PART I

The Question of Marketspace and Marketplace

CHAPTER 1

The Key Drivers of Perceived Omnichannel Service Quality in Fashion

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Introduction

The increasing possibilities opened up by digitalization led to a fundamental change in consumer behaviour (Alexander & Cano, 2020; Huan, Lobschat, & Verhoef, 2019). The combination of different retail channels has influenced the predominant purchasing pattern of customers (Heinemann, 2019). Therefore, retailers nowadays need to find answers to this changing behaviour (Verhoef, Kannan, & Inman, 2015). With respect to service quality as an antecedent to customer satisfaction and loyalty, there is a gap in the literature when it comes to understanding service quality in omnichannel settings (Huan et al., 2019; Hult, Tomas, & Zhang, 2019; Ozuem, Howell & Lancaster, 2008). This is surprising since omnichannel service systems have become increasingly important with the rise of e-commerce. Rezaei and Valaei (2017) empirically found that retailers influenced by convergence of technology, customer expectations, and competition, now consider that their ability to offer their

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products through multiple channels is becoming indispensable (Rezaei & Valaei, 2017, p. 854).

This chapter will focus on omnichannel retailing and the service quality perception of omnichannel customers. It will, therefore, aim to investigate the concept of integration in omnichannel retailing by considering the different elements along the different customer touchpoints. Furthermore, it will elaborate the key drivers of perceived omnichannel service quality. This chapter will elaborate that omnichannel customers' service perception consists of six major themes: (1) physical stimulation, (2) affiliation, (3) value for physical service quality, (4) electronic stimulation, (5) utility for electronic service quality, and (6) choice optimization for the integration service quality. Finally, this chapter will present a customer typology of omnichannel fashion customers.

Theoretical Context

In recent years, companies' have developed their omnichannel retailing strategy (Lee, Chan, Chong, & Thadani, 2019; Lorenzo-Romero, Andrés-Martinez, & Mondéjar-Jiménez, 2020; Ozuem, Patel, Howell, & Lancaster, 2017). Retailers aim to offer their customers a seamless shopping experience and try to integrate their different retail channels; a switch between channels during one purchase at one retailer has got easier. Customers use different options, such as stores, computers, mobile devices, tablets, and social media, during the purchase process of transactions and these options can be a source of inspiration and communication (Verhoef et al., 2015). Borders between the different channels blur (Brynjolfsson, Hu, & Rahman, 2013).

The complexity of retail channel strategies has led to confusion regarding a coherent terminology for both academics and practitioners. Different concepts are used to describe retailing activities that operate across more than one retail channel, namely "multichannel", "cross-channel" , and "omnichannel" retailing. To date, the meanings of these concepts are blurred (Beck & Rygl, 2015).

The initial perception of multichannel retailing was of a system that administrated two or more parallel channels (Berman, 1996; Pelton, Strutton, & Lumpkin, 2002). During the next phase, the concept of integration became a topic of major interest both for practitioners and academia (Neslin et al., 2006). In this context, the terms "cross-channel" and "omnichannel" augmented the terminology of "multichannel"

retailing. Yet, there has not been a focus on a conceptualization of these new terms (Verhoef et al., 2015). However, Beck and Rygl (2015) have published some initial research (see Fig. 1.1).

Beck and Rygl (2015) categorized the three different terms according to the degree of customer interaction options and degree of integration of a company's different retailing channels. They defined multichannel retailing as "the set of activities involved in selling merchandise or services through more than one channel or all widespread channels, whereby the customer cannot trigger channel interaction and/or the retailer does not control channel interaction" (Beck & Rygl, 2015, p. 175). Cross-channel retailing is a later stage of development of multichannel retailing in which the multiple channels of a retailer are integrated to a higher degree. In cross-channel retailing "the customer can trigger partial channel interaction and/or the retailer controls partial channel integration" (Beck & Rygl, 2015, p. 176). Omnichannel retailing refers to the most advanced stage of a multichannel retailing system; hence, there is full customer interaction and/or integration of a company's different retailing channels in omnichannel retailing (Beck & Rygl, 2015). Furthermore, Beck and Rygl (2015) elaborated a further form, which they called a hybrid

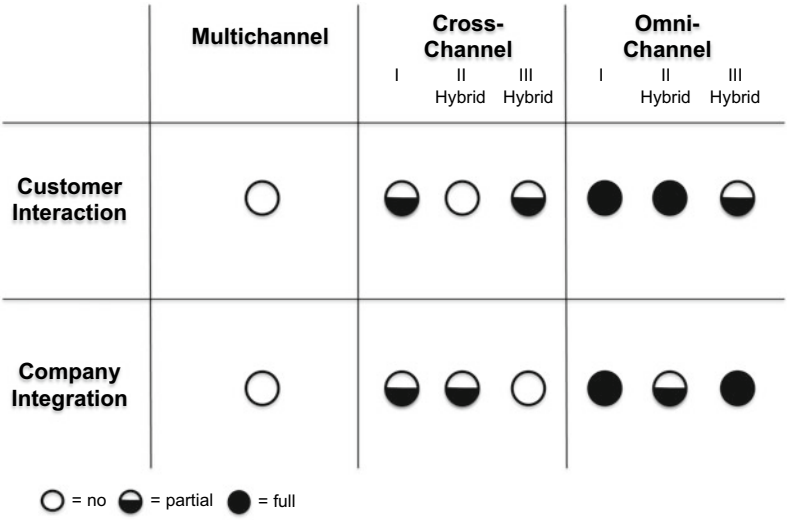

Fig. 1.1 Terminology (*Source* Patten [2017])

form, in which just one party (customer or retailer) fulfils the criterion of interaction/integration (Beck & Rygl, 2015, p. 174). For several reasons, this framework is a valuable contribution to retailing research in contexts in which retailers operate more than one channel. It helps to set clear boundaries for the classification of each of the three connected, but different, concepts. This conceptualization considers both perspectives: the customer's interaction with the different channels and the retailer's level of integration. Furthermore it gives a guideline for both researchers and practitioners to use the different terms more distinctively.

The Concept of Integration

Research about omnichannel retailing embraces the concept of integration of the different operated channels within an organization (Huan et al., 2019). Channel integration initially meant that a retailer should provide a seamless customer experience between stores and online shops; customers should be able to easily switch channels during their interaction with the retailer (Goersch, 2002; Seck, 2013). However, important questions remain unanswered: Does a seamless customer experience automatically mean a full integration? In other words, does it mean the more integrated the better? For retailers, the level of integration is a difficult managerial decision. They face various challenges because different channels might have different purposes, features, cost structure, and competitors (Berry et al., 2010). Studies have investigated the optimal level of integration in certain areas. Related literature has focused on several aspects of the retail mix: integration of assortment (Emrich, Paul, & Rudolph, 2015; Mantrala et al., 2009), pricing and promotions (Bertrandie & Zielke, 2019; Vogel & Paul, 2015; Wolk & Ebling, 2010), fulfilment (Agatz, Fleischmann, & Van Nunen, 2008; Lang & Bressolles, 2013; Wolk & Ebling, 2010; Xing, Grant, McKinnon, & Fernie, 2010), and web design and store design integration (Emrich & Verhoef, 2015). However, none of the aforementioned areas have been completely resolved yet. Quite the contrary, there are still several areas requiring further investigation (Huan et al., 2019). The next three subsections discuss integration of assortment, pricing and promotions, and fulfilment.

Integration of Assortment

With regard to the assortment strategy of a retailer, it is deemed necessary to offer an attractive assortment on the one hand but avoid choice difficulty on the other hand (Mantrala et al., 2009). The reviewed literature revealed a lack of consensus on the degree of assortment integration across channels in omnichannel retailing. Some researchers argued that the assortment does not necessarily need to be fully integrated when the target customer of the two channels is different (Li et al., 2018). This is not the case for omnichannel customers, who switch retail channels during their purchases. However, other researchers argued that product consistency is crucial to provide a seamless shopping experience for the customer (Berman & Thelen, 2004). In practice, most of today's omnichannel retailers apply an asymmetrical assortment strategy, which means that they offer a larger assortment online than offline (Emrich et al., 2015).

Emrich et al. (2015) investigated the impact of multichannel assortment integration on underlying assortment relations. They classified three different assortment relations: assortments are substitutive (for instance, a retailer sells two different kinds of similar shoes), or complementary (shoes and shoe polish), or independent (shoes and sun lotion). Emrich et al. (2015) found that a lack of integration of assortment was detrimental to all three assortment structures. However, they argued that for a omnichannel retailer with a substitutive assortment, the perceived variety is lower when the assortment strategy is asymmetrical, and customers tend to have a low opinion of the decreased channel choice and autonomy.

Pricing and Promotions

In general, customers expect products online to be the same price or cheaper than products in-store (Zhang et al., 2010); however, at the same time, customers expect a consistent pricing strategy across channels (Seck, 2013). How can omnichannel retailers balance and meet these expectations without losing market share? In practice, retailers mostly tend towards a partial integration of their pricing (Wolk & Ebling, 2010). Retailers post the same prices across their different channels, because they fear that different prices might lead to customers' confusion and resentment. However, many retailers apply channel-specific price promotions or charge handling and shipping costs (Neslin et al., 2006). In

the reviewed literature, most researchers argued in favour of a consistent pricing strategy across all channels of a retailer (Berman & Thelen, 2004; Vogel & Paul, 2015; Wolk & Ebling, 2010).

Vogel and Paul (2015) argued that channel-based price differentiation has certain positive and negative impacts on customer satisfaction; it positively affects their perceptions of value, increases relationship quality, and enhances repurchase intentions, but it also leads to perceptions of price unfairness and limits customer self-determination, which negatively affect retention outcomes (Vogel & Paul, 2015). It remains questionable, which of the mentioned criteria has more effect on the final choice of shopping location and, furthermore, on the long-term relationship with the retailer.

A possible pricing strategy for omnichannel retailers, which embraces both a high perception of value and price fairness, is "self-matching pricing" (Kireyev, Kumar, & Ofek, 2015). Here, the omnichannel retailer can set different prices across channels, but will offer the lower price to the customer if the customer can supply evidence of the lower price. Thus, "self-matching policies, by design, offer retailers the flexibility of setting different prices across channels, while affording consumers the possibility of a consistent experience, presumably in line with the omni-channel philosophy" (Kireyev et al., 2015, p. 29).

Price promotions at omnichannel retailers have several within and across channel implications: offline price promotions can reduce category sales online during the promotion period; furthermore, online promotions can reduce category sales offline during the promotion period; negative cross-channel effects are higher for loyal customers than for opportunists; and, the impact of online promotions on offline sales within the promoted category is higher than vice versa (Breugelmans & Campo, 2016).

One can conclude that successful management of pricing and promotions is a complex field in omnichannel retailing; effects within and across channels have to be considered, and pricing and promotion strategies must be coherent.

Fulfilment

A coherent omnichannel strategy should incorporate both the marketing mix and operations management (Agatz et al., 2008). In this respect, fulfilment is an important component of an omnichannel retailer's operations strategy. According to the reviewed fulfilment literature,

omnichannel e-fulfilment is: fulfilling online or in-store orders, including warehousing, picking and order preparation, distribution, purchasing, delivery, and returns (Agatz et al., 2008; Lang & Bressolles, 2013). For omnichannel customers, the four most important dimensions of fulfilment are timeliness, availability, condition, and return (Xing & Grant, 2006; Xing et al., 2010). Timeliness refers to several aspects, such as speed of delivery, choice of delivery date, or delivery within a certain time slot. Availability refers to the confirmation of availability, order tracking, or waiting time. Condition refers to order accuracy, order completeness, or order damage. Return refers to return policies, such as ease of return and return channel options, and the promptness of collection and of replacement (Lang & Bressolles, 2013). For omnichannel retailers this means that their supply chain management needs to be adapted to these specific customer needs. This has several impacts: (1) an online channel not only provides a physical product but also several related services, most notably delivery. The delivery service may range from making the product available for pickup to time-specific home delivery. The management of this service component of e-fulfilment gives rise to novel planning issues. (2) The flexibility of an omnichannel retailer with respect to order promising and pricing requires an appropriate strategy. (3) The integration of different channels raises issues in inventory deployment, since different channels may require different service levels (Agatz et al., 2008). (4) E-fulfilment requirements differ across different product categories (Hu, Kumar, & Sumit, 2014).

The Omnichannel Customer Journey

In omnichannel retailing, the combination of different retail channels during the customer journey has become the predominant purchasing pattern for customers (Lee et al., 2019; Verhoef et al., 2015). Customers constantly switch channels; borders between channels are blurred (Lorenzo-Romero et al., 2020).

In the literature, the switch between different channels is called "ropo"; there are two types of ropo (Heinemann, 2019): (i) research online and purchase offline, and (ii) research offline and purchase online.

1. "Research online and purchase offline" means that internet users research online before making any purchase decision. They compare prices online, obtain information from the producer's webpage, or

read comments of other users of the same product. This trend is called "webrooming", a wordplay of "showrooming", where customers search for retail information online, then purchase offline (Verhoef et al., 2015). This purchase pattern has an important impact on the overall purchase process. In the past, customers first decided what retailer they would approach; then they decided what product they wanted to buy from this retailer. Customers would then visit the store to get information about the different products in the assortment of this retailer. Most customers would also visit other retailers in order to compare offers; then they would make their purchase decision. Nowadays, customers primarily decide what product they want and then choose an adequate retailer. Thus, when customers – after the initial phase of product decision – visit a retail store, they have already collected several pieces of information, such as product features, prices, online availability, and opinions from other users (Verhoef, Neslin, & Vroomen, 2007). The "point of decision" is nowadays often located on the internet, while the store is perceived as the "point of sale" (Heinemann, 2013; Shankar, 2011). Customers increasingly trust the opinions of other product users more than the recommendations made by in-store salespeople or advertisements. When customers enter a retail store, they already know a lot about products and their features. Hence, today's customers have high expectations regarding product availability, immediate accessibility to information, and service delivery.

2. Customers can also "research offline and purchase online". In this context, the store can be seen as a showroom, where customers can physically touch products, interact with salespeople, gather information, and enjoy a shopping experience (Verhoef et al., 2015). Customers are likely to try a product in-store if there are high mis-buy risks associated with buying the product (Heinemann, 2013).

Verhoef et al. (2007) proposed three reasons for ropo. First, customers prefer the channel that offers them the most advantages in each part of the purchase process; they switch among channels during the purchase process if another channel offers more advantages (attribute-based decision making). Second, it is seen as unlikely that customers will purchase

via the channel with the most research advantages (lack of channel lock-in). Third, customers carry out research shopping when a channel switch increases their overall shopping experience (cross-channel synergy).

Other studies focussed on retention and free-riding behaviour: customers search for products on one channel of a retailer and buy the products from a different channel of the same retailer (cross-channel retention) or they search a channel of one retailer, but then purchase from a different channel of another retailer (cross-channel free-riding) (Heitz-Spahn, 2013). Chiu, Hsieh, Roan, Tseng, and Hsieh (2011) identified two major reasons for cross-channel free-riding: customers who have a high level of self-efficacy tend to switch channels and retailers during their purchasing process. Second, customers will buy at the retailer who offers good quality and a low risk (Chiu et al., 2011). Furthermore, Chiu et al. (2011) found that within-firm lock-in decreases cross-channel free-riding. This means that retailers can install switching barriers, which reduce customers' intention to switch channels. Heitz-Spahn (2013), however, stated that shopping convenience, flexibility, and price comparisons are the three major cross-channel free-riding motives. It is arguable whether these motives are similar across all industries or whether there are major differences regarding purchasing patterns. Heitz-Spahn (2013) argued that cross-channel free-riding behaviour is more likely for products with a high financial value that customers buy at a low frequency than for other product categories.

Kushwaha and Shankar (2013) investigated whether customers' purchasing behaviour differs for different product categories. They clustered product categories into hedonic and utilitarian categories. Kushwaha and Shankar (2013) found that customers of hedonic products, such as apparel, tended more towards impulse purchases and variety-seeking behaviour, and switched channel more often than customers of utilitarian products.

In addition to differing purchasing behaviour across product categories, the degree of maturity of online purchasing history plays an important role in omnichannel purchasing behaviour. Melis, Campo, and Breugelmans (2015) conducted research in the UK grocery omnichannel market. They found that when customers begin to purchase online, they tend to shop online with the retailer they prefer when purchasing offline, then, as they gain more experience, they start switching channels and retailers (Melis et al., 2015; Ozuem, Thomas & Lancaster, 2016).

Perceived Service Quality in Omnichannel Retailing

In the context of omnichannel retailing, the evaluation and understanding of service quality has become a topic of major interest both for academics and practitioners (Badrinarayanan, Becerra, & Madhavaram, 2014; Banerjee, 2014; Seck & Philippe, 2013; Swaid & Wigand, 2012; Van Birgelen, De Jong, & Ruyter, 2006). "Owing to the intangible, heterogeneous and inseparable nature of services" (Martinez & Martinez, 2010, p. 30), several definitions of service quality have been built over the years. Zeithaml (1988, p. 3), for instance, saw service quality as "the consumer's judgment about a product's overall excellence or superiority"; Bitner and Hubbert (1994, p. 77) viewed service quality as "the consumer's overall impression of the relative inferiority/superiority of the organization and its services". The academic debate about how to evaluate service quality has developed extensively since the 1980s. In essence, the service quality literature can be divided into two streams: some researchers use a performance-only approach to evaluate service quality (Boulding, Kalra, Staelin, & Zeithaml, 1993; Cronin & Taylor, 1992; Teas, 1993), whereas the majority of researchers evaluate service quality based on the disconfirmation paradigm, that is, the gap between expected service and perceived service (Carr, 2007; Dabholkar, Thorpe, & Rentz, 1996; Grönroos, 1984; Parasuraman, Zeithaml, & Berry, 1988). These studies draw extensively on the work of Oliver (1980). Oliver saw himself in the tradition of Sherif and Hovland's assimilation theory (Sherif & Hovland, 1961) and Festinger's dissonance theory (Festinger, 1957), whereby "customers are posited to perceptually distort expectation-discrepant performance so as to coincide with their prior expectation level" and "post exposure ratings are primarily a function of the expectation level because the task of recognizing disconfirmation is believed to be psychologically uncomfortable" (Oliver, 1980, p. 460).

Several different service quality gap models, such as the Service Quality Model (Grönroos, 1984), SERVQUAL (Parasuraman et al., 1988), E-SQUAL (Parasuraman, Zeithaml, & Malhorta, 2005), and WebQual (Loiacono, Watson, & Goodhue, 2002) have been developed to conceptualize service quality and consumers' perception of it. Most approaches tend to take a single-channel perspective and do not consider multichannel settings (Seck & Philippe, 2013; Sousa & Voss, 2012); however, omnichannel service quality should be viewed from multiple perspectives,

including traditional (for instance retail stores) and electronic (for instance the internet) service settings, because perceived service quality results from all moments of contact between a retailer and its customers (i.e., across all channels) (Sousa & Voss, 2006).

In examining omnichannel service quality conceptualizations, the current chapter identifies five main elements of service quality, namely conceptual framework, dimension, method, perspective, and industry.

Regarding a **conceptual framework** for omnichannel service quality, Sousa and Voss (2006) were the first researchers to develop a framework that did not take a single-channel approach. In their Service Delivery System (SDS) framework they aimed to consider all moments of contact between a firm and its customers. Sousa and Voss distinguished between a physical and a virtual component of service delivery. In the physical component, non-automated operations take place and humans are directly involved. In the virtual component, operations are automated and humans do not play an active role. Sousa and Voss also distinguished between back office and front office operations. Back office operations are not directly visible to the customer whereas front office operations are visible. Sousa and Voss (2006) argued that existing service quality research has a single channel, which is a front office process. In their framework, the physical and the virtual service components (front office and back office) are linked to each other by integration mechanisms. These mechanisms function to integrate "the several service components and associated parts of the SDS" (Sousa & Voss, 2006, p. 359). According to Sousa and Voss, all front and back office physical and virtual operations enriched with integration mechanisms lead to overall perceived service quality. Sousa and Voss argued for a separate examination of physical, virtual, and integration quality: they emphasized the different nature of the three quality dimensions; they forecast a rapid technological development for the virtual dimension; and they saw advantages to examining the virtual dimension separately from the other two, more constant, dimensions of physical and integration quality.

Service quality attributes (**dimensions**) play a predominant role in service quality research, as perceived service quality is a function of different dimensions (Zeithaml & Berry, 1990). In the reviewed literature there is agreement that the key distinction between multichannel and single-channel service quality conceptualizations is the "integration quality" dimension. The contribution of the reviewed studies to the concept of integration quality is illustrated in Fig. 1.2.

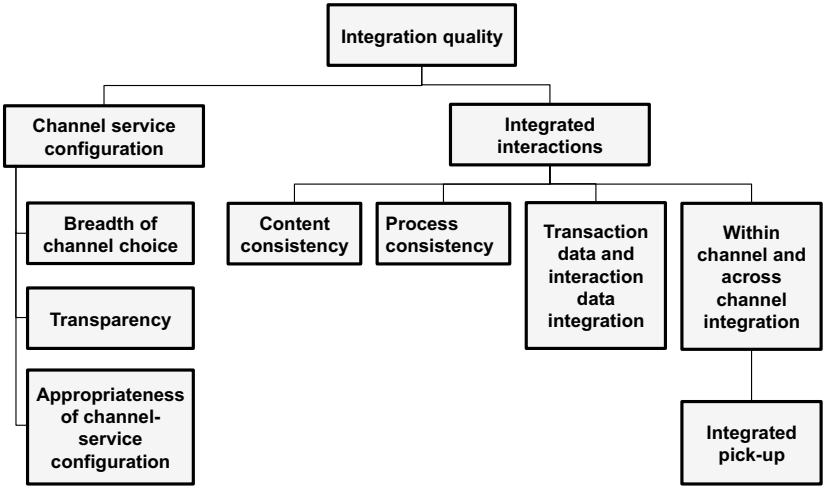

Fig. 1.2 Sub-dimensions of integration quality (*Source* Patten [2017])

In their multichannel SDS framework, Sousa and Voss established the integration quality dimension. They defined integration quality as providing a "seamless service experience across channels" (Sousa & Voss, 2006, p. 359). Sousa and Voss surmised that in a multichannel service system, even when the service quality of each channel is very high, the overall perception of service could be very low when the integration quality is perceived as low. Sousa and Voss proposed two sub-dimensions for integration quality: channel-service configuration and integrated interactions: (1) channel-service configuration is the degree of choice a customer has regarding a service offer in each of the channels (service breadth); (2) integrated interactions lead to a "consistency of interactions across channels" (Sousa & Voss, 2006, p. 366). The researchers emphasized two aspects of integrated interactions: content and process consistency. Content consistency means that customers receive the same information from the company across all channels. Process consistency means that customers expect the same handling of comparable processes.

Banerjee (2014) built up Sousa and Voss's framework and extended their findings on integration quality dimensions by adding three sub-dimensions. First, "the appropriateness of channel service configuration" refers to the degree to which a channel is suitable for different functions

as a sub-dimension of channel-service configuration. Second, "transaction data and interaction data integration" refers to the degree to which customer transaction information and inbound and outbound interaction information are synthesized within and across channels. Third, "within channel and across channel integration" refers to the degree to which content and process information is integrated within parts of a channel and across channels (Banerjee, 2014, p. 461).

Swaid and Wigand (2012, p. 306) added "integrated pickup" as another omnichannel service quality sub-dimension: "the extent of smooth and easy pickup of products purchased online using a physical outlet/touchpoint". Swaid and Wigand concluded that integrated pickup is one of the key dimensions of omnichannel service quality.

In addition to integration quality, Sousa and Voss (2006) investigated virtual and physical quality as two other primary dimensions of omnichannel service quality. The definition of virtual quality can be considered equivalent to the definition of electronic service quality based on single-channel conceptualizations (for a review, see Ladhari, 2010). In an electronic setting, service quality means general perceived service in the virtual marketplace, with human intervention and without (Santos, 2003). Physical service quality can be considered equivalent to the definition of traditional service quality based on single-channel conceptualizations (for a review, see Martinez & Martinez, 2010).

Thus, from the reviewed literature, the extant knowledge about service quality dimensions can be synthesized as follows:

- Omnichannel service quality is a multidimensional construct, which consists of primary dimensions and corresponding sub-dimensions.
- There is evidence in the reviewed literature that the existing dimensions have not fully grasped the customer's perception of omnichannel service quality; however, new studies consistently investigate new dimensions.
- Omnichannel service quality consists of the quality that each channel can provide for the customer. However, omnichannel service quality is not a simple summation of service quality perceptions in each channel. Even when physical and electronic service quality are very high, a customer's perception of the overall service quality can be very low when the integration of each service channel is missing. Thus, the service quality dimensions that are experienced in any channel during the purchase process should be congruent online

and offline and should provide a seamless shopping experience for the customer.
- The key distinction between omnichannel and single-channel service systems is the integration quality dimension. The integration quality dimension has the ability to provide a "seamless service experience across channels" (Sousa & Voss, 2006, p. 359).

Regarding different **methods**, research into service quality in multi-channel settings is still in its early stages and few studies have examined service quality in an omnichannel context. The reviewed studies on the service quality of omnichannel settings applied different methods including a literature review (Sousa & Voss, 2006), qualitative methods (Banerjee, 2014), and mixed methods (Seck & Philippe, 2013; Swaid & Wigand, 2012). There are several implications of method choices. For example, Sousa and Voss (2006) conducted a literature review that set the foundation for their development of a framework of service quality in omnichannel services. At the time of their research, there was an absence of a sound conceptual foundation for omnichannel service quality. Sousa and Voss's study aimed to develop theory (Sousa & Voss, 2006). Banerjee (2014) selected qualitative methods and conducted in-depth interviews in order to develop a service quality conceptualization and to gain an in-depth understanding of the omnichannel service quality phenomenon. Generally, a qualitative research method has a non-numeric approach and helps to observe a phenomenon in depth (Saunders, Lewis, & Thornhill, 2009). It provides answers to "how" and "why" questions. In contrast, the quantitative method embraces a positivistic research paradigm and is applied either to analyse covariance or to test whether hypotheses are wrong or right (Guba & Lincoln, 1994). In the field of omnichannel service quality research, some researchers have applied mixed methods. They developed their theories applying a qualitative approach first before testing them in a quantitative manner.

Basically, there are two different **perspectives** regarding omnichannel service quality, namely organizational and customer. The perspective in the reviewed service quality literature is the customer's perspective. Grönroos (1984, p. 36) argued that it is particularly important to understand how the customer evaluates service, because "if we know this and the

components of service quality, we will be able to develop service-oriented concepts and models more successfully". Factors that affect service quality are: customer satisfaction (Bitner & Hubbert, 1994), customer loyalty (Grönroos, 1984, p. 37), purchase intention (Bolton & Drew, 1991; Bressolles, Durrieu, & Senecal, 2014; Cronin, Brady, & Hult, 2000; Cronin & Taylor, 1992; Spreng & Mackoy, 1996), profitability (Cox & Dale, 2001; Cristobal, Flavian, & Guinaliu, 2007; Gummerus, Liljander, Pura, & Van Riel, 2004), and purchase retention (Cai & Jun, 2003; Parasuraman et al., 1988; Zeithaml, 2000). One can conclude from this that studies of customers' perspectives help retailers improve their service strategy and the performance of the service they offer (Cristobal et al., 2007; Fassnacht & Köse, 2007; Zeithaml, 2000).

In the reviewed literature, three different **industry** contexts of service quality can be identified: "pure" service industries (such as banking), the retail industry (such as clothing stores), and a mix of pure service and retail industries. The distinction between pure service and retail industries is that in pure service industries the service is the actual "product", whereas stores in the retail industry offer a mix of merchandise and service (Dabholkar et al., 1996; Kaynama, Black, & Keesling, 2000). The early service quality models were researched in the pure service industry (Kaynama et al., 2000). Later, researchers argued for a distinction to be made between different industries because, for instance, retail shopping has unique aspects of service, such as store image (Thang & Tan, 2003), store environment (Baker, Grewal, & Parasuraman, 1994; Dabholkar et al., 1996), in-store experiences (Dabholkar et al., 1996), and experiences related to the merchandise (Bishop Gagliano & Hathcote, 1994; Dabholkar et al., 1996). Mostly, these criteria can be translated to the online world (Kim & Stoel, 2004). However, online and offline shopping provide different shopping experiences. Online customers pay more attention to privacy/security; they appreciate some distinctive online capabilities such as interactivity, community, content, personalized experiences, increased product selection, and information (Wolfinbarger & Gilly, 2003). Offline customers, however, value the personal contact with salespeople in-store and the physical interaction with merchandise (Dabholkar et al., 1996).

An Omnichannel Retailing Service Quality Conceptualization

This chapter builds on extant literature regarding omnichannel retailing and perceived service quality. Based on the current literature, this chapter proposes the following conceptualization as an approach towards omnichannel service quality, as presented in Fig. 1.3.

Omnichannel service quality conceptualization represents an interplay between omnichannel customers' interaction with the retailer and the omnichannel retailer's integration of assortment, pricing and promotions, fulfilment, and web and store design. Ultimately, omnichannel service quality involves three dimensions, namely physical, electronic, and integration quality. Or, as an equation, omnichannel service quality = integration quality − (physical channels' quality + electronic channels' service quality).

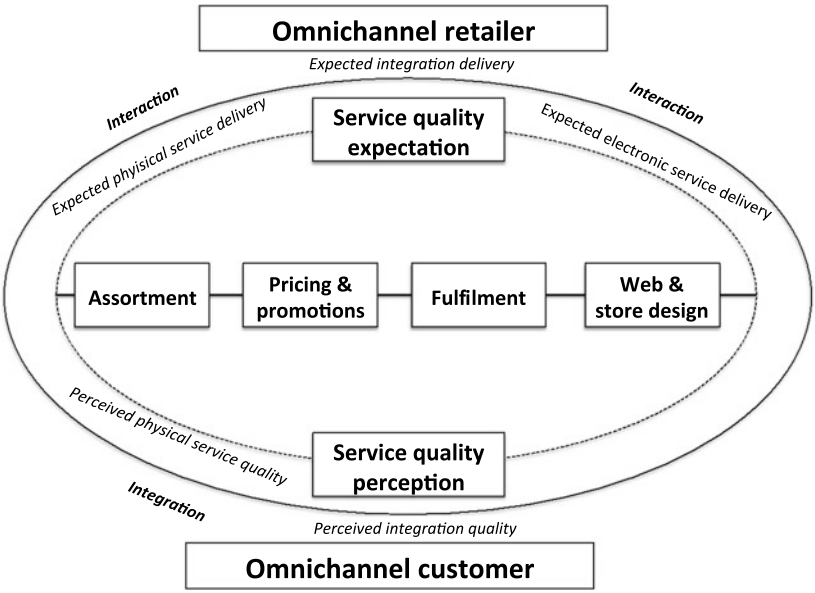

Fig. 1.3 Conceptual framework of omnichannel service quality (*Source* Patten [2017])

Omnichannel Customer Service Perception

In 2017, Patten (2017) conducted an empirical study of omnichannel customers' perception of service quality when purchasing a fashion product. According to Patten (2017), omnichannel customers' service perception consisted of six major themes: (1) physical stimulation, (2) affiliation, (3) value for physical service quality, (4) electronic stimulation, (5) utility for electronic service quality, and (6) choice optimization for the integration service quality.

The major themes that relate to the physical channel imply some emotional involvement on the part of omnichannel customers. Therefore, omnichannel customers seek physical stimulation from offline-mediated environments and, in particular, from store design, visual merchandising, and haptics.

Moreover, omnichannel customers tend to use offline-mediated environments to affiliate with others. This includes human relations, status, and advice. The first term expresses that omnichannel customers value meeting like-minded people in pleasant shopping environments. Such people can be familiar (e.g., friends, family, or familiar salespeople) or unfamiliar (other customers or unknown salespeople).

Westbrook and Black (1985, p. 90) defined affiliation (the second theme) as a dimension of shopping motivation that includes: (1) shopping alongside other customers who have similar tastes, (2) talking with salespeople and other shoppers who share interests, and (3) shopping with friends as a social occasion.

The third sub-dimension of physical service quality in an omnichannel retailing context is value. Omnichannel customers tend to be value-oriented when purchasing in offline-mediated environments.

Value orientation includes appreciation, honesty, trust, friendliness, and empathy. Salespeople have the most significant impact on these customers' value perceptions. In this context, three characteristics of omnichannel customers can be identified: (1) those who seek an individualistic and situation-related approach, (2) those who are enlightened by prior knowledge about a product before entering the retail store, and (3) those who retain a level of scepticism regarding advice received from sales employees (Patten, 2017).

The major themes that relate to the electronic channel context imply a mix of rational and emotional involvement on the part of omnichannel customers. Electronic stimulation refers to web design, content, and

haptics. In terms of web design, omnichannel customers seek practicability, a clear structure, and filter options. These findings resonate with the "ease of use" service quality dimension that represents "the degree to which the functionality of the user interface facilitates the customer's retrieval of the electronic service" (Zeithaml, Parasuraman, & Malhotra, 2002, p. 363). However, the findings of this chapter go beyond this definition. Omnichannel customers also value the emotional aspects of web design. Accordingly, they cite attractive web design and video footage as strong product features.

In the context of online content, a retailer's assortment strategy can be seen as a controversial issue, both in the literature and in this chapter (Mantrala et al., 2009). It is a strategic managerial decision to offer an attractive assortment on the one hand but avoid choice difficulty on the other.

The concept of integration is the main difference between a single-channel and a multichannel service quality system. According to the literature, all physical and electronic elements enriched with integration mechanisms lead to overall perceptions of omnichannel service quality (Sousa & Voss, 2006). "Connection" and "linkage" are the terms that explain how customers express what is known in the literature as "integration quality". The emergent theme for integration quality is choice optimization.

Before the emergence of e-commerce and omnichannel retailing, Westbrook and Black (1985, p. 87) defined choice optimization as the "motivation to search for and secure precisely the right product to fit one's demands". In the context of service quality in omnichannel retailing, customers search for the "right" type of service and select the most suitable channel. Omnichannel customers tend to optimize their choices during the purchasing process. Integration quality is the essence of competitive advantage for omnichannel retailers compared to single-channel retailers. At omnichannel retailers, customers are able to switch channels without switching retailer. As the chapter suggests, they exploit this opportunity when the omnichannel retailer ensures optimized efforts, availability of items, price, and support (Patten, 2017).

As Fig. 1.4 illustrates, each retail channel provides different characteristics. In a well-integrated omnichannel system, customers are able to optimize their choice options. Hence, integration quality reinforces the characteristics of physical and electronic service quality in order to provide an optimized service quality experience. Therefore, integration can be

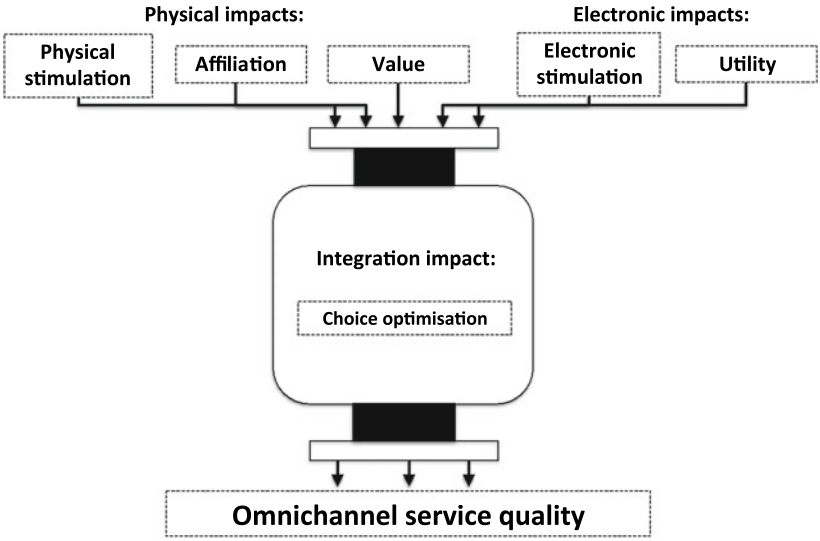

Fig. 1.4 Integration quality as a catalyst of omnichannel service quality (*Source* Patten [2017])

considered to be the competitive advantage enjoyed by an omnichannel retailer. Customers can exploit the full advantages of each channel, which has a positive impact on their overall service quality perception.

Omnichannel Customer Typology

Based on the findings on the service quality perception of omnichannel customers, Patten (2017) developed an omnichannel customer typology (see Fig. 1.5). "Each type of customer is distinguished by a specific pattern of social characteristics reflecting his position in the social structure" (Stone, 1954, p. 36). The generators of heterogeneity among omnichannel customers can be considered to be available income level and involvement with fashion products (Patten, 2017).

Hedonists were the largest customer segment. They had low or medium available incomes and they showed high emotional involvement. Their principal drivers were shopping experiences and amusement. For these customers, it is important to remain well informed about the latest fashion trends. They are price-sensitive due to their low available income,

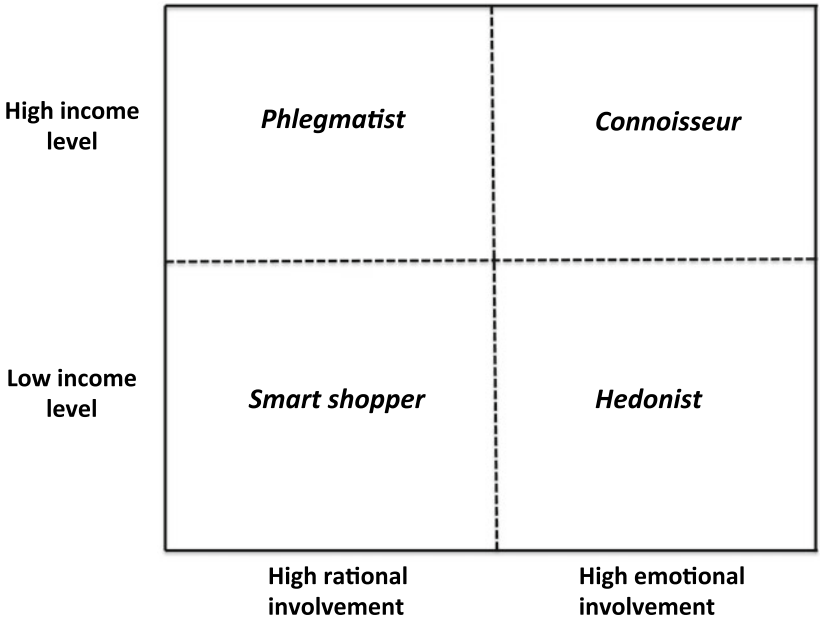

Fig. 1.5 Customer typology matrix (*Source* Patten [2017])

which is why they prefer to purchase from fast fashion discounters. A strong reference to affiliation and emotive stimulation are both indicators of high emotional involvement among this customer segment. Hedonists value omnichannel retailing for efficiency reasons. Since fashion trends are very short lived nowadays, they mainly use channel integration for availability checks across channels and they value fast delivery and an effortless purchasing process (Patten, 2019).

The connoisseur customer segment also demonstrates high emotional involvement in fashion purchases, but has a medium-high or high income. The connoisseur looks for indulgence when purchasing a fashion product. Connoisseurs can be considered the most demanding customer segment. They tend to have a clear idea of what they want. They are not dependent on the lower-priced retailing segment and they have high expectations concerning service quality. Generally, connoisseurs can be considered loyal customers, but if they migrate due to unsatisfying experiences it is hard for retailers to win them back. This customer segment seeks inspiration

online and offline. They are receptive to aesthetic store design and visual merchandising. Furthermore, they follow lifestyle bloggers. However, in contrast to hedonists, who are influenced by bloggers and their fashion styles, connoisseurs look for bloggers who share a similar attitude and lifestyle. This segment appreciates competent personal advice and they avoid visiting stores that offer poor personal advice. When purchasing online, they value visual stories and editorials as well as aesthetic web design and sophisticated packaging. Connoisseurs have limited time and so they carry out omnichannel shopping to be efficient. They seek availability checks across channels and prefer the option to reserve items online and try them on in-store.

In contrast, smart shoppers have a low or medium available income and demonstrate higher rational involvement. They are principally driven by savings. Smart shoppers can be considered the least loyal segment because they show opportunistic buying behaviour at the retailer that offers them the cheapest price. Smart shoppers show a preference towards online shopping, since price comparisons are easier to complete online than offline. Furthermore, smart shoppers generally perceive prices to be lower online. They value integration quality for a more efficient comparison of prices across channels (Patten, 2019).

Phlegmatic shoppers are the second segment of higher rationally involved omnichannel customers. These shoppers have a medium to high income level. They are mainly driven by convenience. They can be considered loyal customers, except when they experience service failure at a retailer. Once they migrate, recovery is challenging for the retailer. Phlegmatic shoppers tend to have high expectations regarding the services they are offered. They value efficiency, convenience, practicability, and competence above all. These shoppers have a clear channel preference when it comes to purchasing fashion products. Switching barriers can be a helpful tool for omnichannel retailers to dissuade phlegmatic shoppers from cross-channel free-riding (Patten, 2019). Phlegmatic shoppers have a positive perception of channel integration because they value choice optimization for effort, availability, price, and support.

Managerial Implications and Recommendations

This chapter sets out a number of managerial implications. First, since omnichannel customers tend to constantly adjust their choices regarding retailer and retail channel during purchase, it is important

for omnichannel retailers to set up coherent and integrated sales and communication strategies across channels. Retailers should cease working in silo organizations where one stream is in charge of online activities and another is in charge of offline activities. The different departments need to work in a cross-disciplinary manner, since omnichannel customers expect a seamless shopping experience.

Second, omnichannel retailers should employ managers who are in charge of the "integration" of the different channels, since it is a strategic managerial decision for omnichannel retailers to find the "right" level of integration, especially regarding assortment, pricing and promotions, fulfilment, and web and store design. In so doing, they will be able to fully leverage the competitive advantage of both channels.

Third, as this chapter suggests, salespeople still play an important role in the offline channel as a source of affiliation and furthermore to provide value. The more accessible a product is online and in-store, the more likely customers are to migrate to other retailers and/or retail channels when dissatisfied with the sales experience. Retailers need to train their sales teams to address the aforementioned attributes. Salespeople need to be better adjusted to the needs of "enlightened" omnichannel customers who already possess knowledge when entering a store. Furthermore, salespeople should address the various requests arising from the individualistic buying habits of omnichannel customers.

Fourth, the changed behaviour of omnichannel customers makes it necessary to identify a new approach towards service quality. At present, omnichannel retailers still tend to take a single-channel approach, and do not consider the distinctive requirements of multiple channel systems. So, managers of omnichannel retailers should not only place emphasis on enhancing and improving physical and/or electronic service quality, but also shift towards the integration of the service offers of both channels. The overall purchasing experience needs to be consistent for the customer at all moments of contact between the retailer and the customer in order for the customer to perceive a seamless service quality.

Fifth, this chapter suggests that omnichannel retailers should analyse their customer base by means of the four customer types proposed in this chapter, namely: (1) phlegmatic, (2) smart, (3) hedonist, and (4) connoisseur shoppers. There is no "one-size-fits-all" solution, since each customer group has distinctive drivers, behavioural characteristics, and perceptions regarding physical, electronic, and integration quality. Thus, to be able to set up an effective and successful strategy the fundamental

question omnichannel retailers should be able to answer is, Which specific customer type do we want to target?

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