Transaction Information, Integrated Order Fulfillment, Integrated Information Access</i>
5	(Jiang, Xu, & Bao, 2015)	<i>Integrated Information Acces, Integrated Customer Service, dan Integrated Channel Access</i>
6	(Herhausen et al., 2015)	<i>Integrated Information Access dan Physical Integrated</i>
7	(Oh, Teo, & Sambamurthy, 2012)	<i>Integration Promotion, Integrated Transaction Information Management, Integrated Product dan Pricing Information Management, Integrated Information Access, Integrated Order Fulfilment, Dan Integrated Customer Service</i>
8	(Schramm-klein, 2010; Schramm-klein et al., 2005)	<i>Integrated Marketing Communication dan Integrated Product Fulfillment</i>
9	(Oh & Teo, 2005)	<i>Integration product information, Integrated transaction information, Integrated order fulfillment, Integrated marketing communication, Integrated Product Fulfillment dan Integrated Customer Service</i>
10	(Bendoly et.al, 2005)	<i>Integrated Infomation dan Physical Integrated</i>
11	(Goersch, 2002).	<i>Integrated promotion, Integrated Branding, Consistency, Integrated Logistics, MCI Integration and its implications for retail websites, dan Integrated Information Management</i>

Source: Author

Value in Experience

Channel integration through stores, websites, web, mobile channels, and social media and touchpoints is the first step in creating a good Omni-channel experience. When this is implemented, the company will minimize the risk of losing its customers as the service is standardized all throughout the channel and in every touch points (Denktas-sakar & Surucu, 2018; Dibb & Simkin, 2020). Due to globalization and continuous technological innovation, customers have greater access and more purchasing alternatives, as well as opportunities to reduce store loyalty. As a result, customer perceived value becomes paramount to being competitive in the market (Li & Green, 2012).

Experience can be formed from what is felt by the customer at every stage of the purchase made. Experiences that are beneficial or otherwise will be easy to remember (Åkesson, Edvardsson, & Tronvoll, 2014). Value cannot be separated from experience. Value is created and felt when people interact with each other or with objects such as self-service machines; and are in the integration of shared resources and value-creating processes (Åkesson et al., 2014). The customer experience is the result of customer integration and joint value creation efforts (Vargo & Lusch, 2008a).

The study on value-in-experience is developed by (Holbrook & Hirschman, 1982) which suggests that customer behaviour has an experiential dimension based on rational behavior and information processing by customers when making purchases. Aspects of customer behaviour

related to the multi-sensory, fantasy and emotive aspects of using the product which they describe as fantasy, feeling and pleasure. (Holbrook & Hirschman, 1982). There are things that companies need to entertain, stimulate and influence customers emotionally through the consumption experience.

Value-in-experience is defined as the customer's perception of the value of the overall customer experience (Helkkula et al., 2012; Turnbull, 2009). At a time when it becomes increasingly difficult for companies to differentiate themselves solely by service, some believe that the path to differentiation lies in the customer experience (Brun, Rajaobelina, Ricard, Berthiaume, & Ricard, 2017). Value is no longer something that is created by companies alone: it arises from the co-creation of experiences, through interactions between companies and customers and is determined through positive evaluations of an experience at a given moment, or during a particular exchange encounter (Akaka & Vargo, 2015). Values and context of experience are important components of value co-creation (Helkkula et al., 2012), as stated in one of premises of service dominant logic, experience is a part of co-creation value (Vargo & Lusch, 2008b). Customers feel that the quantity of value received from one company is greater than that available from another company, which results in higher customer loyalty (Seni & Marinkovi, 2014).

In building the value-in-experience, this research uses the concept of value that will shape the experience in the retail environment. According to (Varshneya & Das, 2017), in measuring the value-in-experience, 4 (four) dimensions are used, namely cognitive value, hedonic value, social value and ethical value, as follows:

- 1) Cognitive value is reflected when customers seek efficiency, excellence and engage to demonstrate intellectual ability. Evaluation and appreciation of retail stores in terms of quality, convenience, reliability, accessibility involves the intellectual abilities of customers
- 2) Hedonic value can be derived from an experience that serves as a means to provide a sense of enjoyment or entertainment to customers.
- 3) Social value is obtained when retail experience helps customers make a good impression on others by reflecting status. Social values help in building a good social reputation. Choices regarding product categories (such as clothing and other fashion products) tend to be driven by social values. Social value can be interpreted as the value that customers get from an experience based on status, self-esteem and social approval.
- 4) Ethical values are based on virtue, trust and honesty. The results of the study emphasize that trust; security and privacy are important parameters on which fashion retail shoppers evaluate the experimental value. Therefore, ethical values can be considered as an important dimension of the value of experience in retail.

Satisfaction

Satisfaction is the key to customer loyalty. Committed customers not only revisit the store and buy consistently products from the same brand but they also recommend the company's

products to friends and relatives, making it a great marketing force. According to (Lemon, White, & Winer, 2002), 40% of satisfaction shapes different aspects that affect customers' loyalty and its orientation. When the channel shows a higher degree of integration according to customer expectations, customer satisfaction increases (M. Frاسquet & Miquel, 2017; Wallace, Giese, & Johnson, 2004c).

(Dennis Herhausen et al., 2015) shows that for different customer segments with different levels of Omni-channel usage, it is stated that product satisfaction and customer loyalty are also different. (Koo, 2020) also emphasized that the satisfaction generated by the services offered by retailers is powerful enough to generate loyalty, meanwhile (Hamouda, 2019) confirming that customer loyalty increases with increasing customer satisfaction. It also reveals that this relationship is stronger in the Omni-channel than in the multi-channel environment due to the higher quality of integration in the channel.

Customer Loyalty

Customer loyalty is an important factor in business continuity and development. Loyal customers are considered as competitive assets for an organization, as it is an important determinant in predicting the level of profit (Frederick F. Reichheld, 1996) and market share (Baldinger & Rubinson, 1996). In particular, the intense competition in the retail market emphasizes the need to retain existing customers (Sirohi, McLaughlin, & Wittink, 1998). The effort required to acquire new customers is much greater than that required to retain existing customers (Stone, Woodcock, & Wilson, 1996).

(Stanica & Cătălina, 2013) stated that high level of customer loyalty and satisfaction are behind every successful business, competitive companies develop retention strategies that always have something, over competitors, as their goal. Loyalty is used as a method to differentiate companies that generate competitive advantage in the market by charging products and services to customers different from competitors (Stanica & Cătălina, 2013). From a marketing point of view, building long-term relationships continues to evolve, namely how to make them loyal. Getting customers is expensive, because it uses different stages of advertising, promotion and sales costs, and operational costs. Developing a loyal customer base is the right and strategic step for a company.

(Dick & Basu, 1978) describe customer loyalty as a favorable attitude and repeat buying behavior. Customer loyalty is defined as a deeply held commitment to consistently repurchase or patronize a preferred product or service in the future, despite situational influences and marketing efforts having the potential to cause switching behavior (Oliver, 1999). From the customer point of view loyalty focuses on the customer's attitude towards the retailer. This attitude may be reflected in the repeat purchase as well as the customer's intention to choose that retailer again or to recommend it to others and the marketing actions controlled by the retailer play a tremendous role in achieving customer loyalty.

Loyal customers to the retailer will revisit the retailer, repurchase the product and recommend the product/retailer to relatives or friends (Zeithaml, L. Berry, & Parasuraman, 1996). Loyal customers are willing to repurchase the product even though there are more attractive

alternatives that may cause switching. They are willing to buy and spend money to try all kinds of products produced by the company's product line. They are more likely to recommend the product or company to other customers, and are willing to provide sincere good feedback to the company regarding needs and expectations (F.F. Reichheld & Sasser, 1990).

From the description above, the hypothesis developed from this study is illustrated in figure 1 as follows:

Hypothesis 1: Multi-channel Integration has an effect on satisfaction

Hypothesis 2: Multi-channel integration has an effect on customers' loyalty

Hypothesis 3: Multi-channel integration has an effect on value-in-experience

Hypothesis 4: Multi-channel integration has an effect on satisfaction through value-in-experience

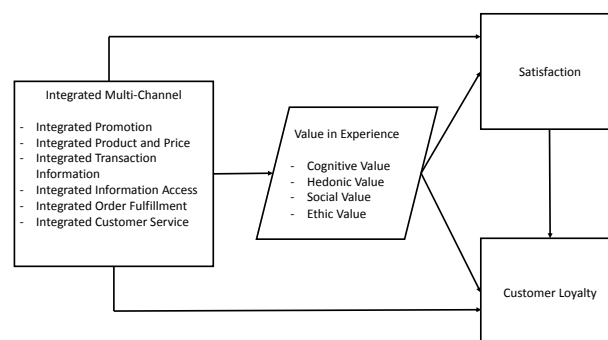
Hypothesis 5: Multi-channel integration has an effect on customers' loyalty through value-in-experience

Hypothesis 6: Satisfaction has an effect on customers' loyalty

Research Model

The proposed theoretical model is shown in Figure 1. The study conducted examined the variables of multi-channel integration, value in experience, satisfaction and customer loyalty.

Figure 2: Omni-channel customer loyalty model



3. METHODOLOGY

The research design use verification descriptive research. Descriptive research is used to provide a complete and detailed description of the phenomenon being studied as it is. Using this type of research because it is considered to be able to describe the existing conditions as a whole. Verificative research is a type/form of research that aims to determine the causal relationship between variables through a hypothesis testing.

This study uses primary data by distributing online questionnaires and directly visiting retail outlets that are the object of the research. This questionnaire was distributed to 13 retail outlets

in Department Stores in the Sumatra II Region that have implemented Omni-channel in the city of Palembang, Indonesia from October to December 2021. More than 400 respondent data collected from all branches and 212 respondents were taken from 1 area that has 4 outlets. The sampling technique used is non-Probability Sampling where the population elements are selected based on the consideration of the researcher because they can represent the population (Ferdinand, 2014). The sample criteria are loyal customers from a department store that have implemented an Omni-channel strategy and respondents have made purchases in at least two of the channels. The scale used is Semantic Differential which will produce a response to a stimulus that is presented in the form of a semantic category, which shows a certain level of characteristics or information (Ferdinand, 2017).

4. RESULTS

Respondent Profile

The demography of the respondents describing gender, age, occupation, income, expenses and preferred product categories to be purchased online or offline are illustrated in the Table below.

Table 2: Respondent Demography

Variable	Category	Frequency	Percentage (%)
Gender	Male	55	25.9
	Female	157	74.1
	Total	212	100.0
Age	<20 year old	26	12.3
	20 – 30 year old	148	69.8
	31 – 40 year old	30	14.2
	>40 year old	8	3.8
	Total	212	100.0
Job	Housewife	15	7.1
	PNS	15	7.1
	BUMD/ BUMN	22	10.4
	Private sector employee	115	54.2
	Students	20	9.4
	Other	25	11.8
	Total	212	100.0
Income	<1 million	21	9.9
	1 million – 2.5 million	64	30.2
	2.5 million – 5 million	102	48.1
	>5 million	25	11.8
	Total	212	100.0
Expenses	<1 million	36	17.0
	1 million – 1.5 million	69	32.5
	1.5 million – 2 million	67	31.6
	>2 million	40	18.9
	Total	212	100.0
Products usually bought offline	Fashion products	171	80.7
	Electronic products	1	.5
	Sports products	2	.9
	Daily necessities products	17	8.0
	Beauty products	10	4.7
	Others	11	5.2
	Total	212	100.0
Products usually bought online	Fashion products	158	74.5
	Electronic products	3	1.4
	Sports products	1	.5
	Daily necessities products	1	.5
	Beauty products	24	11.3
	Others	25	11.8
	Total	212	100.0

Respondents consist of 57 males and 157 females with majority age range of 20-30 year old (148 people). Most of the respondents work as private sector employees (115 people) with average income of 2.5-5 million per month and expenses of 1-1.5 million per month.

In the use of channels in shopping both offline and online, respondents prefer fashion products to be purchased offline as many as 171 people and online as many as 158. This can be indicated that the items they like when shopping and have less purchasing risk are in the category fashion products.

Validity and Reliability Test

Confirmatory Factor Analysis is used to check the validity and reliability of the questionnaire used in this study. Loading factors of each indicator are used to see its validity. Loading factor more than 0.5 is suggested as valid. Meanwhile, reliability is seen from the CR and AVE value. An indicator is said to be reliability if $CR > 0,7$ dan $AVE > 0,5$. The results of validity and reliability test can be seen in the Table as follows:

Table 3: Loading Factor and Reliability Value Model

Indicator	Dimension	Factor loading (λ)	Factor Loading Square (λ^2)	Error (e)	Status	
IMS1.1	INTEGRATED PROMOTION	0,730	0,533	0,467	Valid	
IMS1.2		0,810	0,656	0,344	Valid	
IMS1.3		0,820	0,672	0,328	Valid	
IMS1.4		0,780	0,608	0,392	Valid	
IMS1.5		0,710	0,504	0,496	Valid	
IMS2.1	INTEGRATED PRODUCT AND PRICE	0,830	0,689	0,311	Valid	
IMS2.2		0,810	0,656	0,344	Valid	
IMS2.3		0,780	0,608	0,392	Valid	
IMS2.4		0,790	0,624	0,376	Valid	
IMS2.5		0,700	0,490	0,510	Valid	
IMS3.1	INTEGRATION TRANSACTION INFORMATION	0,790	0,624	0,376	Valid	
IMS3.2		0,820	0,672	0,328	Valid	
IMS3.3		0,860	0,740	0,260	Valid	
IMS3.4		0,870	0,757	0,243	Valid	
IMS4.1		0,800	0,640	0,360	Valid	
IMS4.2	INTEGRATION INFORMATION ACCESS	0,800	0,640	0,360	Valid	
IMS4.3		0,820	0,672	0,328	Valid	
IMS4.4		0,820	0,672	0,328	Valid	
IMS4.5		0,810	0,656	0,344	Valid	
IMS5.1		INTEGRATED ORDER FULFILLMENT	0,870	0,757	0,243	Valid
IMS5.2	0,860		0,740	0,260	Valid	
IMS5.3	0,860		0,740	0,260	Valid	
IMS5.4	0,820		0,672	0,328	Valid	
IMS6.1	INTEGRATED CUSTOMER SERVICE		0,860	0,740	0,260	Valid
IMS6.2		0,840	0,706	0,294	Valid	
IMS6.3		0,800	0,640	0,360	Valid	
Total		21,060	17,109	8,891		
Construct Reliability (CR)		0,980			Reliable	
Average Variance Extract (AVE)		0,658				
Indicator	Dimension	Factor loading (λ)	Factor Loading Square (λ^2)	Error (e)	Status	
EV1.1	COGNITIVE VALUE	0,770	0,593	0,407	Valid	
EV1.2		0,870	0,757	0,243	Valid	
EV1.3		0,890	0,792	0,208	Valid	
EV1.4		0,850	0,723	0,278	Valid	
EV2.1	HEDONIC VALUE	0,870	0,757	0,243	Valid	
EV2.2		0,850	0,723	0,278	Valid	
EV2.3		0,770	0,593	0,407	Valid	
EV2.4		0,810	0,656	0,344	Valid	
EV3.1	SOCIAL VALUE	0,820	0,672	0,328	Valid	
EV3.2		0,910	0,828	0,172	Valid	
EV3.3		0,830	0,689	0,311	Valid	
EV3.4		0,870	0,757	0,243	Valid	
EV4.1	ETHICAL VALUE	0,850	0,723	0,278	Valid	
EV4.4		0,830	0,689	0,311	Valid	
Total		11,740	9,952	6,048		
Construct Reliability (CR)		0,972			Reliable	
Average Variance Extract (AVE)		0,711				
Indicator		Factor loading (λ)	Factor Loading Square (λ^2)	Error (e)	Status	
	SAT1	0,870	0,757	0,243	Valid	
	SAT2	0,890	0,792	0,208	Valid	
	SAT3	0,820	0,672	0,328	Valid	
	SAT4	0,930	0,865	0,135	Valid	
	SAT5	0,910	0,828	0,172	Valid	
	SAT6	0,940	0,884	0,116	Valid	
	SAT7	0,920	0,846	0,154	Valid	
Total		6,280	5,644	1,356		

Indicator	Factor loading (λ)	Factor Loading Square (λ^2)	Error (e)	Status
LOY1	0,910	0,828	0,172	Valid
LOY2	0,940	0,884	0,116	Valid
LOY3	0,940	0,884	0,116	Valid
LOY4	0,890	0,792	0,208	Valid
LOY5	0,870	0,757	0,243	Valid
Total	4,550	4,144	0,856	
Construct Reliability (CR)		0,960		Reliable
Average Variance Extract (AVE)		0,829		

Based on the table above, all indicators are valid, because they have a factor loading (λ) value of more than 0.5. The reliability value shows that all variables with all indicators are reliable, because the CR value is greater than 0.7 (CR=0.967) and the AVE value is greater than 0.5 (AVE=0.806). This means that the indicators formulated in the variable measurement model are valid and reliable.

Goodness of Fit Model

The results of the Goodness of Fit are obtained as follows:

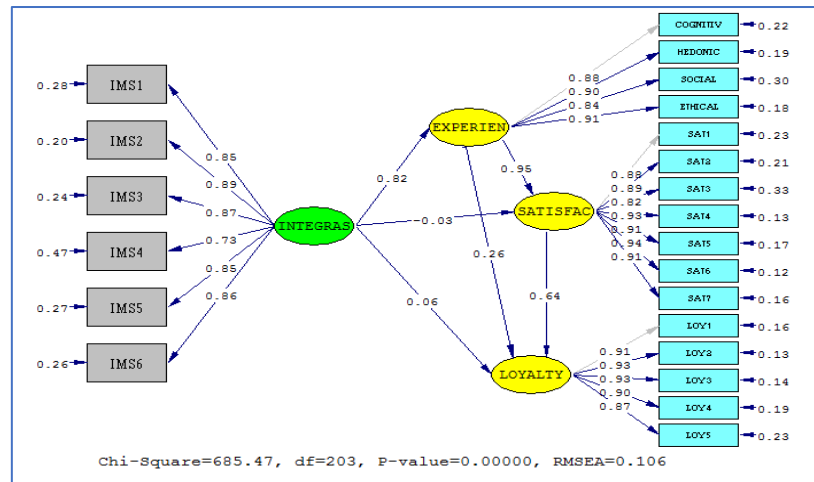
Table 4: Results of Goodness of Fit (GOF) Structural Model

No	Criteria	Limit Value	Results	Status
1	χ^2 chi square, Significance probability	$p\text{-value} \geq 0,05$	0,000	Unfit
2	GFI	> 0,90	0,71	Unfit
3	AGFI	> 0,90	0,72	Unfit
4	CFI	> 0,95	0,98	Fit
5	TLI or NFI	> 0,95	0,97	Fit
6	RMR	$\leq 0,10$	0,03	Fit
7	RMSEA	$\leq 0,08$	0,11	Unfit

The structural model formed has fulfilled almost all the statistical criteria for goodness of fit (GOF) such as CFI, TLI, and RMR, except for GFI, RMSEA, and Chi Square. Small or insignificant chi-square values are difficult to meet, especially in large samples (Hair, Black, Abin, & Anderson, 2014; Hoyle, 2012), but that does not mean the model is not suitable, for that it is recommended to use other fit criteria (Hair et al., 2014). As previously stated, a significant p-value does not mean the model is always bad, because the p-value is influenced by the large number of samples (Gunarto, 2013). Therefore it can be concluded that the model formed already meets the criteria for a good model (fit).

After the confirmatory factor analysis (CFA) has been carried out to see the measurement model for each variable, then an analysis of the full model for the structural model is conducted. The estimation results for the full structural model analysis are shown in the figure below

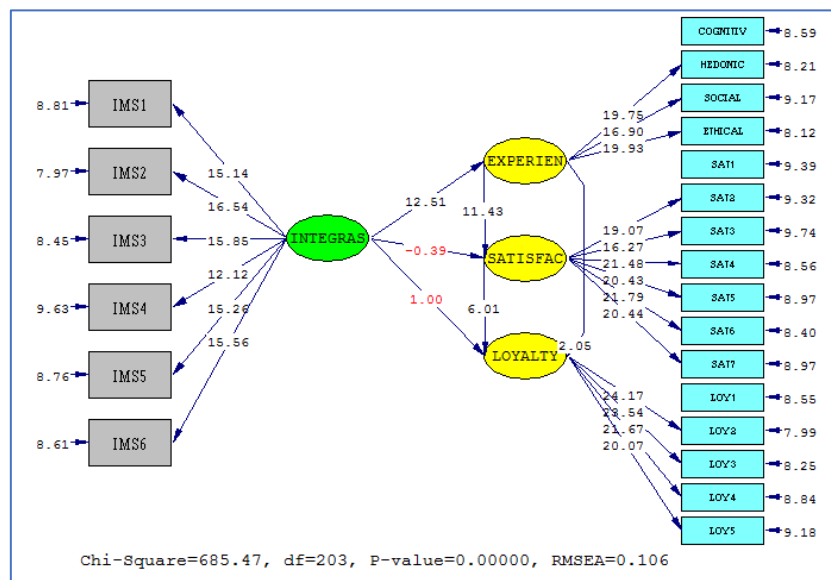
Figure 3: Estimation results of Full Structural Model parameters from LISREL



Based on figure 2, it can be seen that there is a positive or negative effect from one exogenous variable to an endogenous variable. A negative effect occurred on the relationship between multi-channel integration and satisfaction; and the relationship of multi-channel integration and loyalty, both of which are not statistically significant. This illustrates that multi-channel integration can have a negative effect on satisfaction if it cannot produce a good value in experience from the customer.

The overall test result for the full model analysis are shown in the figure below.

Figure 4: Full model test results from LISREL



The overall test results for the full model analysis as above show the test results for both the measurement model and the structural model. All parameters were tested by statistical t-test where the test is significant if the t-value obtained is more than 1.96 and vice versa if the t-value obtained is less than 1.96 then the parameter is not statistically significant. The figure shows that all indicators forming the latent variable are significant, because a value greater than 1.96 is obtained, but the test results for the relationship between the latent variables are significant and insignificant.

5. DISCUSSION

This study aims to determine the effect of multi-channel integration, value-in-experience, customer satisfaction and loyalty. From the results shown in Figures 3, 4 and Table 5, there is a clear influence of the variables; multi-channel integration, value-in-experience, satisfaction and loyalty.

Tabel 5: Hypothesis testing results

Endogenous Variable		Exogenous/endogenous Variable	Estimate	S.E	t-Value	Status	R ²
Value-in-Experience	←----	Multi-channel integration	0.82	0.33	12.51	Significant	0.67
Customers' Loyalty	←----	Multi-channel integration	0.06	0.061	1.00	Not Significant	0.87
Satisfaction	←----	Multi-channel integration	0.03	0.43	-0.39	Not Significant	0.57
Satisfaction	←----	Value-in-Experience	0.95	0.14	11.43	Significant	0.86
Customers' Loyalty	←----	Value-in-Experience	0.26	0.13	2.05	Significant	0.87
Customers' Loyalty	←----	Satisfaction	0.64	0.11	6.01	Significant	0.87

The results of SEM shown in table 2, indicate that (H1) there is a positive relationship between multi-channel integration with an experience value of 0.82 with a t-value of 12.51. Statistically it can be stated that the relationship is significant because the t-value is greater than the t-table (1.96). This means that the better the multi-channel integration, the higher the perceived value of the customer experience.

These results indicate that good multi-channel integration affects the value-in-experience that customers get at the retail where they shop. Multi-channel integration directly contributes 82% to the value-in-experience. The form of integrated promotions, integrated products and prices, integrated transaction information, integrated information access, fulfillment of integrated services and integrated services carried out by retail companies have a positive impact on increasing the value-in-experience felt by customers. Channel integration through stores, websites, web, mobile channels, and social media and touchpoints is the first step in creating a good Omni-channel experience which will reduce the risk of losing customers by gaining experience from providing standardized and integrated services and driving customers to continue smooth transactions at every point of contact (Denktas-sakar & Surucu, 2018; Dibb & Simkin, 2020).

(H2) There is no significant relationship between multi-channel integration and customer loyalty because the t-value is 1.00 which is smaller than (1.96). This means that multi-channel

integration has no real relationship with customer loyalty directly, meaning that customer loyalty cannot be built from direct multi-channel integration. (H3) There is no significant relationship between multi-channel integration with satisfaction because the obtained t-value of 0.39 which is smaller than (1.96). This means that multi-channel integration has no real relationship with satisfaction directly, meaning that satisfaction cannot be built from multi-channel integration.

From the results (H2) and (H3) there is no significant relationship between multi-channel integration and loyalty; and multi-channel integration and satisfaction. This indicates that the form of multi-channel integration that has not met customer expectations will have an impact on customer satisfaction and loyalty. If customers perceive that service delivery meets their expectations, it will result in satisfaction, and higher satisfaction can contribute to loyalty (Bapat, 2017).

When the channel shows a higher degree of integration according to customer expectations, customer satisfaction increases (M. Frasquet & Miquel, 2017; Wallace et al., 2004c). Consequently, their commitment to building relationships with the organization will increase. Such customers will then be less affected by competing offers. According to (Cao & Li, 2015b), channel integration can increase loyalty because coordination allows retailers to provide value-added services, increase satisfaction, and because customization drives customer relationships. When the channel shows a higher degree of integration according to customer expectations, customer satisfaction increases (M. Frasquet & Miquel, 2017; Wallace et al., 2004c).

The most attractive benefit of multi-channel integration is in the form of a psychological effect on buyers (Bendoly et al., 2005). The effect arising from multi-channel integration is loyalty (Schramm-klein, Wagner, Steinmann, & Morschett, 2011). Loyalty is a key relational outcome in business-to-buyer relationships. Channel integration is associated with customer loyalty and satisfaction (Hsieh et al., 2012). To increase satisfaction and loyalty in all channels, it is possible to integrate channels in an appropriate way (Bendoly et al., 2005; D Herhausen, 2015). Buyers are less likely to switch to competitors when channels are well integrated (Bendoly et al., 2005).

From the results of data analysis, respondents think that the form of integration that has occurred has not been maximized so that it is not optimal to increase customer loyalty. This is supported by (Dennis Herhausen et al., 2015) in his research that show showed for different customer segments with different levels of Omni-channel usage stated that product satisfaction and customer loyalty were also different. (Koo, 2020) also asserts that the satisfaction generated by the services offered by retailers is quite effective in generating loyalty, while (Hamouda, 2019) points out that customer loyalty increases with increasing customer satisfaction and even reveals that this relationship is stronger in Omni-channel than in multi-channel environment due to the higher quality of integration in the channel.

(H4) There is a positive relationship between the value-in-experience and satisfaction of 0.95 with a t-value of 11.43. Statistically it can be stated that the relationship is significant because the t-value is greater than the t-table (1.96). This means that the better the value-in- experience,

the higher the satisfaction felt by the customer. From these results indicate that the value-in-experience obtained by customers will affect the satisfaction they get at the retail where they shop. The value-in-experience directly contributes 95% to customer satisfaction. A seamless experience increases customer satisfaction levels significantly (Mladenow, Mollova, & Strauss, 2018). It can be said that customers who get experience from the results of the integration carried out by the company will form higher customer satisfaction.

(H5) There is a positive relationship between the value-in-experience with customer loyalty of 0.26 with a t-value of 2.05. Statistically it can be stated that the relationship is significant because the t-value is greater than the t-table (1.96). This means that the better the integration of the value-in-experience, the higher the loyalty felt by the customer. Experience value directly contributes 26% to customer loyalty.

Customer experience management is an important element to develop and maintain customer satisfaction and loyalty (Chakravorti, 2011). The role of customer experience is centered on creating customer value because value is perceived through experience (Tuovinen, 2016). Value is perceived by customers during their interaction with the service which includes point of purchase, preparation and consumption or even value in product or service ideas, exploration of potential purchases and reflection on experience (Hilton, Hughes, & Chalcraft, 2012). To complete the loyalty criteria, Omni-shoppers must demonstrate the satisfaction benefits provided through a seamless experience in an Omni-channel context (McCormick et al., 2014).

(H6) There is a positive relationship between satisfaction and customer loyalty of 0.64 with a t-value of 6.01. Statistically it can be stated that the relationship is significant because the t-value is greater than the t-table (1.96). This means that the better the satisfaction, the higher the loyalty felt by the customer. Satisfaction directly contributes 64% to customer loyalty. Multi-channel shoppers tend to have more loyalty than single-channel buyers, as more expectations are satisfied by delivering more service outputs to customers. Increasing the number of points of contact with customers can have a significant strategic impact on customer satisfaction, and lead to customer-retailer loyalty.

Perceived channel integration empowers consumers, which in turn affects trust, satisfaction, and patronage intentions (M. Zhang, Ren, Wang, & He, 2018). In research conducted in the banking sector, it is revealed that there is an interaction effect between satisfaction with offline and online channels (Birgelen, Jong, & Ruyter, 2006). Channel integration can increase loyalty because coordination allows retailers to deliver value-added services, which increases satisfaction, and customization drives customer relationships (Cao & Li, 2015a). Channel integration increases customer satisfaction and loyalty (M. Frassetto & Miquel, 2017). If customers perceive that service delivery is in line with their expectations, it will result in satisfaction, and higher satisfaction can contribute to loyalty (Bapat, 2017). Consequently, their commitment to building relationships with the organization will increase. Such customers will then be less affected by competing offers.

Therefore it can be said that good integration will form a good value-in-experience for customers, which can form higher satisfaction and loyalty. Companies are expected to be able

to implement the form of multi-channel integration expected by customers in terms of integrated promotions, integrated prices and products, integrated transaction information, integrated information access, integrated transaction fulfilment, and integrated customer service. Experiences that have value will have a big impact on customer loyalty. This is supported by (Cao & Li, 2015b) that points out that channel integration can increase loyalty because coordination allows retailers to provide value-added services, increase satisfaction, and the adjustment encourages customer relationships.

6. MANAGERIAL IMPLICATION, LIMITATION, AND FUTURE RESEARCH

Based on the development of the Service Dominant Logic (SDL) theory from (Vargo & Lusch, 2014), (Denktas-sakar, 2018) states that an Omni-channel based value proposition, retailers act as the main trigger for the formation of holistic Omni-channel customer experience and value. Three main components: channel integration, innovation and supply chain management, enriched by skills, capabilities and competencies (operating resources) and all tangible objects such as shops, devices, distribution centers, equipment, etc. The retailer (operator resource) is a channel-based Omni value proposition.

The development of retail is changing the way companies reach customers. The company's stability will determine the readiness of the organization in implementing an Omni-channel strategy. The company's readiness to integrate various resources within an organization is followed by other capabilities such as funding sources, established technology, HR readiness and strong management. In addition, the form of Multi-Channel Integration in various circles of society also needs to be educated so that the Omni-channel concept is better known by many people.

The Omni-channel strategy is a challenge for companies to establish success in the use of integrated multi-channel. An established form of integration in each channel will form a good value experience for customers, of course, supported by technology so that the level of satisfaction obtained by customers becomes higher and has an impact on increasing customer loyalty.

This study only employs variables such as multi-channel integration, value-in- experience, satisfaction and customers satisfaction. Furthermore, the sample of this study is only 212 respondents that are from one Department Store with 4 outlets in Palembang. For future study, it is suggested to use other retails and add more variables to the model. The development of technology can be included in the model for the future study.

For future research, it is possible to add several other variables that have not been included in this study, such as: retail characteristic, customer heterogeneity, channel usage, market environment, and channel experienced. This will affect the deepening of the characteristics of the retail or corporate environment that implements an Omni-channel strategy. The intensity with which the customer uses the channel and the experience also adds to the resulting improved customer behavior.

The good integration will form a good value-in-experience for customers, which can form higher satisfaction and loyalty. Companies are expected to be able to implement the form of multi-channel integration expected by customers in terms of integrated promotions, integrated prices and products, integrated transaction information, integrated information access, integrated transaction fulfilment, and integrated customer service. Experiences that have value will have a big impact on customer loyalty.

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