The Role of Omnichannel and Service Quality to Get the Best Customer Experience for Increasing Sales in The Retail Industry

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## Article Info

ABSTRACT

The rapid development of technologies finally effects revolutionary to our daily activities especially in retail industry. This research was conducted to determine the effect of covid19 and the development of digital technology on customer behavior and how to shop. In this study there are four variables, namely Omnichannel (X1), Service Quality (X2), Customer Experience (Y1) and Sales Level (Y2). The population in this study were consumers who had bought in the retail industry with a sample of 150 respondents selected using purposive sampling method. Collecting data in this study by giving questionnaires to respondents. While in terms of data analysis, this study uses the path analysis method with the help of SPSS version 26 and smart-PLS. The results showed that: 1) OmniChannel has a positive and significant effect on Customer Experience, 2) Service Quality has a positive and significant effect on Customer Experience, 3) OmniChannel has a positive and significant effect on sales levels, 4) Service Quality has a positive and significant effect on sales levels, 5) Customer Experience has a positive and significant effect on Sales Level, 6) OmniChannel has a positive and significant effect on Sales Level through Customer Experience, 7) Service Quality has a positive and significant effect on Sales Level through Customer Experience. From this research, it is hoped that we can see how companies can increase their sales by maximizing customer experience through the use of Omnichannel strategies and service quality.
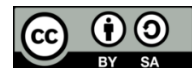
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1. INTRODUCTION

In today's globalized world, advances in information and communication technology are causing a revolution in the retail industry through the integration of multiple channels to enhance a seamless customer experience. The increasing integration of multiple sales channels is reinventing the retail industry to an evolutionary state recently known as omnichannel retailing. The shift of the retail industry is from monochannel to multichannel, and finally to omnichannel.

Based on data from Market Research Future which predicts the global omnichannel retail platform market, by 2023 omnichannel retail is expected to increase to US$11.1 billion and in the next 2-3 years, the main driving factor is the increasing adoption of e-commerce services. It is also due to the

increase in smartphone/tablet users for buying and selling transactions [1].

The principle of Omnichannel is to integrate all of the company's communication channels with customers, so that the same data sharing occurs in each channel. In the multichannel era, if customer communication channels are not integrated with each other, customers who contact from one channel cannot continue through other channels. The customer has to start the journey again by repeating the information he has provided on the other channel. This certainly reduces the quality of the customer experience. In contrast, with Omnichannel, customers can interact with the company through any communication channel they want, without having to repeat information when they switch channels. This is one of the strategies in creating a seamless customer experience.

Generally, companies today have realized that Omnichannel strategy is important to strengthen the company's relationship with customers. An increasing number of companies are moving from multichannel to Omnichannel, as well as companies that plan to implement Omnichannel. A survey conducted by Multichannel Merchant in 2013 proved this. The survey results show that of 351 companies, 62% have or plan to implement an Omnichannel strategy, and 70% stated that Omnichannel is important or very important to the company [2].

In the industrial world, quality is one of the most important indicators for a company to survive in the face of intense competition. Quality can be defined as a set of product characteristics that support the ability to meet specific or specified needs. Service quality is an important component of marketing management and one of the main determinants of organizational success. The purpose of the marketing process itself is not only to function as a means to distribute products or services but also to serve users or customers to get satisfaction from the services it offers [3].

In addition, service quality is the level of difference between customer expectations for services and their perceptions of the

performance of these services [4]. With good service quality, it will certainly provide a good and positive consumer experience. One of the efforts that retail companies can make to improve their performance is to increase customer loyalty (customer experience). Customer experience is a reflection of all customer interactions with the company, which can be in the form of interactions before, after, and during consumption [5].

Customer experience is the overall experience felt by customers when interacting with a business or business, where the customer experience includes various aspects, including product quality, price, and service quality [6]. The customer experience model is a model in marketing that follows customer equity. Experience is a personal event that occurs in response to several stimuli. Experience or experience involves all events in life [7].

A company will not develop if it is unable to sell the products it produces, on the other hand, a company is able to continue to increase sales, so the company will be able to exist in business competition. There is a misunderstanding about the term sales. The term sales is often considered the same as the term marketing, even though marketing has broad activities. Meanwhile, sales are only an activity in marketing [8].

The level of sales is the amount offered from a company by industrial users using distributors. It is further explained that the company's net sales level is obtained by the sales results of all products during a certain period of time and the sales results achieved from market share which is a potential sale that can consist of territorial groups and other groups of buyers during a certain period of time [9].

Based on this description, the researcher is interested in researching how the Role of Omnichannel and Service Quality to Get the Best Customer Experience in Increasing Sales in the Retail Industry.

2. LITERATURE REVIEW
2.1 Omnichannel

Omnichannel is a cross-channel business model whose focus is on the

quality of the customer experience. Omnichannel refers to a set of integrated buying processes and shopping environments that support a consolidated brand presence, regardless of the channel, such as physical stores, e-commerce or mobile. Coming together to combine physical and digital channels to provide a seamless shopping experience characterizes the concept of omnichannel retail, which is defined as an integrated sales experience that blends the advantages of physical stores with an information-rich online shopping experience.

Omnichannel comes from 2 words, namely omni and channel. Omni means all, universal, all, of all things. Meanwhile, the meaning of channel is channel, canal, flow, canal, gutter, and source. So, omnichannel is combining all channels. This is where consumers can find and connect with your business across multiple channels just like multi-channels but with a higher level of customer experience. Omni channel is an advanced part of the multi-channel strategy. This makes the strategy able to make users understand certain developments directly...

Indicators of omnichannel consist of:
a. Technology
b. Business Strategy
c. Buying online and offline
d. products [1]

One of the main benefits of omni channel is the incorporation of various communication and sales channels that can improve the customer experience. This is in line with changes in customer behavior that prefer shopping through various sales channels. Omnichannels also have several other uses and benefits, which make them important for businesses [2].

2.2 Service Quality

Service Quality is defined as a global assessment or behavior caused by the overall quality of service provided. Service Quality provides a comparison between consumer perceptions and consumer expectations of the actual service performance provided. five dimensions in retail service quality as follows:

a. Physical Aspect

Includes the appearance of physical facilities, interior design, and the comfort offered to customers related to the layout of physical facilities.

b. Reliability

Which in principle is the same as the reliability dimension in the SERVQUAL model. Only king, here reliability is sorted into 2 sub-dimensions, namely fulfilling promises (keeping promises) and providing services appropriately (doing it right).

c. Personal Interaction

Refers to the ability of employees to foster trust in customers and employees can maintain their attitudes and behavior in front of consumers.

d. Problem Solving

Relating to the way companies and employees deal with problems faced by consumers such as handling returns, exchanges, and complaints.

e. Policy

Covers aspects of service quality that are directly influenced by store policies, such as operating hours, parking facilities, and credit card usage [5].

The Service Quality indicators are as follows:
a. Tangibly
b. Reliability
c. Responsiveness
d. Empathy

2.3 Customer Experience

Customer experience can lead to the results of consumer interactions with the company, both emotional and cognitive. The results of these interactions

will give an impression in the minds of consumers and can affect consumer assessments of the company's products or services. Customer experience in e-retail can be measured in four components, namely cognitive, affective, sensory, and conative. Customer experience is considered a measuring tool in the development of relational marketing. Customer experience is an internal and subjective result that arises in response to customer interactions with the company, either directly or indirectly [6].

According to [10], there are three types of aspects or dimensions of customer experience, which are as follows:

1. Sensory Experience
2. Emotional Experience
3. Social Experience

Customer experience can be measured through:

1. Consumer Survey
2. Consumer Discussion Forum
3. Customer Service Report

2.4 Sales Level

The sales level in question is the value obtained after making sales and deducting various operational needs (Sari, 2021). The level of sales is an increase in activities that include all activities that occur in transferring goods and providing assistance and information to end buyers or to distributors. the concept of sales is that consumers, if left alone, usually will not buy products from the organization [8].

[11] argues that there are five factors that affect the high and low level of sales, namely:

1. The condition factor and the ability to sell, namely a salesperson must have a high ability to convince potential buyers so that they are willing or buy back the products they have bought so far. In addition, the characteristics that need to be possessed by a seller include having an attractive personality,

being cheerful and convincing, needing a salesperson who is in good health and so on.

2. The factor of market conditions is the ability of buyers by prospective buyers whether prospective buyers are strong or not. This needs to be considered because it indirectly affects marketing success. Likewise, the country's unstable income and expenditure will affect the purchasing power of the community and the company's organization.

3. Financial factors, every activity usually requires capital. Because capital is used to drive activities, where companies need to introduce their products to buyers so that they attract their attention. And this opportunity is used to convey product quality and features to potential buyers.

4. The company's organizational factors, especially its organizational structure, also affect sales success, such as increasing efficiency and increasing productivity. In large companies, sales problems are usually handled by one particular section. This section specializes in finding good alternatives to increase sales.

5. Promotion Factors. Promotion also influences the success of sales. Therefore, organizations that dare to provide large funds for promotion will increase their sales level, because promotion is a tool to introduce their products to the consumer community.

Sales levels can be identified through the following indicators:

1. Achieving sales volume
2. Getting profit
3. Supporting
4. Company growth

2.5 Research Hypothesis

Based on the research framework above, the hypothesis in this study can be formulated as follows:

H1	:	OmniChannel affects Customer Experience
H2	:	Service Quality affects Customer Experience
H3	:	OmniChannel has an effect on Sales Level
H4	:	Service Quality affects Sales Level
H5	:	Customer Experience has an effect on Sales Level
H6	:	OmniChannel affects Sales Level through Customer Experience
H7	:	Service Quality affects Sales Level through Customer Experience

3. METHODS

The population in this study are consumers who have bought in the retail industry. The sample in this study used a nonprobability sampling method [12] and the type of sampling technique used was purposive sampling, which is a data sampling technique based on certain considerations.

Determination of the number of samples is done using the Hair formula. With this formula, the sample in this study was 150 respondents. In this study, the customers selected as respondents are the people of South Jakarta and have made purchases in the retail industry. This research method uses SEM PLS and its tests as an analytical tool.

4. RESULTS AND DISCUSSION

4.1 Validity Test

Instrument testing is carried out using the validity test and reliability test to determine whether the research instrument has met the quality test results. If the instrument is valid and stable in measuring the components to be known, it can be said that the instrument is qualified. The validity test is carried out by determining based on the factor load value or loading factor with> 0.70. The following are the results of the validity test based on the loading factor value:

Figure 1. Validity Test Result

From the results of data processing, all items from the Omnichannel variable (3 items), Service Quality (4 items), Customer Experience (3 items), and Sales Level (3 items) are declared valid. This refers to all items having a standardized loading factor value greater than 0.70.

4.2 Reliability Test

The reliability test results show that based on the Cronbach alpha value, and composite reliability, all variables are

said to be reliable because they are more than 0.70.

Table 1. Reliability Test Result

	Cronbach's Alpha	Composite Reliability	Kesimpulan
Omnichannel	0.846	0.731	Reliabel
Service Quality	0.757	0.753	Reliabel
Customer Experience	0.764	0.807	Reliabel
Tingkat Penjualan	0.847	0.727	Reliabel

Source: SEM PLS (2024)

4.3 Direct Effect Test

The criteria used to test the hypothesis are to use the positive coefficient value or the original sample value which shows a positive effect and the t-statistic which is> 1.96 and P value <0.05 [13] which shows the significance of the independent variable affecting the dependent variable. The following are the results of the direct effect test:

Table 2. Direct Effect Result

	Original Sample (O)	T Statistics (OSTDEV)	P Values
Omnichannel -> Customer Experience	0.223	2.821	0.005
Omnichannel -> Tingkat Penjualan	0.232	2.420	0.016
Service Quality-> Customer Experience	0.291	3.482	0.001
Service Quality-> Tingkat Penjualan	0.030	2.299	0.018
Customer Experience-> Tingkat Penjualan	0.245	2.389	0.017

Source: SEM PLS (2024)

The test results show that H1 where OmniChannel has a positive and significant effect on Customer Experience (O = 0.223, t-statistic = 2.821, p <0.05). Then the relationship between Service Quality and Customer Experience in H2 is accepted because it has a positive and significant effect (O = 0.291, t-statistic = 3.482, p <0.05). H3 shows that OmniChannel has a positive and significant effect on Sales Level (O = 0.232, t-statistic = 2.420, p<0.05). Furthermore, the relationship between Service Quality and Sales Level has a positive and significant effect supported by H4 (O = 0.030, t-statistic = 2.299, p<0.05). Meanwhile, H5 between Customer Experience and Sales Level is positively and significantly supported by (O = 0.245, t-statistic = 2.389, p<0.05).

4.4 Indirect Effect Test

In the indirect influence test in this research, the bootstrapping method was used to find the indirect influence of the Customer Experience variable, which is a mediating variable. This research examines two hypotheses that have an indirect influence using positive coefficient values or original sample values which show a positive influence and t-statistics which are > 1.96 and P value < 0.05.

The test results show that H6, where OmniChannel has a positive and significant effect on Sales Levels through Customer Experience, means that H6 is accepted (O = 0.155, t-statistic = 2.701, p<0.05). Then the influence of Service Quality has a positive and significant effect on Sales Levels through Customer Experience in H7 is accepted because it has a positive and significant effect of (O = 0.272, t-statistic = 3.825, p<0.05).

Table 3. Indirect Effect Result

	Original Sample (O)	T Statistics (O/STDEV)	P Values
Omnichannel -> Customer Experience -> Tingkat Penjualan	0.155	2.701	0.039
Service Quality -> Customer Experience -> Tingkat Penjualan	0.272	3.825	0.027

Source: SEM PLS (2024)

5. CONCLUSION

OmniChannel has a positive and significant effect on Customer Experience. This means that the impact of the OmniChannel on the retail business in Indonesia will have an influence on the customer experience of consumers when making purchases.

Service Quality has a positive and significant effect on Customer Experience. This means that the better the quality of service applied to the retail business, the better the customer experience or consumer experience will be when making purchases at the target retailer.

OmniChannel has a positive and significant effect on sales levels. This means that the impact of OmniChannel can provide changes to sales levels. This is because when OmniChannel is implemented in a retail business, the sales level can also increase.

Service Quality has a positive and significant effect on sales levels. This means that the better the quality of service provided to retail businesses in the consumer environment, the greater the level of retail sales will increase.

Customer Experience has a positive and significant effect on Sales Levels. This means that the higher the consumer's experience in making purchases in a retail business, the higher the income from the level of sales made by consumers in shopping activities in a retail business.

OmniChannel has a positive and significant effect on Sales Levels through Customer Experience. This means that the impact of OmniChannel has an influence on Sales Levels where this influence is strengthened by the increasingly varied Customer Experience of consumers.

Service Quality has a positive and significant effect on Sales Levels through Customer Experience. This means that the greater the quality of service provided by a retail business, the level of sales will also grow and be strengthened by the Customer Experience that emerges from consumers. It is hoped that future researchers can use other variables so that they can enrich and complete this research.

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