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### Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

Nizar Alam Hamdani <sup>1)</sup>; Arum Mutmainah <sup>2)</sup>; Galih Abdul Fatah Maulani <sup>3)</sup>; Sukma Nugraha <sup>4)</sup>; Intan Permana <sup>5\*)</sup>

1) nizar\_hamdani@uniga.ac.id, Fakultas Ekonomi, Universitas Garut, Indonesia
2) 24081119005@fkwu.uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
3) galihafm@uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
4) sukma.nugraha@mutiaraglobal.co.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
5\*) intan@uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
\*) Corresponding Author

#### **ABSTRACT**

**Objectives**: Mobile commerce is an appropriate omnichannel practice adoption for fashion retail. Omnichannel in the retail industry is currently becoming an innovation strategy to increase consumer interaction by integrating various sales channel services. Consumers' channel-switching behavior remains as one of the challenges in the retail industry. To deal with these challenges, providing multiple points of contact to interact with consumers that gain competitive advantage and improve marketing performance is required.

**Methodology**: This study is a causal research with a 95% confidence interval in collecting and constructing the data structure to evaluate the cause-and-effect relationship of the variables. The primary data was obtained through a survey of 91 retail fashion consumers in Indonesia. Subsequently, the data was analyzed using structural equation modeling.

**Finding**: Compared to the previous studies, the results of this study indicated that novelty, hedonic, and utilitarian motivations influence brand love through omnichannel customer experience. To improve brand love, companies need to improve customer experience.

**Conclusion**: Based on the findings, the researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products whose physical stores have only been operating in Indonesia.

**Keywords**: brand love; hedonic motivation; omnichannel customer experience; perceived interactivity; utilitarian motivation

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#### INTRODUCTION

Given the fact that COVID-19 has reshaped consumer values, habits, and shopping behavior at the unprecedented pace of change, omnichannel has become the current innovation strategy to increase consumer interaction in the retail industry by integrating various sales channel services (Morais et al., 2019). The three value propositions of retail customers include invisibility, indispensability, and intimacy (Renz et al., 2022). Invisibility refers to the convenience that the consumers need. Indispensability relates to a better product/ service that the consumer wants, and intimacy is the satisfaction that the consumer requires. The retail industry does not operate stagnantly but moves in a dynamic environment that has a direct impact on operations and objectives. Consumers are considered an external factor in business because they create challenges and opportunities for the retail industry.

Table 1. Consumer's Retail Shopping Methods

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No	Methods	Before Pandemic	After Pandemic
1	Online	11.0 %	25.5 %
2	Offline	17.5 %	-
3	Both, but more offline	50.3 %	34.3 %
4	Both, but more online	21.2 %	40.2 %

Source: (Reda & Kapoor, 2020)

Consumer channel-switching behavior is one of the challenges that the retail industry has to deal with. Thus, providing multiple points of contact to interact with consumers to obtain a competitive advantage and improve marketing performance is necessary. Two channel-switching behaviors after COVID-19 are known as webrooming and showrooming (Viejo-Fernández et al., 2020). Webrooming provides a description of consumer behavior that finds out about the product through online channels, but the consumer buys the product in offline stores. On the other hand, showrooming provides an overview of consumer behavior that looks for products in offline stores but buys the products in online channels. Omnichannel provides consumers integrated shopping experience because it includes an offline store and an online store or a combination of both to complete a retail purchase. A survey conducted by EY-Parthenon shows that consumers in the current, after, and subsequent phases experience a real shift in shopping patterns with a tendency to combine offline and online (Jim Doucette, 2021). These allow the consumers to use multiple channels for a single buying process which is more complex and challenging. The ratio of online sales to sales in physical stores has increased significantly over the last decade (Tan & Gligor, 2019).

The digital revolution has led the changes in the concepts of space, time, and mass, making it possible to create an online retail space. This online retail will always be available anywhere and anytime to meet the customer's value proposition. The rapid advancement of the internet and technology has changed the retail business so the survival of offline retail channels is at risk. Omnichannel has grown to be increasingly popular because it provides the consumer with the shopping experience.

The fashion retail industry is known as having the highest omnichannel retail index (OSF Digital, 2022). Consumer expectations for technological developments used by the fashion retail industry are currently higher than before. The fashion retail industry requires hybrid readiness to match consumer expectations. Omnichannel as a form of digital transformation

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will help the fashion retail industry in changing the customer value proposition (Alomari & Khalid, 2022).

Table 2. Global Omnichannel Retail Indeks

No	Retail	Score
1	Apparel / Fashion	25
2	Footwear	12
3	Athletic	11
4	Beauty / Cosmetic	11
5	Home / Houseware	9
6	Book / Hobbies / Toy	6
7	Accessories / Bags	6
8	Food	6
9	Jewelry	6
10	Department Store	6

Source: (OSF Digital, 2022)

The results of the omnichannel analysis in the fashion retail industry are mostly related to electronic commerce, mobile commerce, social commerce, and physical stores (Caboni, 2020). In the first academic research, omnichannel was defined as an integrated sales experience that combines the advantages of physical stores with a shopping experience to get much information from electronic commerce, mobile commerce, and social commerce (Rigby, 2011). The biggest influence to shape the fashion retail customer experience is the interactivity that customers feel when accessing websites (Kim & Yang, 2018; Connell et al., 2019). Customer experience will improve over time in line with the increase in hedonic and utility value (Alexander & Kent, 2022). Although previous research has highlighted the role of digital technology in enhancing the hedonic and utility aspects of the customer experience, this study did not empirically validate it. It is assumed that, in online retail and physical stores, the center of customer experience not only expands the market coverage but also serves as the positive reinforcement of customer behavior in the future (Bell et al., 2020). In terms of the customer view, positive experiences can foster a strong emotional connection between the customer and the company in the form of brand love (Ferreira et al., 2022). Brand love is known to be able to create customer satisfaction through customer loyalty (Ferreira et al., 2019; Shi et al., 2020). Customer loyalty in the fashion retail industry consists of word of mouth and repurchase intentions (Tyrvainen et al., 2020).

This year, the overall best fashion retail omnichannel practice adoption whose physical stores have been operating in Indonesia is mobile commerce with a percentage of 76% (OSF Digital, 2022). Evaluating the performance of a company is conducted through two aspects, namely profitability and operational aspects (Hamdani et al., 2022). Mobile commerce has access to store carts on mobile phone and the web, optimizes email on mobile phone, discover the location of the nearest physical store, provides customer service, and types the products on a mobile phone. Apart from the rapid development of research on omnichannel in the fashion retail industry, the first theoretical contribution of this research is the analysis of brand love through mobile commerce technology as an omnichannel strategy suggested by (Ferreira et al., 2022). The second theoretical contribution is the analysis of perceived interactivity and

motivation as other variables that have the possibility of influencing the omnichannel customer experience suggested by (Ferreira et al., 2019).

#### LITERATURE REVIEW

#### 1. Brand Love

Brand love is not the same as the increasing interest in the brand (Lv & Wu, 2021). Understanding the love for brands has the same meaning as remembering marketing performance such as positive word of mouth that benefits the company (Palusuk et al., 2019). Brand love is a meaningful mode of satisfaction, but few satisfied consumers will experience brand love (Gumparthi & Patra, 2020). The strategy of brand love in achieving brand loyalty for a foreign product in Indonesia (Ubud & Ubud, 2016). Consumers' brand love can switch to beneficial behavior. For example, consumers will not change to other brands, ignore the bad experiences, and will be eager to invest. A positive customer experience is explained by hedonic motivation (Tyrvainen et al., 2020). In customer research, love is one of the main customer considerations to increase relationships with brands which are influenced by hedonic factors (Ferreira et al., 2022). Therefore, the research hypothesis proposed is:

#### H1: Hedonic motivation influence brand love.

Brand love is a prototype formed by cognitive and emotional dimensions (Madadi et al., 2021). However, brand love serves as a construction built by sensory, affective, and intellectual brand experience (Ferreira et al., 2022). Sensory brand experience can be defined as the sensation of specializing in various types of information, evoked by brand-related stimuli as part of brand design and identity, packaging, communication, and the environment (Hepola et al., 2017). Intellectual brand experience is usually described as the consumer's involvement in many ideas about the brand. Then, effective brand experiences are more relevant in an offline store environment.

When consumers acquire a brand, they not only hope for an emotional value but also obtain utilitarian benefits (Bowden & Mirzaei, 2020). Utilitarianism is part of goal-oriented and functional motivation and involves cognitive and rational responses (Connell et al., 2019). In the retail industry, utilitarianism is not only a purchase settlement but also a brand acquisition process (Wong, 2021).

For decades, previous researchers have studied how consumers can prefer or not some brands. From an interpersonal point of view, brand love represents a very positive emotional trait. The strong phenomenon of brand love illustrates consumers' deepening long-term relationship with the brand that has attracted the attention of researchers.

#### 2. Omnichannel Customer Experience

A quality customer experience is an experience when customers can obtain products and services efficiently and give genuine pleasure from shopping activities (Gao et al., 2021). New terms emerge to describe the increase in internet use or utilization in our daily lives, such as IoT (internet of things) (Nurjannah et al., 2022). Consumers are able to use complementary channels as an integral part of the shopping experience, optimizing the benefits and costs of different channels. When considering the customer experience, retail will optimize each channel for the customer's point of contact. If a company fails to meet expectations for an

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optimal customer experience during shopping then brand love will decline (Tyrvainen et al., 2020). Thus, the research hypothesis proposed is:

H2: Omnichannel customer experience influence brand love.

The omnichannel customer experience as the tested construct is formed on connectivity, integration, consistency, flexibility, and personalization (Shi et al., 2020). Connectivity is a description of content and service information across channels that are linked and interconnected. Integration is a description of how customers can view all information systems and management operations as unified and well-integrated across channels. Consistency is a description of customers' experience consistency of content and interaction processes across channels. Flexibility is an illustration of the extent to which customers are given flexible options and experience continuity when migrating tasks from one channel to another. Personalization is a description of the extent to which customers feel that omnichannel retail gives their customers individual attention. Positive customer experiences are explained by hedonic and utilitarian motivations (Tyrvainen et al., 2020). Therefore, the research hypothesis proposed is: H2a: Hedonic motivation influence omnichannel customer experience.

H2b: Hedonic motivation influence brand love through omnichannel customer experience.

H2c: Utilitarian motivation influence omnichannel customer experience.

H2d: Utilitarian motivation influence brand love through omnichannel customer experience.

#### 3. Perceived Interactivity

Interactivity, a natural attribute of interpersonal communication is defined as the degree to which consumers perceive a website to be controllable, responsive, and synchronous. Interactivity has been investigated from various perspectives because the advancement of digital technology has created an always-on environment where consumers can interact anytime and anywhere. Several studies have discussed the impact of interactivity on customer engagement in social media as one of the channels in omnichannel retail. Perceived value, satisfaction, and purchase intentions of online consumers happened (Karunia & Lunardy, 2016). Likewise, this study applies a perception-centric perspective to examine the perceived interactivity of consumers. In addition, the results of testing the effect of perceived interactivity on non-customer engagement behavior, namely customer experience on social media had significant results (Bozkurt et al., 2021). Thus, the research hypothesis proposed is:

H3: Perceived interactivity influence omnichannel customer experience.

Concerning the use of technology, perceived interactivity is constructed from two perspectives; the technical and social dimensions (Lee et al., 2021). Technical interactivity refers to technology features. Consumers experience a high level of technical interactivity when technology responds quickly and accurately. In addition, consumers can experience social interactivity influenced by the social characteristics of the technology. Social interactivity describes the social aspects of activities that consumers feel after using technology in physical and online stores. Consumers perceive interactivity when they have an interactive experience with a specific target, and thus, perceived interactivity may change depending on what is experienced. Previous research has shown that interactivity can affect users' online experience by increasing relationship commitment to brand love (K.-Y. Wang et al., 2020). Then, the research hypothesis proposed is:

H3a: Perceived interactivity influence brand love through omnichannel customer experience. H3b: Perceived interactivity influence brand love.

#### 4. Hedonic and Utilitarian Motivation

As a tested construct, hedonic motivation is built on the idea of motivation, personalization, value motivation, and shopping experiences (J. P.-C. Wang & Gutierrez, 2019). Idea motivation refers to the gathering of information about new trends and products, more specifically in the context of trend-following shopping. Personalization is conceptualized in terms of media richness, the extent to which channels provide personalized content and emotional messages. Value motivation focuses on consumers' search for bargains which explains consumer excitement when looking for discounts and satisfaction when finding value in the buying process. While the shopping experience known as adventure motivation describes the hedonic value which refers to the desire that a person has for a fun, exciting, and entertaining shopping experience. Current purchases of hedonistic consumers influence future purchases with online reviews influencing browsing as a habit (Kusumawardani et al., 2018; Kusmaharani & Halim, 2020).

In addition to hedonic motivation, this study describes utilitarian motivation. As a tested construct, utilitarian motivation is built on time convenience, performance expectations, information capabilities, and user control (J. P.-C. Wang & Gutierrez, 2019). The convenience of time is a time saving to make the shopping process efficient. Performance expectations are utilitarian values determined by the individual's level of belief that the use of technology can simplify processes. Information availability is defined as the availability to obtain information about products, stores, promotions, and other aspects. The final value of utilitarian motivation considered for this study is user control, which is defined as the extent to which users can determine the content and order of transactions.

Within cases in retail omnichannel, the analysis of the relationship between motivation and perceived interactivity with brand love significantly results respectively (K.-Y. Wang et al., 2020; Bowden & Mirzaei, 2020). Based on consumer-brand relationship theory, brand love can build long-term relationships. Omnichannel as an innovation strategy in the fashion industry retail aims to increase consumers' brand love by providing a positive experience. Analysis of omnichannel consumer experience as an intervening variable for motivation and perceived interactivity influence brand love as a novelty from the previous studies.

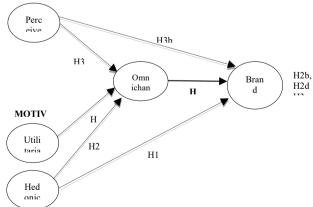


Figure 1. Research Framework

Source: (Tyrvainen et al., 2020; Wang et al., 2020; Bozkurt et al., 2021; Wong, 2021; Ferreira et al., 2022)

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#### **METHODS**

This study is causal research at a 95% confidence interval. This design allows the researcher to collect the data and construct the data structure to perceive the cause-and-effect of the research variables (Suhartanto, 2014). The causal research aims: 1) to understand exogenous and endogenous variables towards marketing phenomena, 2) to decide the nature of the relationship among the variables, and 3) to test the hypothesis of causal relationship variables.

The target population was the customers of the eight top fashion retail, namely: 1) Zara, 2) Uniqlo, 3) Ralph Lauren, 4) Michael Kors, 5) Levi's, 6) Hugo Boss, 7) H&M, and 8) American Eagle (OSF Digital, 2022). Furthermore, the ideal limit of the population according to the physical store availability in Indonesia, web store ability, platform ability, and social media ability to meet omnichannel criteria (Caboni, 2020). In collecting the data, this causal research design utilized a survey as a method to collect the data from a sample through questionnaires comprising structured questions (Suhartanto, 2014). Questionnaires as the data collection was carried out by giving a series of questions or written statements to the respondents to be answered. A survey instrument was developed that identified: 1) three primary components of a brand love: sensory, affective, and intellectual, 2) five primary components of an omnichannel customer experience: connectivity, integration, consistency, flexibility, and personalization, 3) two primary components of perceived interactivity: technology features and social characteristics, 4) four primary components of a hedonic motivation: idea, personalization, value, and shopping experiences, and 5) four primary components of a utilitarian motivation: time convenience, performance expectations, information capabilities, and user control. The survey was sent via e-mail to 1826 randomly, thereby individuals had the same probability of being selected from the population and representing a sample. The study had a 5.15% response rate with a total of 94 respondents who bought international brands of clothing that have physical stores in Indonesia. Around 1.2% of respondents (3) had the same rating for all items. Therefore, the sample of this study was 91 which are the respondent provided varied ratings for all items, has to be a bank customer, and must have an Internet banking account.

The data analysis technique in this quantitative study utilized a statistical approach. Data analysis procedures were as follows: 1) confirmatory factor analysis was performed on the scales to confirm the structure of the constructs, followed by 2) the test of hypothesis based on a structural equation modeling (SEM). The program used to perform data analysis with the path analysis method was PLS. The measurement scale used was interval as a scale that allows researchers to perform arithmetic calculations on data collected from respondents (Suhartanto, 2014). The measurement has no real zero value. The measure of attitude that is commonly used in business research is the Likert scale. The Likert scale is a scale that requires respondents to respond to the extent to which they agree or disagree about a perceived object, namely strongly agree, agree, neutral, disagree, and strongly disagree.

#### RESULTS AND DISCUSSION

#### 1. Outer Model Testing

The formulation or statement of hypotheses that have been formulated from the structure of the relationship of construct or latent variables can be carried out by measurements of the dimensions or indicators of each construct variable completed. Variations in data values in dimensions or indicators will describe variations in construct variables. The strong or weak

relationship of various indicators with constructed variables is indicated by the size of the loading factor value owned by each dimension or indicator of the constructed variable.

Based on the output of the Smart PLS program, the estimation of the  $\lambda$  parameter is the same as the estimated value of the standardized regression parameter or referred to as the path coefficient. With the discovery of the magnitude of the value of the path coefficient, the calculation of how much the value of the structural influence is directly, indirectly, or the total influence of the predictor variable on the predictor can be known and determined. The magnitude of the coefficient values resulting from the estimation of parameters to describe X and  $\lambda$  to describe Y on outer loadings.

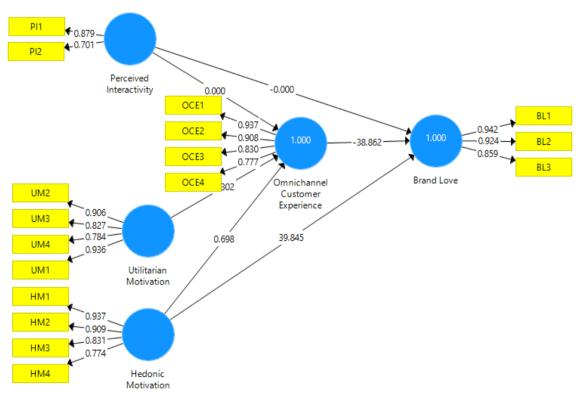


Figure 1. Outer Loadings Source: (SmartPLS, 2022)

The first measurement showed that there are five indicators in the construct variables perceived interactivity, utilitarian motivation, hedonic motivation, brand love, and omnichannel customer experience with uncompleted status. This means that per does not match as strategic flexibility indicator in this study. Then, personalization does not match as omnichannel customer experience indicator in this study.

Table 3. Outer Loadings

Exogenous Variables	λ	<b>Endogenous Variables</b>	λ	Intervening Variables	λ
Perceived Interactivity		Brand Love		Omnichannel	
PI1-Technic Interactivity	0.863	BL1-Sensory brand	0.942	Customer Experience	
PI2-Social Interactivity	0.723	experience		OCE1-Connectivity	0.930
Utilitarian Motivation		BL2-Affective brand	0.924	OCE2-Integration	0.922
UM1-Time convenience	0.938	experience		OCE3-Consistency	0.820
UM2-Performance	0.910	BL3-Intelectual brand	0.859	OCE4-Flexibility	0.748
expectations		experience		OCE5-Personalization	0.500
UM3-Information capabilities	0.832	•			
UM4-user control	0.772				
Hedonic Motivation					
HM1-Ideas Motivation	0.938				
HM2-Personalization	0.910				
HM3-Value Motivation	0.832				
HM4-Shopping Experience	0.772				

Source: (SmartPLS, 2022)

The result of outer model testing in this study are: 1) technic interactivity and social Interactivity can develop a variable construct of perceived interactivity, 2) time convenience, performance expectations, information capabilities, and user control can develop a variable construct of utilitarian motivation, 3) ideas motivation, personalization, value motivation, and shopping experience can develop a variable construct of hedonic motivation, 4) sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love, and 5) connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. The estimated value of the  $\lambda$  parameter on the indicators of exogenous, endogenous, and intervening variables shows a coefficient greater than 0.7 and is significant at  $\alpha = 0.05$ . This means that the indicator sets a valid and reliable factor on each latent variable or its construct.

#### 2. Inner Model Testing

Inner model testing can only be done if outer model testing has been declared valid and reliable by loading the value of R<sup>2</sup> in the construct. The structural model in Partial Least Square is evaluated using the Good of Fit Model, which is a way to be able to show the difference between the observed value and the value estimated by the model. Based on Table 5. it is known that the position of variable new product performance in the inner model is the middle.

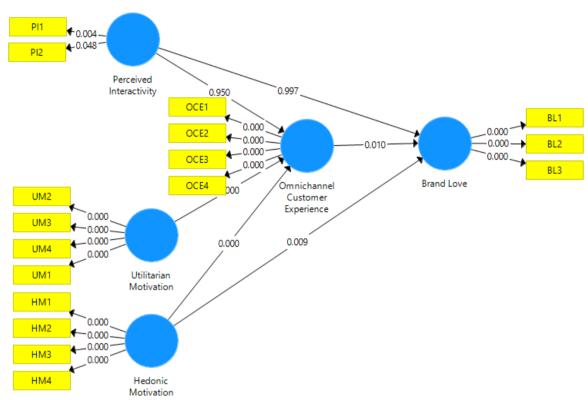


Figure 3. Bootstrapping (P-value) Source: (SmartPLS, 2022)

The square root of the Average Variance Extracted will be used to analyze the discriminant validity of all constructs in the research model. It is known that all AVE values> 0.6, Cronbach Alpha > 0.7, and Rho value > 0.7 means that the measurement model of the four variables is consistent and has accuracy in making measurements and constructive testing, except perceived interactivity. Fully measurement model in Figure 1. describes that four variables have a P-value level of < 0.05 so it can be said to be valid, except for the variable perceived interactivity.

Table 4. Structural Model Testing

Latent variables	AVE	Cronbach Alpha	Rho	R-Square
Brand Love	0.826	0.894	0.899	0.899
<b>Hedonic Motivation</b>	0.749	0.886	0.899	0.899
Omnichannel Customer	0.749	0.886	0.898	0.898
Experience				
Perceived Interactivity	0.632	0.433	0.476	0.772
Utilitarian Motivation	0.749	0.886	0.894	0.922

Source: (SmartPLS, 2022)

#### 3. Hypothesis Testing of H1 and H1a

The first analysis was conducted to latent variable correlation described on outer model testing. Ideas motivation, personalization, value motivation, and shopping experience can develop a

variable construct of hedonic motivation. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love.

The second analysis was conducted to determine the level of effect of hedonic motivation to brand love indicated by an  $R^2$  value of 0.893 or 89.3%. The third analysis was conducted to determine whether hedonic motivation affected brand love. In this study, the main hypothesis that was tested was H1. The significance of P-value 0.009 < 0.05 means that H1 described in Table 5. was accepted and widely applied outside the research focus. The results of this study are in line with the previous study that stated that brand love was positively and significantly influenced by hedonic motivation (Tyrvainen et al., 2020).

This study examined the impacts of hedonic motivation on brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the hedonic motivation concentrated on idea, personalization, value, and shopping experiences. Previous studies have mainly concentrated on cognitive and emotional only.

Table 5. Hypothesis testing of H1

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	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
H1a	Hedonic Motivation> Brand	39.845	14.560	2.737	0.006	0.983
	Love					

Source: (SmartPLS, 2022)

#### 4. Hypothesis Testing of H2, H2a, H2b, H2c dan H2d

The first analysis was conducted to latent variable correlation described on outer model testing. Connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love. Ideas motivation, personalization, value motivation, and shopping experience can develop a variable construct of hedonic motivation.

The second analysis was conducted to determine the level of 1) the direct effect of process Omnichannel customer experience indicated by an R<sup>2</sup> value of 0.982 or 98,2%, 2) the direct effect of hedonic motivation to omnichannel customer experience indicated by an R<sup>2</sup> value of 1.000 or 100%, 3) indirect effect of hedonic motivation to brand Love intervened by omnichannel customer experience indicated by R<sup>2</sup> value of 0.982 or 98.2%, 4) direct effect of utilitarian motivation to omnichannel customer experience indicated by R<sup>2</sup> value of 1.000 or 100%, and 5) indirect effect of utilitarian motivation to brand love intervened by omnichannel customer experience indicated by R<sup>2</sup> value 0.982 or 98.2%. Based on the result, utilitarian and hedonic motivation are a perfect effect on omnichannel customer experience. This study revealed process innovation can be an intervening variable if strategic flexibility is an exogenous variable and new product performance is an endogenous variable.

In this study, the main hypothesis that was tested was H2, H2a, H2b, H2c, and H2d. The significance of P-value 0.00 < 0.05 means that H2, H2a, H2b, H2c, and H2d were accepted and widely applied outside the research focus. A previous study revealed that positive customer

experience is affected by hedonic and utilitarian motivation (Tyrvainen et al., 2020). This study examined the impacts of hedonic motivation, utilitarian motivation, and omnichannel customer experience on brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the utilitarian motivation concentrated on time convenience, performance expectations, information capabilities, and user control. Previous studies have mainly demonstrated customer experience, not omnichannel customer experience.

Table 6. Hypothesis testing of H2, H2a, H2b, H2c dan H2d

	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
H2	Omnichannel customer experience —>	-	15.107	2.572	0.010	0.982
	Brand Love					
H2a	Hedonic motivation> Omnichannel	0.698	0.067	10.495	0.000	1.000
	customer experience					
H2b	Hedonic motivation> Omnichannel	-	-	-	0.010	0.982
	customer experience> Brand Love					(1.000*0.982)
H2c	Utilitarian motivation —>	0.320	0.067	4.534	0.000	1.000
	Omnichannel customer experience					
H2d	Utilitarian motivation —>	-	-	-	0.010	0.982
	Omnichannel customer experience —>					(1.000*0.982)
	Brand Love					

Source: (SmartPLS, 2022)

#### 5. Hypothesis Testing of H3, H3a and H3b

The first analysis was conducted to latent variable correlation described on outer model testing. Technic interactivity and social Interactivity can develop a variable construct of perceived interactivity. Connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love

The second analysis was conducted to determine the level of 1) the effect of perceived interactivity on omnichannel customer experience indicated by R<sup>2</sup> value of 0.131 or 13.1%, 2) the indirect effect of perceived interactivity to brand love intervened by omnichannel customer experience indicated by R<sup>2</sup> value of 0.129 or 12.9%, and 3) effect of perceived interactivity to brand love indicated by R<sup>2</sup> value of 0.151 or 15.1%. This study revealed that perceived interactivity cannot influence omnichannel customer experience and brand love.

In this study, the main hypothesis that was tested was H3, H3a, and H3b. The significance of P-value 0.00 > 0.05 means that H3a described in Table 7 was rejected. A previous study (Wang et al., 2020) did not work for the retail fashion industry that operated in Indonesia. When

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examining the impacts of perceived interactivity on omnichannel customer experience and brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the perceived interactivity concentrated on technology features and social characteristics of fully omnichannel. Previous studies have mainly concentrated on Facebook Fan Page perceived interactivity only.

Table 7. Hypothesis testing of H3, H3a and H3b

	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
Н3	Perceived Interactivity>	0.000	0.001	0.059	0.953	0.131
	Omnichannel Customer					
	Experience					
H3a	Perceived Interactivity>	-	-	-	0.997	0,129
	Omnichannel Customer					(0.131*0.982)
	Experience> Brand Love					
H3b	Perceived Interactivity>	-	-	-	0.997	0,151
	Brand Love	0.000				

Source: (SmartPLS, 2022)

#### **CONCLUSION**

After analyzing the theories and the results of the previous studies, the most important thing in running a clothing retail business with an omnichannel innovation strategy is to understand hedonic and utilitarian motivations so that a positive customer experience is formed. If consumers have a positive experience during the shopping process, it will form a strong brand love. It was known for a long time, that a strong brand is one of the indicators of high-value marketing performance. In the three independent variables test, perceived interactivity had a lower influence on brand love. The provisional conjecture requires the role of variable control on the direct effect of perceived interactivity on brand love. Thus, it becomes a recommended research model for the future.

Despite successfully proving the research hypotheses, researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is that clothing retailers from Indonesia have yet to create a mobile commerce platform.

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# Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

by Nizar Alam Hamdani

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#### Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

Nizar Alam Hamdani <sup>1)</sup>; Arum Mutmainah <sup>2)</sup>; Galih Abdul Fatah Maulani <sup>3)</sup>; Sukma Nugraha <sup>4)</sup>; Intan Permana <sup>5</sup>°)

1) nizar\_hamdani@uniga.ac.id, Fakultas Ekonomi, Universitas Garut, Indonesia
2) 24081119005@fkwu.uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
3) galihafm@uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
4) sukma.nugraha@mutiaraglobal.co.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
5°) intan@uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
8) Corresponding Author

#### ABSTRACT

Objectives: Mobile commerce is an appropriate omnichannel practice adoption for fashion retail. Omnichannel in the retail industry is currently becoming an innovation strategy to increase consumer interaction by integrating various sales channel services. Consumers' channel-switching behavior remains as one of the challenges in the retail industry. To deal with these challenges, providing multiple points of contact to interact with consumers that gain competitive advantage and improve marketing performance is required.

**Methodology**: This study is a causal research with a 95% confidence interval in collecting and constructing the data structure to evaluate the cause-and-effect relationship of the variables. The primary data was obtained through a survey of 91 retail fashion consumers in Indonesia. Subsequently, the data was analyzed using structural equation modeling.

**Finding:** Compared to the previous studies, the results of this study indicated that novelty, hedonic, and utilitarian motivations influence brand love through omnichannel customer experience. To improve brand love, companies need to improve customer experience.

**Conclusion**: Based on the findings, the researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products whose physical stores have only been operating in Indonesia.

**Keywords**: brand love; hedonic motivation; omnichannel customer experience; perceived interactivity; utilitarian motivation

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#### INTRODUCTION

Given the fact that COVID-19 has reshaped consumer values, habits, and shopping behavior at the unprecedented pace of change, omnichannel has become the current innovation strategy to increase consumer interaction in the retail industry by integrating various sales channel services (Morais et al., 2019). The three value propositions of retail customers include invisibility, indispensability, and intimacy (Renz et al., 2022). Invisibility refers to the convenience that the consumers need. Indispensability relates to a better product/ service that the consumer wants, and intimacy is the satisfaction that the consumer requires. The retail industry does not operate stagnantly but moves in a dynamic environment that has a direct impact on operations and objectives. Consumers are considered an external factor in business because they create challenges and opportunities for the retail industry.

Table 1. Consumer's Retail Shopping Methods

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No	Methods	Before Pandemic	After Pandemic
1	Online	11.0 %	25.5 %
2	Offline	17.5 %	-
3	Both, but more offline	50.3 %	34.3 %
4	Both, but more online	21.2 %	40.2 %

Source: (Reda & Kapoor, 2020)

Consumer channel-switching behavior is one of the challenges that the retail industry has to deal with. Thus, providing multiple points of contact to interact with consumers to obtain a competitive advantage and improve marketing performance is necessary. Two channel-switching behaviors after COVID-19 are known as webrooming and showrooming (Viejo-Fernández et al., 2020). Webrooming provides a description of consumer behavior that finds out about the product through online channels, but the consumer buys the product in offline stores. On the other hand, showrooming provides an overview of consumer behavior that looks for products in offline stores but buys the products in online channels. Omnichannel provides consumers integrated shopping experience because it includes an offline store and an online store or a combination of both to complete a retail purchase. A survey conducted by EY-Parthenon shows that consumers in the current, after, and subsequent phases experience a real shift in shopping patterns with a tendency to combine offline and online (Jim Doucette, 2021). These allow the consumers to use multiple channels for a single buying process which is more complex and challenging. The ratio of online sales to sales in physical stores has increased significantly over the last decade (Tan & Gligor, 2019).

The digital revolution has led the changes in the concepts of space, time, and mass, making it possible to create an online retail space. This online retail will always be available anywhere and anytime to meet the customer's value proposition. The rapid advancement of the internet and technology has changed the retail business so the survival of offline retail channels is at risk. Omnichannel has grown to be increasingly popular because it provides the consumer with the shopping experience.

The fashion retail industry is known as having the highest omnichannel retail index (OSF Digital, 2022). Consumer expectations for technological developments used by the fashion retail industry are currently higher than before. The fashion retail industry requires hybrid readiness to match consumer expectations. Omnichannel as a form of digital transformation

will help the fashion retail industry in changing the customer value proposition (Alomari & Khalid, 2022).

Table 2. Global Omnichannel Retail Indeks

	010.0011 011111111111111111111111111111	
No	Retail	Score
1	Apparel / Fashion	25
2	Footwear	12
3	Athletic	11
4	Beauty / Cosmetic	11
5	Home / Houseware	9
6	Book / Hobbies / Toy	6
7	Accessories / Bags	6
8	Food	6
9	Jewelry	6
10	Department Store	6
	G (OGE D: :: 1 00)	

Source: (OSF Digital, 2022)

The results of the omnichannel analysis in the fashion retail industry are mostly related to electronic commerce, mobile commerce, social commerce, and physical stores (Caboni, 2020). In the first academic research, omnichannel was defined as an integrated sales experience that combines the advantages of physical stores with a shopping experience to get much information from electronic commerce, mobile commerce, and social commerce (Rigby, 2011). The biggest influence to shape the fashion retail customer experience is the interactivity that customers feel when accessing websites (Kim & Yang, 2018; Connell et al., 2019). Customer experience will improve over time in line with the increase in hedonic and utility value (Alexander & Kent, 2022). Although previous research has highlighted the role of digital technology in enhancing the hedonic and utility aspects of the customer experience, this study did not empirically validate it. It is assumed that, in online retail and physical stores, the center of customer experience not only expands the market coverage but also serves as the positive reinforcement of customer behavior in the future (Bell et al., 2020). In terms of the customer view, positive experiences can foster a strong emotional connection between the customer and the company in the form of brand love (Ferreira et al., 2022). Brand love is known to be able to create customer satisfaction through customer loyalty (Ferreira et al., 2019; Shi et al., 2020). Customer loyalty in the fashion retail industry consists of word of mouth and repurchase intentions (Tyrvainen et al., 2020).

This year, the overall best fashion retail omnichannel practice adoption whose physical stores have been operating in Indonesia is mobile commerce with a percentage of 76% (OSF Digital, 2022). Evaluating the performance of a company is conducted through two aspects, namely profitability and operational aspects (Hamdani et al., 2022). Mobile commerce has access to store carts on mobile phone and the web, optimizes email on mobile phone, discover the location of the nearest physical store, provides customer service, and types the products on a mobile phone. Apart from the rapid development of research on omnichannel in the fashion retail industry, the first theoretical contribution of this research is the analysis of brand love through mobile commerce technology as an omnichannel strategy suggested by (Ferreira et al., 2022). The second theoretical contribution is the analysis of perceived interactivity and

motivation as other variables that have the possibility of influencing the omnichannel customer experience suggested by (Ferreira et al., 2019).

#### LITERATURE REVIEW

#### 1. Brand Love

Brand love is not the same as the increasing interest in the brand (Lv & Wu, 2021). Understanding the love for brands has the same meaning as remembering marketing performance such as positive word of mouth that benefits the company (Palusuk et al., 2019). Brand love is a meaningful mode of satisfaction, but few satisfied consumers will experience brand love (Gumparthi & Patra, 2020). The strategy of brand love in achieving brand loyalty for a foreign product in Indonesia (Ubud & Ubud, 2016). Consumers' brand love can switch to beneficial behavior. For example, consumers will not change to other brands, ignore the bad experiences, and will be eager to invest. A positive customer experience is explained by hedonic motivation (Tyrvainen et al., 2020). In customer research, love is one of the main customer considerations to increase relationships with brands which are influenced by hedonic factors (Ferreira et al., 2022). Therefore, the research hypothesis proposed is:

#### H1: Hedonic motivation influence brand love.

Brand love is a prototype formed by cognitive and emotional dimensions (Madadi et al., 2021). However, brand love serves as a construction built by sensory, affective, and intellectual brand experience (Ferreira et al., 2022). Sensory brand experience can be defined as the sensation of specializing in various types of information, evoked by brand-related stimuli as part of brand design and identity, packaging, communication, and the environment (Hepola et al., 2017). Intellectual brand experience is usually described as the consumer's involvement in many ideas about the brand. Then, effective brand experiences are more relevant in an offline store environment.

When consumers acquire a brand, they not only hope for an emotional value but also obtain utilitarian benefits (Bowden & Mirzaei, 2020). Utilitarianism is part of goal-oriented and functional motivation and involves cognitive and rational responses (Connell et al., 2019). In the retail industry, utilitarianism is not only a purchase settlement but also a brand acquisition process (Wong, 2021).

For decades, previous researchers have studied how consumers can prefer or not some brands. From an interpersonal point of view, brand love represents a very positive emotional trait. The strong phenomenon of brand love illustrates consumers' deepening long-term relationship with the brand that has attracted the attention of researchers.

#### 2. Omnichannel Customer Experience

A quality customer experience is an experience when customers can obtain products and services efficiently and give genuine pleasure from shopping activities (Gao et al., 2021). New terms emerge to describe the increase in internet use or utilization in our daily lives, such as IoT (internet of things) (Nurjannah et al., 2022). Consumers are able to use complementary channels as an integral part of the shopping experience, optimizing the benefits and costs of different channels. When considering the customer experience, retail will optimize each channel for the customer's point of contact. If a company fails to meet expectations for an

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optimal customer experience during shopping then brand love will decline (Tyrvainen et al., 2020). Thus, the research hypothesis proposed is:

H2: Omnichannel customer experience influence brand love.

The omnichannel customer experience as the tested construct is formed on connectivity, integration, consistency, flexibility, and personalization (Shi et al., 2020). Connectivity is a description of content and service information across channels that are linked and interconnected. Integration is a description of how customers can view all information systems and management operations as unified and well-integrated across channels. Consistency is a description of customers' experience consistency of content and interaction processes across channels. Flexibility is an illustration of the extent to which customers are given flexible options and experience continuity when migrating tasks from one channel to another. Personalization is a description of the extent to which customers feel that omnichannel retail gives their customers individual attention. Positive customer experiences are explained by hedonic and utilitarian motivations (Tyrvainen et al., 2020). Therefore, the research hypothesis proposed is: H2a: Hedonic motivation influence omnichannel customer experience.

H2b: Hedonic motivation influence brand love through omnichannel customer experience.

H2c: Utilitarian motivation influence omnichannel customer experience.

H2d: Utilitarian motivation influence brand love through omnichannel customer experience.

#### 3. Perceived Interactivity

Interactivity, a natural attribute of interpersonal communication is defined as the degree to which consumers perceive a website to be controllable, responsive, and synchronous. Interactivity has been investigated from various perspectives because the advancement of digital technology has created an always-on environment where consumers can interact anytime and anywhere. Several studies have discussed the impact of interactivity on customer engagement in social media as one of the channels in omnichannel retail. Perceived value, satisfaction, and purchase intentions of online consumers happened (Karunia & Lunardy, 2016). Likewise, this study applies a perception-centric perspective to examine the perceived interactivity of consumers. In addition, the results of testing the effect of perceived interactivity on non-customer engagement behavior, namely customer experience on social media had significant results (Bozkurt et al., 2021). Thus, the research hypothesis proposed is:

H3: Perceived interactivity influence omnichannel customer experience.

Concerning the use of technology, perceived interactivity is constructed from two perspectives; the technical and social dimensions (Lee et al., 2021). Technical interactivity refers to technology features. Consumers experience a high level of technical interactivity when technology responds quickly and accurately. In addition, consumers can experience social interactivity influenced by the social characteristics of the technology. Social interactivity describes the social aspects of activities that consumers feel after using technology in physical and online stores. Consumers perceive interactivity when they have an interactive experience with a specific target, and thus, perceived interactivity may change depending on what is experienced. Previous research has shown that interactivity can affect users' online experience by increasing relationship commitment to brand love (K.-Y. Wang et al., 2020). Then, the research hypothesis proposed is:

H3a: Perceived interactivity influence brand love through omnichannel customer experience. H3b: Perceived interactivity influence brand love.

#### 4. Hedonic and Utilitarian Motivation

As a tested construct, hedonic motivation is built on the idea of motivation, personalization, value motivation, and shopping experiences (J. P.-C. Wang & Gutierrez, 2019). Idea motivation refers to the gathering of information about new trends and products, more specifically in the context of trend-following shopping. Personalization is conceptualized in terms of media richness, the extent to which channels provide personalized content and emotional messages. Value motivation focuses on consumers' search for bargains which explains consumer excitement when looking for discounts and satisfaction when finding value in the buying process. While the shopping experience known as adventure motivation describes the hedonic value which refers to the desire that a person has for a fun, exciting, and entertaining shopping experience. Current purchases of hedonistic consumers influence future purchases with online reviews influencing browsing as a habit (Kusumawardani et al., 2018; Kusmaharani & Halim, 2020).

In addition to hedonic motivation, this study describes utilitarian motivation. As a tested construct, utilitarian motivation is built on time convenience, performance expectations, information capabilities, and user control (J. P.-C. Wang & Gutierrez, 2019). The convenience of time is a time saving to make the shopping process efficient. Performance expectations are utilitarian values determined by the individual's level of belief that the use of technology can simplify processes. Information availability is defined as the availability to obtain information about products, stores, promotions, and other aspects. The final value of utilitarian motivation considered for this study is user control, which is defined as the extent to which users can determine the content and order of transactions.

Within cases in retail omnichannel, the analysis of the relationship between motivation and perceived interactivity with brand love significantly results respectively (K.-Y. Wang et al., 2020; Bowden & Mirzaei, 2020). Based on consumer-brand relationship theory, brand love can build long-term relationships. Omnichannel as an innovation strategy in the fashion industry retail aims to increase consumers' brand love by providing a positive experience. Analysis of omnichannel consumer experience as an intervening variable for motivation and perceived interactivity influence brand love as a novelty from the previous studies.

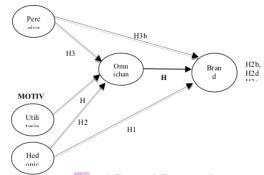


Figure 1. **Research Framework**Source: (Tyrvainen et al., 2020; Wang et al., 2020; Bozkurt et al., 2021;
Wong, 2021; Ferreira et al., 2022)

#### **METHODS**

This study is causal research at a 95% confidence interval. This design allows the researcher to collect the data and construct the data structure to perceive the cause-and-effect of the research variables (Suhartanto, 2014). The causal research aims: 1) to understand exogenous and endogenous variables towards marketing phenomena, 2) to decide the nature of the relationship among the variables, and 3) to test the hypothesis of causal relationship variables.

The target population was the customers of the eight top fashion retail, namely: 1) Zara, 2) Uniqlo, 3) Ralph Lauren, 4) Michael Kors, 5) Levi's, 6) Hugo Boss, 7) H&M, and 8) American Eagle (OSF Digital, 2022). Furthermore, the ideal limit of the population according to the physical store availability in Indonesia, web store ability, platform ability, and social media ability to meet omnichannel criteria (Caboni, 2020). In collecting the data, this causal research design utilized a survey as a method to collect the data from a sample through questionnaires comprising structured questions (Suhartanto, 2014). Questionnaires as the data collection was carried out by giving a series of questions or written statements to the respondents to be answered. A survey instrument was developed that identified: 1) three primary components of a brand love: sensory, affective, and intellectual, 2) five primary components of an omnichannel customer experience: connectivity, integration, consistency, flexibility, and personalization 3) two primary components of perceived interactivity: technology features and social characteristics, 4) four primary components of a hedonic motivation: idea, personalization, value, and shopping experiences, and 5) four primary components of a utilitarian motivation: time convenience, performance expectations, information capabilities, and user control. The survey was sent via e-mail to 1826 randomly, thereby individuals had the same probability of being selected from the population and representing a sample. The study had a 5.15% response rate with a total of 94 respondents who bought international brands of clothing that have physical stores in Indonesia. Around 1.2% of respondents (3) had the same rating for all items. Therefore, the sample of this study was 91 which are the respondent provided varied ratings for all items, has to be a bank customer, and must have an Internet banking account.

The data analysis technique in this quantitative study utilized a statistical approach. Data analysis procedures were as follows: 1) confirmatory factor analysis was performed on the scales to confirm the structure of the constructs, followed by 2) the test of hypothesis based on a structural equation modeling (SEM). The program used to perform data analysis with the path analysis method was PLS. The measurement scale used was interval as a scale that allows researchers to perform arithmetic calculations on data collected from respondents (Suhartanto, 2014). The measurement has no real zero value. The measure of attitude that is commonly used in business research is the Likert scale. The Likert scale is a scale that requires respondents to respond to the extent to which they agree or disagree about a perceived object, namely strongly agree, agree, neutral, disagree, and strongly disagree.

#### RESULTS AND DISCUSSION

#### 1. Outer Model Testing

The formulation or statement of hypotheses that have been formulated from the structure of the relationship of construct or latent variables can be carried out by measurements of the dimensions or indicators of each construct variable completed. Variations in data values in dimensions or indicators will describe variations in construct variables. The strong or weak

relationship of various indicators with constructed variables is indicated by the size of the loading factor value owned by each dimension or indicator of the constructed variable.

Based on the output of the Smart PLS program, the estimation of the  $\lambda$  parameter is the same as the estimated value of the standardized regression parameter or referred to as the path coefficient. With the discovery of the magnitude of the value of the path coefficient, the calculation of how much the value of the structural influence is directly, indirectly, or the total influence of the predictor variable on the predictor can be known and determined. The magnitude of the coefficient values resulting from the estimation of parameters to describe X and  $\lambda$  to describe Y on outer loadings.

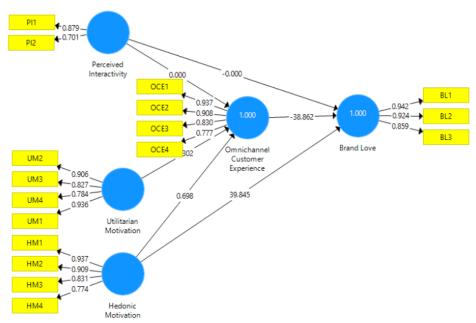


Figure 1. Outer Loadings Source: (SmartPLS, 2022)

The first measurement showed that there are five indicators in the construct variables perceived interactivity, utilitarian motivation, hedonic motivation, brand love, and omnichannel customer experience with uncompleted status. This means that per does not match as strategic flexibility indicator in this study. Then, personalization does not match as omnichannel customer experience indicator in this study.

Table	3.	Outer	Loadings

Exogenous Variables	λ	Endogenous Variables	λ	Intervening Variables	λ
Perceived Interactivity		Brand Love		Omnichannel	
PI1-Technic Interactivity	0.863	BL1-Sensory brand	0.942	Customer Experience	
PI2-Social Interactivity	0.723	experience		OCE1-Connectivity	0.930
Utilitarian Motivation		BL2-Affective brand	0.924	OCE2-Integration	0.922
UM1-Time convenience	0.938	experience		OCE3-Consistency	0.820
UM2-Performance	0.910	BL3-Intelectual brand	0.859	OCE4-Flexibility	0.748
expectations		experience		OCE5-Personalization	0.500
UM3-Information capabilities	0.832	•			
UM4-user control	0.772				
Hedonic Motivation					
HM1-Ideas Motivation	0.938				
HM2-Personalization	0.910				
HM3-Value Motivation	0.832				
HM4-Shopping Experience	0.772				

Source: (SmartPLS, 2022)

The result of outer model testing in this study are: 1) technic interactivity and social Interactivity can develop a variable construct of perceived interactivity, 2) time convenience, performance expectations, information capabilities, and user control can develop a variable construct of utilitarian motivation, 3) ideas motivation, personalization, value motivation, and shopping experience can develop a variable construct of hedonic motivation, 4) sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love, and 5) connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. The estimated value of the  $\lambda$  parameter on the indicators of exogenous, endogenous, and intervening variables shows a coefficient greater than 0.7 and is significant at  $\alpha = 0.05$ . This means that the indicator sets a valid and reliable factor on each latent variable or its construct.

#### 2. Inner Model Testing

Inner model testing can only be done if outer model testing has been declared valid and reliable by loading the value of R<sup>2</sup> in the construct. The structural model in Partial Least Square is evaluated using the Good of Fit Model, which is a way to be able to show the difference between the observed value and the value estimated by the model. Based on Table 5. it is known that the position of variable new product performance in the inner model is the middle.

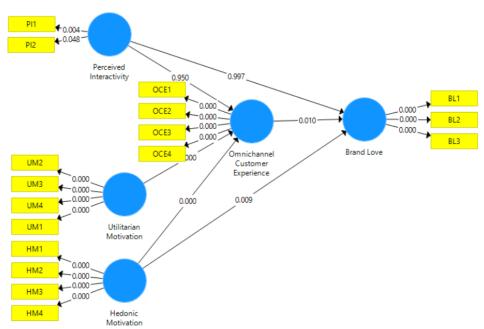


Figure 3. Bootstrapping (P-value) Source: (SmartPLS, 2022)

The square root of the Average Variance Extracted will be used to analyze the discriminant validity of all constructs in the research model. It is known that all AVE values> 0.6, Cronbach Alpha > 0.7, and Rho value > 0.7 means that the measurement model of the four variables is consistent and has accuracy in making measurements and constructive testing, except perceived interactivity. Fully measurement model in Figure 1. describes that four variables have a P-value level of < 0.05 so it can be said to be valid, except for the variable perceived interactivity.

Table 4. Structural Model Testing

Latent variables	AVE	Cronbach Alpha	Rho	R-Square
Brand Love	0.826	0.894	0.899	0.899
Hedonic Motivation	0.749	0.886	0.899	0.899
Omnichannel Customer	0.749	0.886	0.898	0.898
Experience				
Perceived Interactivity	0.632	0.433	0.476	0.772
Utilitarian Motivation	0.749	0.886	0.894	0.922

Source: (SmartPLS, 2022)

#### 3. Hypothesis Testing of H1 and H1a

The first analysis was conducted to latent variable correlation described on outer model testing. Ideas motivation, personalization, value motivation, and shopping experience can develop a

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variable construct of hedonic motivation. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love.

The second analysis was conducted to determine the level of effect of hedonic motivation to brand love indicated by an R<sup>2</sup> value of 0.893 or 89.3%. The third analysis was conducted to determine whether hedonic motivation affected brand love. In this study, the main hypothesis that was tested was H1. The significance of P-value 0.009 < 0.05 means that H1 described in Table 5. was accepted and widely applied outside the research focus. The results of this study are in line with the previous study that stated that brand love was positively and significantly influenced by hedonic motivation (Tyrvainen et al., 2020).

This study examined the impacts of hedonic motivation on brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the hedonic motivation concentrated on idea, personalization, value, and shopping experiences. Previous studies have mainly concentrated on cognitive and emotional only.

Table 5. Hypothesis testing of H1

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	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
H1a	Hedonic Motivation → Brand Love	39.845	14.560	2.737	0.006	0.983
	Love					

Source: (SmartPLS, 2022)

#### 4. Hypothesis Testing of H2, H2a, H2b, H2c dan H2d

The first analysis was conducted to latent variable correlation described on outer model testing. Connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love. Ideas motivation, personalization, value motivation, and shopping experience can develop a variable construct of hedonic motivation.

The second analysis was conducted to determine the level of 1) the direct effect of process Omnichannel customer experience indicated by an R² value of 0.982 or 98,2%, 2) the direct effect of hedonic motivation to omnichannel customer experience indicated by an R² value of 1.000 or 100%, 3) indirect effect of hedonic motivation to brand Love intervened by omnichannel customer experience indicated by R² value of 0.982 or 98.2%, 4) direct effect of utilitarian motivation to omnichannel customer experience indicated by R² value of 1.000 or 100%, and 5) indirect effect of utilitarian motivation to brand love intervened by omnichannel customer experience indicated by R² value 0.982 or 98.2%. Based on the result, utilitarian and hedonic motivation are a perfect effect on omnichannel customer experience. This study revealed process innovation can be an intervening variable if strategic flexibility is an exogenous variable and new product performance is an endogenous variable.

In this study, the main hypothesis that was tested was H2, H2a, H2b, H2c, and H2d. The significance of P-value 0.00 < 0.05 means that H2, H2a, H2b, H2c, and H2d were accepted and widely applied outside the research focus. A previous study revealed that positive customer experience is affected by hedonic and utilitarian motivation (Tyrvainen et al., 2020).

This study examined the impacts of hedonic motivation, utilitarian motivation, and omnichannel customer experience on brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the utilitarian motivation concentrated on time convenience, performance expectations, information capabilities, and user control. Previous studies have mainly demonstrated customer experience, not omnichannel customer experience.

Table 6. Hypothesis testing of H2, H2a, H2b, H2c dan H2d

	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
H2	Omnichannel customer experience>	-	15.107	2.572	0.010	0.982
	Brand Love					
H2a	Hedonic motivation> Omnichannel	0.698	0.067	10.495	0.000	1.000
	customer experience					
H2b	Hedonic motivation> Omnichannel	-	-	-	0.010	0.982
	customer experience> Brand Love					(1.000*0.982)
H2c	Utilitarian motivation>	0.320	0.067	4.534	0.000	1.000
	Omnichannel customer experience					
H2d	Utilitarian motivation>	-	-	-	0.010	0.982
	Omnichannel customer experience>					(1.000*0.982)
	Brand Love					

Source: (SmartPLS, 2022)

#### 5. Hypothesis Testing of H3, H3a and H3b

The first analysis was conducted to latent variable correlation described on outer model testing. Technic interactivity and social Interactivity can develop a variable construct of perceived interactivity. Connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love

The second analysis was conducted to determine the level of 1) the effect of perceived interactivity on omnichannel customer experience indicated by  $R^2$  value of 0.131 or 13.1%, 2) the indirect effect of perceived interactivity to brand love intervened by omnichannel customer experience indicated by  $R^2$  value of 0.129 or 12.9%, and 3) effect of perceived interactivity to brand love indicated by  $R^2$  value of 0.151 or 15.1%. This study revealed that perceived interactivity cannot influence omnichannel customer experience and brand love.

In this study, the main hypothesis that was tested was H3, H3a, and H3b. The significance of P-value 0.00 > 0.05 means that H3a described in Table 7 was rejected. A previous study (Wang et al., 2020) did not work for the retail fashion industry that operated in Indonesia. When

examining the impacts of perceived interactivity on omnichannel customer experience and brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the perceived interactivity concentrated on technology features and social characteristics of fully omnichannel. Previous studies have mainly concentrated on Facebook Fan Page perceived interactivity only.

Table 7. Hypothesis testing of H3, H3a and H3b

	rable /. Hypoth	iesis testi	ing or 113,	iisa anu	1130	
	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
Н3	Perceived Interactivity>	0.000	0.001	0.059	0.953	0.131
	Omnichannel Customer					
	Experience					
H3a	Perceived Interactivity>	-	-	-	<b>0.99</b> 7	0,129
	Omnichannel Customer					(0.131*0.982)
	Experience> Brand Love					
H3b	Perceived Interactivity>	-	-	-	<b>0.99</b> 7	0,151
	Brand Love	0.000				

Source: (SmartPLS, 2022)

#### CONCLUSION

After analyzing the theories and the results of the previous studies, the most important thing in running a clothing retail business with an omnichannel innovation strategy is to understand hedonic and utilitarian motivations so that a positive customer experience is formed. If consumers have a positive experience during the shopping process, it will form a strong brand love. It was known for a long time, that a strong brand is one of the indicators of high-value marketing performance. In the three independent variables test, perceived interactivity had a lower influence on brand love. The provisional conjecture requires the role of variable control on the direct effect of perceived interactivity on brand love. Thus, it becomes a recommended research model for the future.

Despite successfully proving the research hypotheses, researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is that clothing retailers from Indonesia have yet to create a mobile commerce platform.

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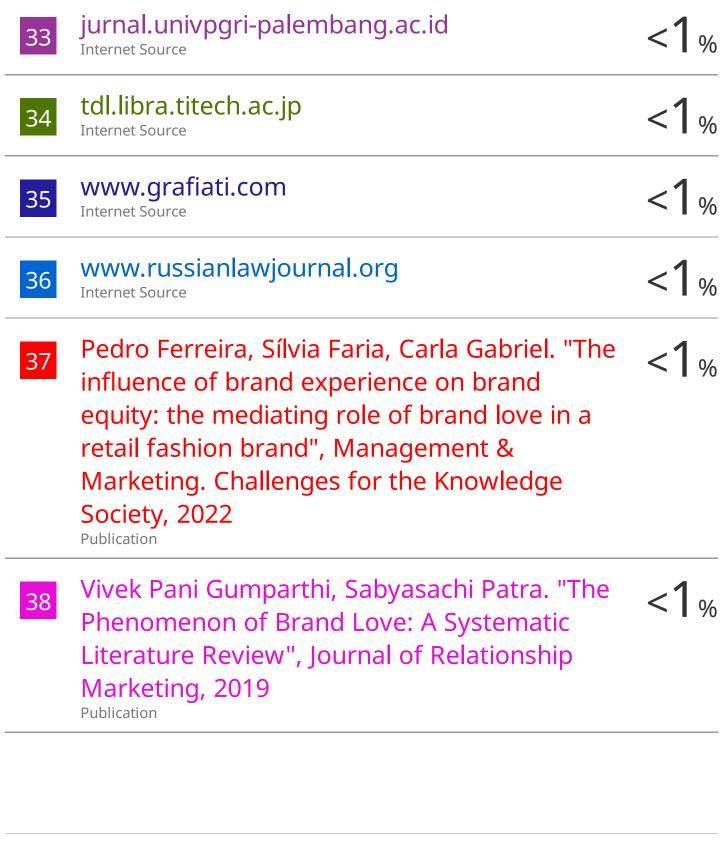
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Nizar Alam Hamdani 🖾 Name

Affiliation Universitas Garut

Country Indonesia

Bio Statement Fakultas Ekonomi Name Arum Mutmainah III Universitas Garut Affiliation

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**Bio Statement** Fakultas Kewirausahaan Name Galih Abdul Fatah Maulani

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#### TITLE AND ABSTRACT

Title

Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

Abstract

**Objectives**: Mobile commerce is an appropriate omnichannel practice adoption for fashion retail. Omnichannel in the retail industry is currently becoming an innovation strategy to increase consumer interaction by integrating various sales channel services. Consumers' channel-switching behavior remains as one of the challenges in the retail industry. To deal with these challenges, providing multiple points of contact to interact with consumers that gain competitive advantage and improve marketing performance is required.

**Methodology**: This study is a causal research with a 95% confidence interval in collecting and constructing the data structure to evaluate the cause-and-effect relationship of the variables. The primary data was obtained through a survey of 91 retail fashion consumers in Indonesia. Subsequently, the data was analyzed using structural equation modeling.

**Finding**: Compared to the previous studies, the results of this study indicated that novelty, hedonic, and utilitarian motivations influence brand love through omnichannel customer experience. To improve brand love, companies need to improve customer experience.

Conclusion: Based on the findings, the researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products whose physical stores have only been operating in Indonesia

#### **INDEXING**

Keywords

brand love; hedonic motivation; omnichannel customer experience; perceived interactivity; utilitarian

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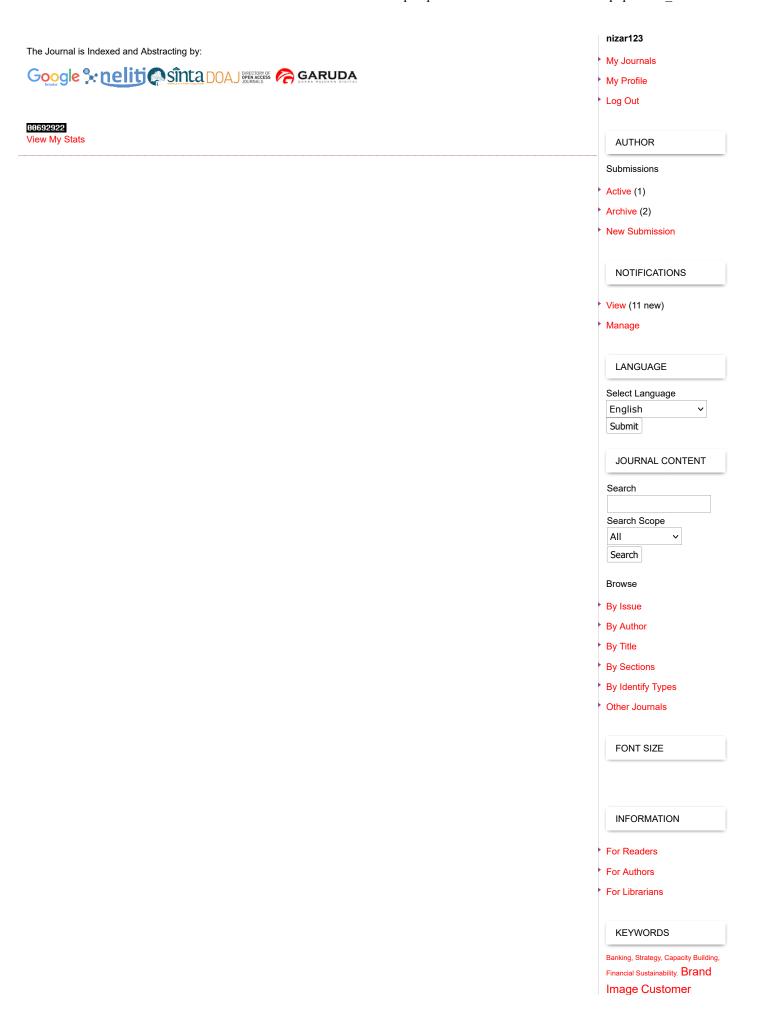






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# Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

XXX 1)\*); XXX 2); XXX 3); XXX 4)

\*) Corresponding Author

#### ABSTRACT

**Objectives:** Mobile commerce is the best omnichannel practice adoption for fashion retail. Omnichannel in the retail industry is currently becoming an innovation strategy to increase consumer interaction by integrating various sales channel services. Consumers' channel-switching behavior remains as one of the challenges in retail industry. To deal with these challenges, providing multiple points of contact to interact with consumers to gain competitive advantage and improve marketing performance is required.

Methodology: This study is causal research at 95% of confidence interval in collecting and constructing the data structure to evaluate the cause-and-effect relationship of the variables. The primary data was obtained through survey from 2 retail fashion's consumer in Indonesia. Subsequently, the data was analysed using structural equation model and multiple.

**Finding:** Compared to the previous studies, the results of this study indicated a novelty, hedonic and utilitarian motivation influence brand love through omnichannel customer experience. To improve brand love, companies need to improve customer experience.

**Conclusion:** Based on the findings, the researcher felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is clothing retailers from Indonesia do not yet have a mobile commerce platform.

**Keywords**: brand love; hedonic motivation; omnichannel customer experience; perceived interactivity; utilitarian motivation

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## INTRODUCTION

Given the fact that the COVID-19 has reshaped consumer values, habits and shopping behavior at the unprecedented pace of change, omnichannel has become the current innovation strategy to increase consumer interaction in the retail industry by integrating various sales channel services (Morais et al., 2019). The three value propositions of retail customers include invisibility, indispensability and intimacy (Renz et al., 2022). Invisibility refers to the convenience that the consumers need. Indispensability relates to better product/ service that the consumer wants, and intimacy is the satisfaction that the consumer requires. The retail industry does not operate stagnantly but moves in dynamic environment that has a direct impact on operations and objectives. Consumers are considered as an external factor in business because they create challenges and opportunities for the retail industry.

**Commented [a1]:** 92 or 91? In the methodology 91 respondent

**Commented [a2]:** Many Indonesian retail has a mobile platform. Better if your reason. It would be better if the reason for sampling was only on international brands

Table 1. Consumer's Retail Shopping Methods

1 aut	Table 1. Consumer's Retail Shopping Wethous					
No	Methods	Before Pandemic	After Pandemic			
1	Online	11.0 %	25.5 %			
2	Offline	17.5 %	-			
3	Both, but more offline	50.3 %	34.3 %			
4	Both, but more online	21.2 %	40.2 %			

Source: (Reda & Kapoor, 2020)

Consumer's channel-switching behavior is one of the challenges that the retail industry has to deal with. Thus, providing multiple points of contact to interact with consumers to obtain competitive advantage and improve marketing performance is necessary. Two channel-switching behaviors after COVID-19 are known as webrooming and showrooming (Viejo-Fernández et al., 2020). Webrooming provides description of consumer behavior that finds out product through online channels, but the consumer buys the product in offline stores. On the other hand, showrooming provides an overview of consumer behavior that looks for products in offline stores but buying the products in online channels. Omnichannel provides consumers integrated shopping experience because it includes an offline store and an online store or combination of both to complete a retail purchase. A survey conducted by EY-Parthenon shows that consumers in the current, after and subsequent phases experience a real shift in shopping patterns with a tendency to combine offline and online (Jim Doucette, 2021). These allow the consumers to use multiple channels for a single buying process which is more complex and challenging. The ratio of online sales towards the sales in physical stores has increased significantly over the last decade (Tan & Gligor, 2019).

The digital revolution has led the changes in the concepts of space, time and mass, making it possible to create an online retail space. This online retail will always be available at anywhere and anytime to meet the customer's value proposition. The rapid advancement of the internet and technology has changed the retail business so that the survival of offline retail channel is at risk. Omnichannel has grown to be increasingly popular because it provides the consumer the shopping experience. Fashion retail industry is known as the highest omnichannel retail index (OSF Digital, 2022). Consumer expectations for technological developments used by the fashion retail industry are currently higher than before. The fashion retail industry requires hybrid readiness to match consumer expectations. Omnichannel as a form of digital transformation will help the fashion retail industry in changing the customer value proposition (Alomari & Khalid, 2022).

Table 2. Omnichannel Retail Index

No	Retail	Index
1	Apparel / Fashion	25
2	Footwear	12
3	Athletic	11
4	Beauty / Cosmetic	11
5	Home / Houseware	9
6	Book / Hobbies / Toy	6
7	Accessories / Bags	6
8	Food	6
9	Jewelry	6
10	Department Store	6
11	Mass Merchant	6
12	Home Improvement	5
13	Electronics / Office	4
14	Pet	3

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Source: (OSF Digital, 2022)

The results of omnichannel analysis in the fashion retail industry are mostly related to electronic commerce, mobile commerce, social commerce and physical stores (Caboni, 2020). In the firstly academic research, omnichannel was defined as an integrated sales experience that combines the advantages of physical stores with shopping experience to get much information from electronic commerce, mobile commerce and social commerce (Rigby, 2011). The biggest influence to shape the fashion retail customer experience is the interactivity that customers feel when accessing websites (Kim & Yang, 2018; Connell et al., 2019). Customer experience will improve over time in line with the increase in hedonic value and utility value (Alexander & Kent, 2022). Although previous research has highlighted the role of digital technology in enhancing the hedonic and utility aspects of the customer experience, this study did not empirically validate it. It is assumed that, in online retail and physical stores, the center of customer experience not only expands the market coverage, but also serves the positive reinforcement of customer behavior in the future (Bell et al., 2020). In terms of customer view, positive experiences can foster a strong emotional connection between the customer and the company in the form of brand love (Ferreira et al., 2022). In fact, brand love is known to be able to create customer satisfaction to customer loyalty (Ferreira et al., 2019; Shi et al., 2020). Customer loyalty in the fashion retail industry consists of word of mouth and repurchase intentions (Tyrvainen et al., 2020).

This year, the overall best fashion retail omnichannel practice adoption is mobile commerce with percentage of 76% (OSF Digital, 2022). Mobile commerce has accesses to store carts in mobile phone and web, optimizes email on mobile phone, discover the location of the nearest physical store, provides customer service and types the products on mobile phone. Apart from the rapid development of research on omnichannel in the fashion retail industry, the first theoretical contribution of this research is the analysis of brand love through mobile commerce technology as an omnichannel strategy suggested by (Ferreira et al., 2022). The second theoretical contribution is the analysis of perceived interactivity and motivation as other variables that have the possibility of influencing the omnichannel customer experience suggested by (Ferreira et al., 2019).

## LITERATURE REVIEW

## 1. Brand Love

Brand love is not the same as the increasing interest of the brand (Lv & Wu, 2021). Understanding the love for brands has the same meaning as remembering marketing performance such as positive word of mouth that benefit the company (Palusuk et al., 2019). Brand love is a meaningful mode of satisfaction, but few satisfied consumers will experience brand love (Gumparthi & Patra, 2020). Strategy of brand love in achieving brand loyalty for foreign product in Indonesia (Ubud & Ubud, 2016). Consumers' brand love can switch to beneficial behavior. For example, consumers will not change to other brands, ignore the bad experiences and will be eager to invest. A positive customer experience is explained by hedonic motivation (Tyrvainen et al., 2020). In customer research, love as one of the main customer considerations to increase relationships with brands which are influenced by hedonic factors (Ferreira et al., 2022). Therefore, the research hypothesis proposed is:

H1: Hedonic motivation influence brand love.

**Commented [a4]:** The introduction does not describe the condition of Indonesian retail and the current shopping behavior of Indonesian people. You should be described and related to the theory.

Brand love is a prototype formed by cognitive and emotional dimensions (Madadi et al., 2021). However, brand love serves as construction built by sensory, affective, and intellectual brand experience (Ferreira et al., 2022). Sensory brand experience can be defined as the sensation of specializing in various types of information, evoked by brand-related stimuli as the part of brand design and identity, packaging, communication, and the environment (Hepola et al., 2017). Intellectual brand experience is usually described as the consumer's involvement in many ideas about the brand. Then, affective brand experiences are more relevant in offline store

When consumers acquire a brand, they not only hope emotional value, but also obtain utilitarian benefits (Bowden & Mirzaei, 2020). Utilitarian is part of goal-oriented and functional motivation, and involves cognitive and rational responses (Connell et al., 2019). In the retail industry, utilitarianism is not only a purchase settlement but also brand acquisition process (Wong, 2021).

For decades, previous researchers have studied how consumers can prefer or not some brands. From an interpersonal point of view, brand love represents a very positive emotional trait. The strong phenomenon of brand love illustrates consumers' deepening long-term relationship with the brand that has attracted the attention of researchers.

#### 2. Omnichannel Customer Experience

A quality customer experience is an experience when customers can obtain products and services efficiently and give genuine pleasure from shopping activities (Gao et al., 2021). New terms emerge to describe the increase in internet use or utilization in our daily lives, such as IoT (internet of things) (Nurjannah et al., 2022). Consumers are able to use complementary channels as an integral part of the shopping experience, optimizing the benefits and costs of different channels. When considering the customer experience, retail will optimize each channel for the customer's point of contact. If a company fails to meet expectations for an optimal customer experience during shopping, then brand love will decline (Tyrvainen et al., 2020). Thus, the research hypothesis proposed is:

#### H2: Omnichannel customer experience influence brand love.

The omnichannel customer experience as the tested construct is formed on connectivity, integration, consistency, flexibility and personalization (Shi et al., 2020). Connectivity is a description of content and service information across channels that are linked and interconnected. Integration is a description of how customers can view all information systems and management operations as unified and well-integrated across channels. Consistency is a description of customers experience consistency of content and interaction processes across channels. Flexibility is an illustration of the extent to which customers are given flexible options and experience continuity when migrating tasks from one channel to another. Personalization is a description of the extent to which customers feel that omnichannel retail gives their customers individual attention. Positive customer experiences are explained by hedonic and utilitarian motivations (Tyrvainen et al., 2020). Therefore, the research hypothesis proposed is: H2a: Hedonic motivation influence omnichannel customer experience.

H2b: Hedonic motivation influence brand love through omnichannel customer experience.

H2c: Utilitarian motivation influence omnichannel customer experience.

H2d: Utilitarian motivation influence brand love through omnichannel customer experience.

#### 3. Perceived Interactivity

Interactivity, a natural attribute of interpersonal communication, is defined as the degree to which consumers perceive a website to be controllable, responsive, and synchronous. Interactivity has been investigated from various perspectives because the advancement of digital technology has created an always-on environment where consumers can interact anytime and anywhere. Several studies have discussed the impact of interactivity on customer engagement in social media as one of the channels in omnichannel retail. Perceived value, satisfaction and purchase intentions of online consumers happened (Karunia & Lunardy, 2016). Likewise, this study applies a perception-centric perspective to examine the perceived interactivity of consumers. In addition, the results of testing the effect of perceived interactivity on non-customer engagement behavior, namely customer experience on social media had significant results (Bozkurt et al., 2021). Thus, the research hypothesis proposed is:

H3: Perceived interactivity influence omnichannel customer experience.

In relation to the use of technology, perceived interactivity is constructed by two perspectives; the technical and social dimensions (Lee et al., 2021). Technical interactivity refers to technology features. The consumers experience a high level of technical interactivity when technology responds quickly and accurately. In addition, consumers can experience social interactivity influenced by the social characteristics of technology. Social interactivity describes the social aspects of activities that consumers feel after using technology in physical and online stores. Consumers perceive interactivity when they have an interactive experience with a specific target, and thus, perceived interactivity may change depending on what is experienced. Previous research has shown that interactivity can affect users' online experience by increasing relationship commitment to brand love (K.-Y. Wang et al., 2020). Then, the research hypothesis proposed is:

H3a: Perceived interactivity influence brand love through omnichannel customer experience. H3b: Perceived interactivity influence brand love.

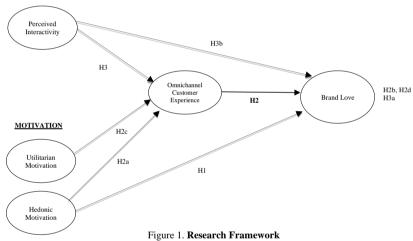
#### 4. Hedonic and Utilitarian Motivation

As a tested construct, hedonic motivation is built on the idea of motivation, personalization, value motivation and shopping experiences (J. P.-C. Wang & Gutierrez, 2019). Idea motivation refers to gather information about new trends and products, more specifically in the context of trend-following shopping. Personalization is conceptualized in terms of media richness, the extent to which channels provide personalized content and emotional messages. Value motivation focuses on consumers' search for bargains which explains consumer excitement when looking for discounts and satisfaction when finding value in the buying process. While the shopping experience known as adventure motivation describes the hedonic value which refers to the desire that a person has for a fun, exciting, and entertaining shopping experience. Current purchases of hedonistic consumers has influence on future purchases with value of online reviews have influence on browsing as habit (Kusumawardani et al., 2018; Kusmaharani & Halim, 2020).

In addition to hedonic motivation, this study describes utilitarian motivation. As a tested construct, utilitarian motivation is built on time convenience, performance expectations, information capabilities and user control (J. P.-C. Wang & Gutierrez, 2019). Convenience of time is a time saving to make the shopping process efficiency. Performance expectations are

utilitarian values determined by the individual's level of belief that the use of technology can simplify processes. Information availability is defined as the availability to obtain information about products, stores, promotions and other aspects. The final value of utilitarian motivation considered for this study is user control, which is defined as the extent to which users can determine the content and order of transactions.

Within cases in retail omnichannel, the analysis of relationship between motivation and perceived interactivity with brand love significant results respectively (K.-Y. Wang et al., 2020; Bowden & Mirzaei, 2020). Berdasarkan teori hubungan konsumen-merek, kecintaan terhadap merek dapat membangun hubungan jangka panjang. Sehingga, strategi inovasi omnichannel dalam ritel industri fesyen bertujuan untuk meningkatkan kecintaan konsumen terhadap merek dengan memberikan pengalaman yang positif. Analysis of omnichannel consumer experience as intervening variable for motivation and perceived interactivity influence brand love as novelty from the previous studies.



Source: (Tyrvainen et al., 2020; Wang et al., 2020; Bozkurt et al., 2021; Wong, 2021; Ferreira et al., 2022)

#### **METHODS**

This study is causal research at 95% of confidence interval. This design allows the researcher to collect the data and construct the data structure to perceive the cause-and-effect on the research variables (Suhartanto, 2014). The causal research aims: 1) to understand exogenous and endogenous variables towards marketing phenomena, 2) to decide the nature of the relationship among the variables, and 3) to test the hypothesis of causal relationship variable.

The target population was the customers of the eight top fashion retail, namely: 1) Zara, 2) Uniqlo, 3) Ralph Lauren, 4) Michael Kors, 5) Levi's, 6) Hugo Boss, 7) H&M, and 8) American Eagle (OSF Digital, 2022). Furthermore, the ideal limit of the population according to the physical store availability in Indonesia, web store ability, platform ability and social media ability to meet omnichannel criteria (Caboni, 2020). To collect the data, this causal research design utilized survey as a method to collect the data from a sample through questionnaires comprising structured questions (Suhartanto, 2014). Questionnaires as the data

collection was carried out by giving a series of questions or written statements to the respondents to be answered. The survey was sent via e-mail to 1826 randomly, there by individual had the same probability of being selected from the population and representing it. The study had a 5.15% response rate with a total of 94 respondents. Around 1.2% of respondents (3) had the same rating for all items. Therefore, the sample of this study was 91 respondents.

The data analysis technique in this quantitative study utilized statistic approach. Data analysis procedures were as follows: 1) confirmatory factor analysis was performed on the scales in order to confirm the structure of the constructs, followed by 2) the test of hypothesis based on a structural equation modeling (SEM). The program used to perform data analysis with path analysis method was PLS. The measurement scale used was interval as a scale that allows researchers to perform arithmetic calculations on data collected from respondents (Suhartanto, 2014). The measurement has no real zero value. The measure of attitude that is commonly used in business research is the Likert scale. The Likert scale is a scale that requires respondents to respond to the extent to which they agree or disagree about a perceived object, namely strongly agree, agree, neutral, disagree and strongly disagree.

#### RESULTS AND DISCUSSION

#### 1. Outer Model Testing

The formulation or statement of hypotheses that have been formulated from the structure of the relationship of construct or latent variables can be carried out measurements of the dimensions or indicators of each construct variable completed. Variations in data values in dimensions or indicators will describe variations in construct variables. The strong or weak relationship of various indicators with construct variables is indicated by the size of the loading factor value owned by each dimension or indicator of the construct variable.

Based on the output of the Smart PLS program, the estimation of the  $\lambda$  parameter is the same as the estimated value of the standardized regression parameter or referred to as the path coefficient. With the discovery of the magnitude of the value of the path coefficient, the calculation of how much the value of the structural influence is directly, indirectly or the total influence of the predictor variable on the predictor can be known and determined. The magnitude of the coefficient values resulting from the estimation of parameters to describe X and  $\lambda$  to describe Y on outer loadings.

First measurement showed that there are five indicators in the construct variables perceived interactivity, utilitarian motivation, hedonic motivation, brand love and omnichannel customer experience with uncompleted status. This means that per does not match as strategic flexibility's indicator on this study. Then, personalization does not match as omnichannel customer experience's indicator on this study.

Table 3. Outer Loadings

Exogenous Variables	λ	Endogenous Variables	λ	Intervening Variables	λ
Perceived Interactivity		Brand Love		Omnichannel	
PI1-Technic Interactivity	0.863	BL1-Sensory brand	0.942	Customer Experience	
PI2-Social Interactivity	0.723	experience		OCE1-Connectivity	0.930
Utilitarian Motivation		BL2-Affective brand	0.924	OCE2-Integration	0.922
UM1-Time convenience	0.938	experience		OCE3-Consistency	0.820
UM2-Performance	0.910	BL3-Intelectual brand	0.859	OCE4-Fexibility	0.748
expectations		experience		OCE5-Personalization	0.500
UM3-Information capabilities	0.832	-			

	UM4-user control	0.772
I.	Hedonic Motivation	
	HM1-Ideas Motivation	0.938
	HM2-Personalization	0.910
	HM3-Value Motivation	0.832
	HM4-Shopping Experience	0.772

Source: (SmartPLS, 2022)

The result of outer model testing in this study are: 1) technic interactivity and social Interactivity can develop a variable construct of perceived interactivity, 2) time convenience, performance expectations, information capabilities and user control can develop a variable construct of utilitarian motivation, 3) ideas motivation, personalization, value motivation and shopping experience can develop a variable construct of hedonic motivation, 4) sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love, and 5) connectivity, integration, consistency and flexibility can develop a variable construct of omnichannel customer experience. The estimated value of the  $\lambda$  parameter on the indicators of exogenous, endogenous and intervening variables shows a coefficient greater than 0.7 and is significant at  $\alpha=0.05$ . This means that the indicator sets a valid and reliable factor on each latent variable or its construct.

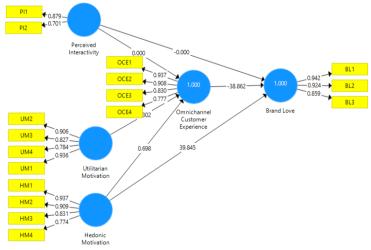


Figure 1. Outer Loadings Source: (SmartPLS, 2022)

#### 2. Inner Model Testing

Inner model testing can only be done if outer model testing has been declared valid and reliable by loading the value of  $R^2$  in the construct. The structural model in Partial Least Square is

evaluated using the God of Fit Model, which is a way to be able to show the difference between the observed value and the value estimated by the model. Based on Table 5. it is known that the position of variable new product performance in the inner model is middle.

Table 4. Structural Model Testing

Latent variables	AVE	Cronbach Alpha	Rho	R-Square
Brand Love	0.826	0.894	0.899	0.899
Hedonic Motivation	0.749	0.886	0.899	0.899
Omnichannel Customer Experience	0.749	0.886	0.898	0.898
Perceived Interactivity	0.632	0.433	0.476	0.772
Utilitarian Motivation	0.749	0.886	0.894	0.922

Source: (SmartPLS, 2022)

Square root of Average Variance Extracted will be used to analyze the discriminant validity of all constructs in the research model. It is known that all AVE value > 0.6, Cronbach Alpha > 0.7 and Rho value > 0.7 means that the measurement model of the four variables is consistent and has accuracy in making measurements and constructive testing, except perceived interactivity. Fully measurement model on Figure 1. describes that four variables have a P-value level of < 0.05 so it can be said to be valid, except for the variable perceived interactivity.

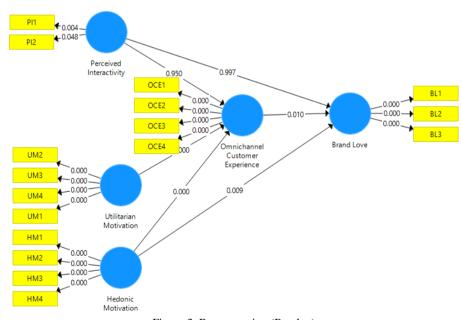


Figure 3. Bootstrapping (P-value) Source: (SmartPLS, 2022)

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#### 3. Hypothesis Testing of H1 and H1a

The first analysis was conducted to latent variable correlation described on outer model testing. Ideas motivation, personalization, value motivation and shopping experience can develop a variable construct of hedonic motivation. Sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love.

The second analysis was conducted to determine the level effect of hedonic motivation to brand love indicated by R<sup>2</sup> value of 0.893 or 89.3%. The third analysis was conducted to determine whether hedonic motivation affected brand love. In this study, the main hypothesis that was tested was H1. The significance of P-value 0.009 < 0.05 means that H1 described in Table 5. was accepted and widely applied outside the research focus. The results of this study are in line with the previous study that stated that brand love were positively and significantly influenced by hedonic motivation (Tyrvainen et al., 2020).

Table 5. Hyphothesis testing of H1

Hyphothesis	λ	STDEV	T-values	P-values	R-square
H1a Hedonic Motivation → Brand Love	39.845	14.560	2.737	0.006	0.983

Source: (SmartPLS, 2022)

#### 4. Hypothesis Testing of H2, H2a, H2b, H2c dan H2d

The first analysis was conducted to latent variable correlation described on outer model testing. Connectivity, integration, consistency and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love. Ideas motivation, personalization, value motivation and shopping experience can develop a variable construct of hedonic motivation.

The second analysis was conducted to determine the level of: 1) direct effect of process Omnichannel customer experience indicated by R<sup>2</sup> value of 0.982 or 98,2%, 2) direct effect of hedonic motivation to omnichannel customer experience indicated by R<sup>2</sup> value of 1.000 or 100%, 3) indirect effect of hedonic motivation to brand Love intervened by omnichannel customer experience indicated by R<sup>2</sup> value of 0.982 or 98.2%, 4) direct effect of utilitarian motivation to omnichannel customer experience indicated by R<sup>2</sup> value of 1.000 or 100%, and 5) indirect effect of utilitarian motivation to brand love intervened by omnichannel customer experience indicated by R<sup>2</sup> value 0.982 or 98.2%. Based on result, utilitarian and hedonic motivation are perfect effect to omnichannel customer experience. In fact, this study revealed process innovation can be intervening variables if strategic flexibility as exogenous variables and new product performance as endogenous variables.

In this study, the main hypothesis that was tested was H2, H2a, H2b, H2c and H2d. The significance of P-value 0.00 < 0.05 means that H2, H2a, H2b, H2c and H2d was accepted and widely applied outside the research focus. Previous study revealed that positive customer experience affected by hedonic and utilitarian motivation (Tyrvainen et al., 2020).

Table 6 Hyphothesis testing of H2, H2a, H2b, H2c dan H2d

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Hyph	othesis	λ	STDEV	T-values	P-values	R-square
H2	Omnichannel customer experience> Brand Love	-	15.107	2.572	0.010	0.982
H2a	Hedonic motivation → Omnichannel customer	0.698	0.067	10.495	0.000	1.000
	experience					
H2b	Hedonic motivation → Omnichannel customer	-	-	-	0.010	0.982
	experience> Brand Love					(1.000*0.982)

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H2c	Utilitarian motivation> Omnichannel customer	0.320	0.067	4.534	0.000	1.000
	experience					
H2d	Utilitarian motivation → Omnichannel customer	-	-	-	0.010	0.982
	experience> Brand Love					(1.000*0.982)

Source: (SmartPLS, 2022)

#### 5. Hypothesis Testing of H3, H3a and H3b

The first analysis was conducted to latent variable correlation described on outer model testing. Technic interactivity and social Interactivity can develop a variable construct of perceived interactivity. Connectivity, integration, consistency and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love

The second analysis was conducted to determine the level of: 1) effect of perceived interactivity to omnichannel customer experience indicated by  $R^2$  value of 0.131 or 13.1%, 2) indirect effect of perceived interactivity to brand love intervened by omnichannel customer experience indicated by  $R^2$  value of 0.129 or 12.9%, and 3) effect of perceived interactivity to brand love indicated by  $R^2$  value of 0.151 or 15.1%. In fact, this study revealed perceived interactivity cannot influence omnichannel customer experience and brand love.

In this study, the main hypothesis that was tested was H3, H3a and H3b. The significance of P-value 0.00 > 0.05 means that H3a described in Table 7. was rejected. Previous study (K.-Y. Wang et al., 2020) did not work for retail fashion industry that operated in Indonesia.

Table 7. Hyphothesis testing of H3, H3a and H3b

Hyph	othesis	λ	STDEV	T-values	P-values	R-square
H3	Perceived Interactivity> Omnichannel	0.000	0.001	0.059	0.953	0.131
	Customer Experience					
H3a	Perceived Interactivity> Omnichannel	-	-	-	0.997	0,129
	Customer Experience> Brand Love					(0.131*0.982)
H3b	Perceived Interactivity> Brand Love	-0.000	-	-	0.997	0,151

Source: (SmartPLS, 2022)

### CONCLUSION

After analyzing the theories and the results of the previous studies, the most important thing in running a clothing retail business with an omnichannel innovation strategy is to understand hedonic and utilitarian motivations so that a positive customer experience is formed. If consumers have a positive experience during the shopping process, it will form a strong brand love. It was known for a long time, that a strong brand is one of the indicators of high-value marketing performance.

Despite successfully proving the research hypotheses, researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is clothing retailers from Indonesia do not yet have a mobile commerce platform.

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# Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

XXX 1)\*); XXX 2); XXX 3); XXX 4)

\*) Corresponding Author

#### ABSTRACT

Objectives: Mobile commerce is the best omnichannel practice adoption for fashion retail. Omnichannel in the retail industry is currently becoming an innovation strategy to increase consumer interaction by integrating various sales channel services. Consumers' channel-switching behavior remains as one of the challenges in retail industry. To deal with these challenges, providing multiple points of contact to interact with consumers to gain competitive advantage and improve marketing performance is required.

**Methodology**: This study is causal research at 95% of confidence interval in collecting and constructing the data structure to evaluate the cause-and-effect relationship of the variables. The primary data was obtained through survey from 92 retail fashion's consumer in Indonesia. Subsequently, the data was analysed using structural equation model and multiple.

**Finding:** Compared to the previous studies, the results of this study indicated a novelty, hedonic and utilitarian motivation influence brand love through omnichannel customer experience. To improve brand love, companies need to improve customer experience.

**Conclusion:** Based on the findings, the researcher felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is clothing retailers from Indonesia do not yet have a mobile commerce platform.

Keywords: brand love; hedonic motivation; omnichannel customer experience; perceived interactivity; utilitarian motivation

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## INTRODUCTION

Given the fact that the COVID-19 has reshaped consumer values, habits and shopping behavior at the unprecedented pace of change, omnichannel has become the current innovation strategy to increase consumer interaction in the retail industry by integrating various sales channel services (Morais et al., 2019). The three value propositions of retail customers include invisibility, indispensability and intimacy (Renz et al., 2022). Invisibility refers to the convenience that the consumers need. Indispensability relates to better product/ service that the consumer wants, and intimacy is the satisfaction that the consumer requires. The retail industry does not operate stagnantly but moves in dynamic environment that has a direct impact on operations and objectives. Consumers are considered as an external factor in business because they create challenges and opportunities for the retail industry.

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Table 1. Consumer's Retail Shopping Methods

1 401	Tuote 1. Consumer 5 return Shopping Methods					
No	Methods	Before Pandemic	After Pandemic			
1	Online	11.0 %	25.5 %			
2	Offline	17.5 %	-			
3	Both, but more offline	50.3 %	34.3 %			
4	Both, but more online	21.2 %	40.2 %			

Source: (Reda & Kapoor, 2020)

Consumer's channel-switching behavior is one of the challenges that the retail industry has to deal with. Thus, providing multiple points of contact to interact with consumers to obtain competitive advantage and improve marketing performance is necessary. Two channel-switching behaviors after COVID-19 are known as webrooming and showrooming (Viejo-Fernández et al., 2020). Webrooming provides description of consumer behavior that finds out product through online channels, but the consumer buys the product in offline stores. On the other hand, showrooming provides an overview of consumer behavior that looks for products in offline stores but buying the products in online channels. Omnichannel provides consumers integrated shopping experience because it includes an offline store and an online store or combination of both to complete a retail purchase. A survey conducted by EY-Parthenon shows that consumers in the current, after and subsequent phases experience a real shift in shopping patterns with a tendency to combine offline and online (Jim Doucette, 2021). These allow the consumers to use multiple channels for a single buying process which is more complex and challenging. The ratio of online sales towards the sales in physical stores has increased significantly over the last decade (Tan & Gligor, 2019).

The digital revolution has led the changes in the concepts of space, time and mass, making it possible to create an online retail space. This online retail will always be available at anywhere and anytime to meet the customer's value proposition. The rapid advancement of the internet and technology has changed the retail business so that the survival of offline retail channel is at risk. Omnichannel has grown to be increasingly popular because it provides the consumer the shopping experience. Fashion retail industry is known as the highest omnichannel retail index (OSF Digital, 2022). Consumer expectations for technological developments used by the fashion retail industry are currently higher than before. The fashion retail industry requires hybrid readiness to match consumer expectations. Omnichannel as a form of digital transformation will help the fashion retail industry in changing the customer value proposition (Alomari & Khalid, 2022).

Table 2.	Omnichannel	Retail	Index

No	Retail	Index
1	Apparel / Fashion	25
2	Footwear	12
3	Athletic	11
4	Beauty / Cosmetic	11
5	Home / Houseware	9
6	Book / Hobbies / Toy	6
7	Accessories / Bags	6
8	Food	6
9	Jewelry	6
10	Department Store	6
11	Mass Merchant	6
12	Home Improvement	5
13	Electronics / Office	4
14	Pet	3

Source: (OSF Digital, 2022)

The results of omnichannel analysis in the fashion retail industry are mostly related to electronic commerce, mobile commerce, social commerce and physical stores (Caboni, 2020). In the firstly academic research, omnichannel was defined as an integrated sales experience that combines the advantages of physical stores with shopping experience to get much information from electronic commerce, mobile commerce and social commerce (Rigby, 2011). The biggest influence to shape the fashion retail customer experience is the interactivity that customers feel when accessing websites (Kim & Yang, 2018; Connell et al., 2019). Customer experience will improve over time in line with the increase in hedonic value and utility value (Alexander & Kent, 2022). Although previous research has highlighted the role of digital technology in enhancing the hedonic and utility aspects of the customer experience, this study did not empirically validate it. It is assumed that, in online retail and physical stores, the center of customer experience not only expands the market coverage, but also serves the positive reinforcement of customer behavior in the future (Bell et al., 2020). In terms of customer view, positive experiences can foster a strong emotional connection between the customer and the company in the form of brand love (Ferreira et al., 2022). In fact, brand love is known to be able to create customer satisfaction to customer loyalty (Ferreira et al., 2019; Shi et al., 2020). Customer loyalty in the fashion retail industry consists of word of mouth and repurchase intentions (Tyrvainen et al., 2020).

This year, the overall best fashion retail omnichannel practice adoption is mobile commerce with percentage of 76% (OSF Digital, 2022). Mobile commerce has accesses to store carts in mobile phone and web, optimizes email on mobile phone, discover the location of the nearest physical store, provides customer service and types the products on mobile phone. Apart from the rapid development of research on omnichannel in the fashion retail industry, the first theoretical contribution of this research is the analysis of brand love through mobile commerce technology as an omnichannel strategy suggested by (Ferreira et al., 2022). The second theoretical contribution is the analysis of perceived interactivity and motivation as other variables that have the possibility of influencing the omnichannel customer experience suggested by (Ferreira et al., 2019).

## LITERATURE REVIEW

## 1. Brand Love

Brand love is not the same as the increasing interest of the brand (Lv & Wu, 2021). Understanding the love for brands has the same meaning as remembering marketing performance such as positive word of mouth that benefit the company (Palusuk et al., 2019). Brand love is a meaningful mode of satisfaction, but few satisfied consumers will experience brand love (Gumparthi & Patra, 2020). Strategy of brand love in achieving brand loyalty for foreign product in Indonesia (Ubud & Ubud, 2016). Consumers' brand love can switch to beneficial behavior. For example, consumers will not change to other brands, ignore the bad experiences and will be eager to invest. A positive customer experience is explained by hedonic motivation (Tyrvainen et al., 2020). In customer research, love as one of the main customer considerations to increase relationships with brands which are influenced by hedonic factors (Ferreira et al., 2022). Therefore, the research hypothesis proposed is:

H1: Hedonic motivation influence brand love.

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Brand love is a prototype formed by cognitive and emotional dimensions (Madadi et al., 2021). However, brand love serves as construction built by sensory, affective, and intellectual brand experience (Ferreira et al., 2022). Sensory brand experience can be defined as the sensation of specializing in various types of information, evoked by brand-related stimuli as the part of brand design and identity, packaging, communication, and the environment (Hepola et al., 2017). Intellectual brand experience is usually described as the consumer's involvement in many ideas about the brand. Then, affective brand experiences are more relevant in offline store environment.

When consumers acquire a brand, they not only hope emotional value, but also obtain utilitarian benefits (Bowden & Mirzaei, 2020). Utilitarian is part of goal-oriented and functional motivation, and involves cognitive and rational responses (Connell et al., 2019). In the retail industry, utilitarianism is not only a purchase settlement but also brand acquisition process (Wong, 2021).

For decades, previous researchers have studied how consumers can prefer or not some brands. From an interpersonal point of view, brand love represents a very positive emotional trait. The strong phenomenon of brand love illustrates consumers' deepening long-term relationship with the brand that has attracted the attention of researchers.

#### 2. Omnichannel Customer Experience

A quality customer experience is an experience when customers can obtain products and services efficiently and give genuine pleasure from shopping activities (Gao et al., 2021). New terms emerge to describe the increase in internet use or utilization in our daily lives, such as IoT (internet of things) (Nurjannah et al., 2022). Consumers are able to use complementary channels as an integral part of the shopping experience, optimizing the benefits and costs of different channels. When considering the customer experience, retail will optimize each channel for the customer's point of contact. If a company fails to meet expectations for an optimal customer experience during shopping, then brand love will decline (Tyrvainen et al., 2020). Thus, the research hypothesis proposed is:

## H2: Omnichannel customer experience influence brand love.

The omnichannel customer experience as the tested construct is formed on connectivity, integration, consistency, flexibility and personalization (Shi et al., 2020). Connectivity is a description of content and service information across channels that are linked and interconnected. Integration is a description of how customers can view all information systems and management operations as unified and well-integrated across channels. Consistency is a description of customers experience consistency of content and interaction processes across channels. Flexibility is an illustration of the extent to which customers are given flexible options and experience continuity when migrating tasks from one channel to another. Personalization is a description of the extent to which customers feel that omnichannel retail gives their customers individual attention. Positive customer experiences are explained by hedonic and utilitarian motivations (Tyrvainen et al., 2020). Therefore, the research hypothesis proposed is:

H2a: Hedonic motivation influence omnichannel customer experience.

H2b: Hedonic motivation influence brand love through omnichannel customer experience.

H2c: Utilitarian motivation influence omnichannel customer experience.

H2d: Utilitarian motivation influence brand love through omnichannel customer experience.

#### 3. Perceived Interactivity

Interactivity, a natural attribute of interpersonal communication, is defined as the degree to which consumers perceive a website to be controllable, responsive, and synchronous. Interactivity has been investigated from various perspectives because the advancement of digital technology has created an always-on environment where consumers can interact anytime and anywhere. Several studies have discussed the impact of interactivity on customer engagement in social media as one of the channels in omnichannel retail. Perceived value, satisfaction and purchase intentions of online consumers happened (Karunia & Lunardy, 2016). Likewise, this study applies a perception-centric perspective to examine the perceived interactivity of consumers. In addition, the results of testing the effect of perceived interactivity on non-customer engagement behavior, namely customer experience on social media had significant results (Bozkurt et al., 2021). Thus, the research hypothesis proposed is:

H3: Perceived interactivity influence omnichannel customer experience.

In relation to the use of technology, perceived interactivity is constructed by two perspectives; the technical and social dimensions (Lee et al., 2021). Technical interactivity refers to technology features. The consumers experience a high level of technical interactivity when technology responds quickly and accurately. In addition, consumers can experience social interactivity influenced by the social characteristics of technology. Social interactivity describes the social aspects of activities that consumers feel after using technology in physical and online stores. Consumers perceive interactivity when they have an interactive experience with a specific target, and thus, perceived interactivity may change depending on what is experienced. Previous research has shown that interactivity can affect users' online experience by increasing relationship commitment to brand love (K.-Y. Wang et al., 2020). Then, the research hypothesis proposed is:

H3a: Perceived interactivity influence brand love through omnichannel customer experience. H3b: Perceived interactivity influence brand love.

#### 4. Hedonic and Utilitarian Motivation

As a tested construct, hedonic motivation is built on the idea of motivation, personalization, value motivation and shopping experiences (J. P.-C. Wang & Gutierrez, 2019). Idea motivation refers to gather information about new trends and products, more specifically in the context of trend-following shopping. Personalization is conceptualized in terms of media richness, the extent to which channels provide personalized content and emotional messages. Value motivation focuses on consumers' search for bargains which explains consumer excitement when looking for discounts and satisfaction when finding value in the buying process. While the shopping experience known as adventure motivation describes the hedonic value which refers to the desire that a person has for a fun, exciting, and entertaining shopping experience. Current purchases of hedonistic consumers has influence on future purchases with value of online reviews have influence on browsing as habit (Kusumawardani et al., 2018; Kusmaharani & Halim, 2020).

In addition to hedonic motivation, this study describes utilitarian motivation. As a tested construct, utilitarian motivation is built on time convenience, performance expectations, information capabilities and user control (J. P.-C. Wang & Gutierrez, 2019). Convenience of

time is a time saving to make the shopping process efficiency. Performance expectations are utilitarian values determined by the individual's level of belief that the use of technology can simplify processes. Information availability is defined as the availability to obtain information about products, stores, promotions and other aspects. The final value of utilitarian motivation considered for this study is user control, which is defined as the extent to which users can determine the content and order of transactions.

Within cases in retail omnichannel, the analysis of relationship between motivation and perceived interactivity with brand love significant results respectively (K.-Y. Wang et al., 2020; Bowden & Mirzaei, 2020). Berdasarkan teori hubungan konsumen-merek, kecintaan terhadap merek dapat membangun hubungan jangka panjang. Sehingga, strategi inovasi omnichannel dalam ritel industri fesyen bertujuan untuk meningkatkan kecintaan konsumen terhadap merek dengan memberikan pengalaman yang positif. Analysis of omnichannel consumer experience as intervening variable for motivation and perceived interactivity influence brand love as novelty from the previous studies.

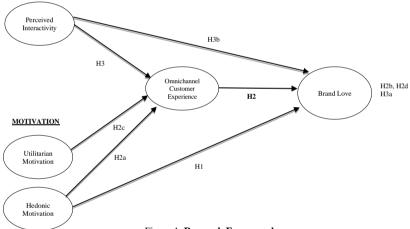


Figure 1. **Research Framework** Source: (Tyrvainen et al., 2020; Wang et al., 2020; Bozkurt et al., 2021; Wong, 2021; Ferreira et al., 2022)

## **METHODS**

This study is causal research at 95% of confidence interval. This design allows the researcher to collect the data and construct the data structure to perceive the cause-and-effect on the research variables (Suhartanto, 2014). The causal research aims: 1) to understand exogenous and endogenous variables towards marketing phenomena, 2) to decide the nature of the relationship among the variables, and 3) to test the hypothesis of causal relationship variable.

The target population was the customers of the eight top fashion retail, namely: 1) Zara, 2) Uniqlo, 3) Ralph Lauren, 4) Michael Kors, 5) Levi's, 6) Hugo Boss, 7) H&M, and 8) American Eagle (OSF Digital, 2022). Furthermore, the ideal limit of the population according to the physical store availability in Indonesia, web store ability, platform ability and social media ability to meet omnichannel criteria (Caboni, 2020). To collect the data, this causal research design utilized survey as a method to collect the data from a sample through

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questionnaires comprising structured questions (Suhartanto, 2014). Questionnaires as the data collection was carried out by giving a series of questions or written statements to the respondents to be answered. The survey was sent via e-mail to 1826 randomly, there by individual had the same probability of being selected from the population and representing it. The study had a 5.15% response rate with a total of 94 respondents. Around 1.2% of respondents (3) had the same rating for all items. Therefore, the sample of this study was 91 respondents.

The data analysis technique in this quantitative study utilized statistic approach. Data analysis procedures were as follows: 1) confirmatory factor analysis was performed on the scales in order to confirm the structure of the constructs, followed by 2) the test of hypothesis based on a structural equation modeling (SEM). The program used to perform data analysis with path analysis method was PLS. The measurement scale used was interval as a scale that allows researchers to perform arithmetic calculations on data collected from respondents (Suhartanto, 2014). The measurement has no real zero value. The measure of attitude that is commonly used in business research is the Likert scale. The Likert scale is a scale that requires respondents to respond to the extent to which they agree or disagree about a perceived object, namely strongly agree, agree, neutral, disagree and strongly disagree.

#### RESULTS AND DISCUSSION

#### 1. Outer Model Testing

The formulation or statement of hypotheses that have been formulated from the structure of the relationship of construct or latent variables can be carried out measurements of the dimensions or indicators of each construct variable completed. Variations in data values in dimensions or indicators will describe variations in construct variables. The strong or weak relationship of various indicators with construct variables is indicated by the size of the loading factor value owned by each dimension or indicator of the construct variable.

Based on the output of the Smart PLS program, the estimation of the  $\lambda$  parameter is the same as the estimated value of the standardized regression parameter or referred to as the path coefficient. With the discovery of the magnitude of the value of the path coefficient, the calculation of how much the value of the structural influence is directly, indirectly or the total influence of the predictor variable on the predictor can be known and determined. The magnitude of the coefficient values resulting from the estimation of parameters to describe X and  $\lambda$  to describe Y on outer loadings.

First measurement showed that there are five indicators in the construct variables perceived interactivity, utilitarian motivation, hedonic motivation, brand love and omnichannel customer experience with uncompleted status. This means that per does not match as strategic flexibility's indicator on this study. Then, personalization does not match as omnichannel customer experience's indicator on this study.

Table 3. Outer Loadings

Exogenous Variables	λ	Endogenous Variables	λ	Intervening Variables	λ
Perceived Interactivity		Brand Love		Omnichannel	
PI1-Technic Interactivity	0.863	BL1-Sensory brand	0.942	Customer Experience	
PI2-Social Interactivity	0.723	experience		OCE1-Connectivity	0.930
Utilitarian Motivation		BL2-Affective brand	0.924	OCE2-Integration	0.922
UM1-Time convenience	0.938	experience		OCE3-Consistency	0.820
UM2-Performance	0.910	BL3-Intelectual brand	0.859	OCE4-Fexibility	0.748
expectations		experience		OCE5-Personalization	0.500
UM3-Information	0.832	•			

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capabilities	
UM4-user control	0.772
Hedonic Motivation	
HM1-Ideas Motivation	0.938
HM2-Personalization	0.910
HM3-Value Motivation	0.832
HM4-Shopping Experience	0.772

Source: (SmartPLS, 2022)

The result of outer model testing in this study are: 1) technic interactivity and social Interactivity can develop a variable construct of perceived interactivity, 2) time convenience, performance expectations, information capabilities and user control can develop a variable construct of utilitarian motivation, 3) ideas motivation, personalization, value motivation and shopping experience can develop a variable construct of hedonic motivation, 4) sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love, and 5) connectivity, integration, consistency and flexibility can develop a variable construct of omnichannel customer experience. The estimated value of the  $\lambda$  parameter on the indicators of exogenous, endogenous and intervening variables shows a coefficient greater than 0.7 and is significant at  $\alpha=0.05$ . This means that the indicator sets a valid and reliable factor on each latent variable or its construct.

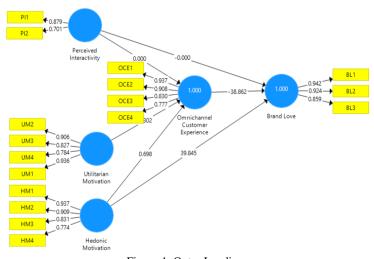


Figure 1. Outer Loadings Source: (SmartPLS, 2022)

## 2. Inner Model Testing

Inner model testing can only be done if outer model testing has been declared valid and reliable by loading the value of  $R^2$  in the construct. The structural model in Partial Least Square is evaluated using the God of Fit Model, which is a way to be able to show the difference between the observed value and the value estimated by the model. Based on Table 5. it is known that the position of variable new product performance in the inner model is middle.

Table 4. Structural Model Testing

Latent variables	AVE	Cronbach Alpha	Rho	R-Square
Brand Love	0.826	0.894	0.899	0.899
Hedonic Motivation	0.749	0.886	0.899	0.899
Omnichannel Customer Experience	0.749	0.886	0.898	0.898
Perceived Interactivity	0.632	0.433	0.476	0.772
Utilitarian Motivation	0.749	0.886	0.894	0.922

Source: (SmartPLS, 2022)

Square root of Average Variance Extracted will be used to analyze the discriminant validity of all constructs in the research model. It is known that all AVE value > 0.6, Cronbach Alpha > 0.7 and Rho value > 0.7 means that the measurement model of the four variables is consistent and has accuracy in making measurements and constructive testing, except perceived interactivity. Fully measurement model on Figure 1. describes that four variables have a P-value level of < 0.05 so it can be said to be valid, except for the variable perceived interactivity.

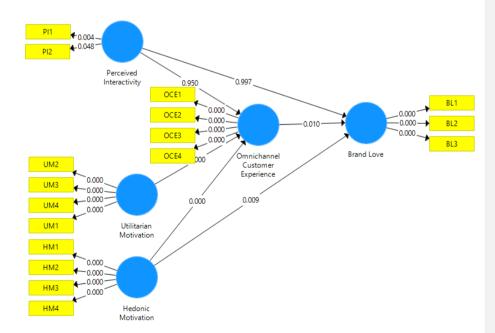


Figure 3. Bootstrapping (P-value) Source: (SmartPLS, 2022)

#### 3. Hypothesis Testing of H1 and H1a

The first analysis was conducted to latent variable correlation described on outer model testing. Ideas motivation, personalization, value motivation and shopping experience can develop a variable construct of hedonic motivation. Sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love.

The second analysis was conducted to determine the level effect of hedonic motivation to brand love indicated by  $R^2$  value of 0.893 or 89.3%. The third analysis was conducted to determine whether hedonic motivation affected brand love. In this study, the main hypothesis that was tested was H1. The significance of P-value 0.009 < 0.05 means that H1 described in Table 5. was accepted and widely applied outside the research focus. The results of this study are in line with the previous study that stated that brand love were positively and significantly influenced by hedonic motivation (Tyrvainen et al., 2020).

Table 5. Hyphothesis testing of H1

Hyphothesis  $\lambda$  STDEV T-values P-values R-square
H1a Hedonic Motivation  $\rightarrow$  Brand Love 39.845 14.560 2.737 0.006 0.983

Source: (SmartPLS, 2022)

## 4. Hypothesis Testing of H2, H2a, H2b, H2c dan H2d

The first analysis was conducted to latent variable correlation described on outer model testing. Connectivity, integration, consistency and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love. Ideas motivation, personalization, value motivation and shopping experience can develop a variable construct of hedonic motivation.

The second analysis was conducted to determine the level of: 1) direct effect of process Omnichannel customer experience indicated by  $R^2$  value of 0.982 or 98,2%, 2) direct effect of hedonic motivation to omnichannel customer experience indicated by  $R^2$  value of 1.000 or 100%, 3) indirect effect of hedonic motivation to brand Love intervened by omnichannel customer experience indicated by  $R^2$  value of 0.982 or 98.2%, 4) direct effect of utilitarian motivation to omnichannel customer experience indicated by  $R^2$  value of 1.000 or 100%, and 5) indirect effect of utilitarian motivation to brand love intervened by omnichannel customer experience indicated by  $R^2$  value 0.982 or 98.2%. Based on result, utilitarian and hedonic motivation are perfect effect to omnichannel customer experience. In fact, this study revealed process innovation can be intervening variables if strategic flexibility as exogenous variables and new product performance as endogenous variables.

In this study, the main hypothesis that was tested was H2, H2a, H2b, H2c and H2d. The significance of P-value 0.00 < 0.05 means that H2, H2a, H2b, H2c and H2d was accepted and widely applied outside the research focus. Previous study revealed that positive customer experience affected by hedonic and utilitarian motivation (Tyrvainen et al., 2020).

Table 6. Hyphothesis testing of H2, H2a, H2b, H2c dan H2d

HyphothesisλSTDEVT-valuesP-valuesR-squareH2Omnichannel customer experience → Brand Love-15.1072.5720.0100.982

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H2a	Hedonic motivation → Omnichannel customer experience	0.698	0.067	10.495	0.000	1.000
H2b	Hedonic motivation → Omnichannel customer experience → Brand Love	-	-	-	0.010	0.982
H2c	Utilitarian motivation → Omnichannel customer experience	0.320	0.067	4.534	0.000	1.000
H2d	Utilitarian motivation → Omnichannel customer experience → Brand Love	-	-	-	0.010	0.982 (1.000*0.982)

Source: (SmartPLS, 2022)

## 5. Hypothesis Testing of H3, H3a and H3b

The first analysis was conducted to latent variable correlation described on outer model testing. Technic interactivity and social Interactivity can develop a variable construct of perceived interactivity. Connectivity, integration, consistency and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience and intellectual brand experience can develop a variable construct of brand love

The second analysis was conducted to determine the level of: 1) effect of perceived interactivity to omnichannel customer experience indicated by  $R^2$  value of 0.131 or 13.1%, 2) indirect effect of perceived interactivity to brand love intervened by omnichannel customer experience indicated by  $R^2$  value of 0.129 or 12.9%, and 3) effect of perceived interactivity to brand love indicated by  $R^2$  value of 0.151 or 15.1%. In fact, this study revealed perceived interactivity cannot influence omnichannel customer experience and brand love.

In this study, the main hypothesis that was tested was H3, H3a and H3b. The significance of P-value 0.00 > 0.05 means that H3a described in Table 7. was rejected. Previous study (K.-Y. Wang et al., 2020) did not work for retail fashion industry that operated in Indonesia.

Table 7. Hyphothesis testing of H3, H3a and H3b

Hypl	nothesis	λ	STDEV	T-values	P-values	R-square
Н3	Perceived Interactivity> Omnichannel	0.000	0.001	0.059	0.953	0.131
	Customer Experience					
Н3а	Perceived Interactivity> Omnichannel	-	-	-	0.997	0,129
	Customer Experience> Brand Love					(0.131*0.982)
H3b	Perceived Interactivity> Brand Love	-0.000	-	-	0.997	0,151

Source: (SmartPLS, 2022)

## CONCLUSION

After analyzing the theories and the results of the previous studies, the most important thing in running a clothing retail business with an omnichannel innovation strategy is to understand hedonic and utilitarian motivations so that a positive customer experience is formed. If consumers have a positive experience during the shopping process, it will form a strong brand love. It was known for a long time, that a strong brand is one of the indicators of high-value marketing performance.

Despite successfully proving the research hypotheses, researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is clothing retailers from Indonesia do not yet have a mobile commerce platform.

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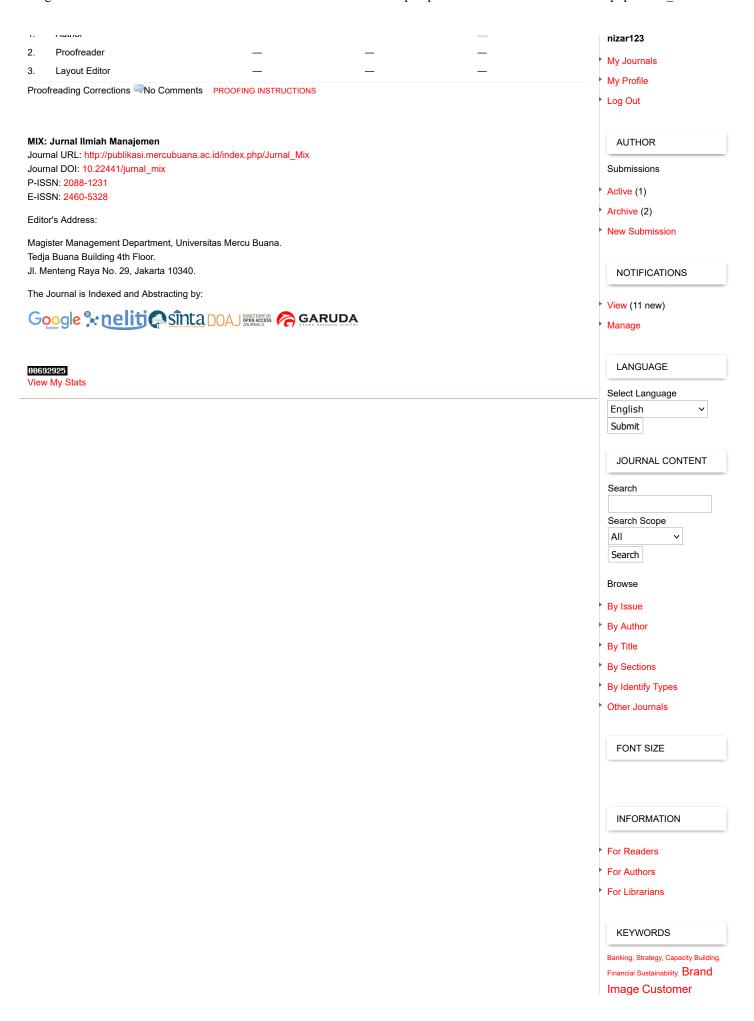
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# Omnichannel Fashion Retail in Indonesia: How it affects Marketing Performance?

Nizar Alam Hamdani <sup>1)</sup>; Arum Mutmainah <sup>2)</sup>; Galih Abdul Fatah Maulani <sup>3)</sup>; Sukma Nugraha <sup>4)</sup>; Intan Permana <sup>5\*)</sup>

1) nizar\_hamdani@uniga.ac.id, Fakultas Ekonomi, Universitas Garut, Indonesia
2) 24081119005@fkwu.uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
3) galihafm@uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
4) sukma.nugraha@mutiaraglobal.co.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
5\*) intan@uniga.ac.id, Fakultas Kewirausahaan, Universitas Garut, Indonesia
\*) Corresponding Author

#### **ABSTRACT**

**Objectives**: Mobile commerce is an appropriate omnichannel practice adoption for fashion retail. Omnichannel in the retail industry is currently becoming an innovation strategy to increase consumer interaction by integrating various sales channel services. Consumers' channel-switching behavior remains as one of the challenges in the retail industry. To deal with these challenges, providing multiple points of contact to interact with consumers that gain competitive advantage and improve marketing performance is required.

**Methodology**: This study is a causal research with a 95% confidence interval in collecting and constructing the data structure to evaluate the cause-and-effect relationship of the variables. The primary data was obtained through a survey of 91 retail fashion consumers in Indonesia. Subsequently, the data was analyzed using structural equation modeling.

**Finding**: Compared to the previous studies, the results of this study indicated that novelty, hedonic, and utilitarian motivations influence brand love through omnichannel customer experience. To improve brand love, companies need to improve customer experience.

**Conclusion**: Based on the findings, the researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products whose physical stores have only been operating in Indonesia.

**Keywords**: brand love; hedonic motivation; omnichannel customer experience; perceived interactivity; utilitarian motivation

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#### INTRODUCTION

Given the fact that COVID-19 has reshaped consumer values, habits, and shopping behavior at the unprecedented pace of change, omnichannel has become the current innovation strategy to increase consumer interaction in the retail industry by integrating various sales channel services (Morais et al., 2019). The three value propositions of retail customers include invisibility, indispensability, and intimacy (Renz et al., 2022). Invisibility refers to the convenience that the consumers need. Indispensability relates to a better product/ service that the consumer wants, and intimacy is the satisfaction that the consumer requires. The retail industry does not operate stagnantly but moves in a dynamic environment that has a direct impact on operations and objectives. Consumers are considered an external factor in business because they create challenges and opportunities for the retail industry.

Table 1. Consumer's Retail Shopping Methods

		11 8	
No	Methods	Before Pandemic	After Pandemic
1	Online	11.0 %	25.5 %
2	Offline	17.5 %	-
3	Both, but more offline	50.3 %	34.3 %
4	Both, but more online	21.2 %	40.2 %

Source: (Reda & Kapoor, 2020)

Consumer channel-switching behavior is one of the challenges that the retail industry has to deal with. Thus, providing multiple points of contact to interact with consumers to obtain a competitive advantage and improve marketing performance is necessary. Two channel-switching behaviors after COVID-19 are known as webrooming and showrooming (Viejo-Fernández et al., 2020). Webrooming provides a description of consumer behavior that finds out about the product through online channels, but the consumer buys the product in offline stores. On the other hand, showrooming provides an overview of consumer behavior that looks for products in offline stores but buys the products in online channels. Omnichannel provides consumers integrated shopping experience because it includes an offline store and an online store or a combination of both to complete a retail purchase. A survey conducted by EY-Parthenon shows that consumers in the current, after, and subsequent phases experience a real shift in shopping patterns with a tendency to combine offline and online (Jim Doucette, 2021). These allow the consumers to use multiple channels for a single buying process which is more complex and challenging. The ratio of online sales to sales in physical stores has increased significantly over the last decade (Tan & Gligor, 2019).

The digital revolution has led the changes in the concepts of space, time, and mass, making it possible to create an online retail space. This online retail will always be available anywhere and anytime to meet the customer's value proposition. The rapid advancement of the internet and technology has changed the retail business so the survival of offline retail channels is at risk. Omnichannel has grown to be increasingly popular because it provides the consumer with the shopping experience.

The fashion retail industry is known as having the highest omnichannel retail index (OSF Digital, 2022). Consumer expectations for technological developments used by the fashion retail industry are currently higher than before. The fashion retail industry requires hybrid readiness to match consumer expectations. Omnichannel as a form of digital transformation

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will help the fashion retail industry in changing the customer value proposition (Alomari & Khalid, 2022).

Table 2. Global Omnichannel Retail Indeks

No	Retail	Score
1	Apparel / Fashion	25
2	Footwear	12
3	Athletic	11
4	Beauty / Cosmetic	11
5	Home / Houseware	9
6	Book / Hobbies / Toy	6
7	Accessories / Bags	6
8	Food	6
9	Jewelry	6
10	Department Store	6

Source: (OSF Digital, 2022)

The results of the omnichannel analysis in the fashion retail industry are mostly related to electronic commerce, mobile commerce, social commerce, and physical stores (Caboni, 2020). In the first academic research, omnichannel was defined as an integrated sales experience that combines the advantages of physical stores with a shopping experience to get much information from electronic commerce, mobile commerce, and social commerce (Rigby, 2011). The biggest influence to shape the fashion retail customer experience is the interactivity that customers feel when accessing websites (Kim & Yang, 2018; Connell et al., 2019). Customer experience will improve over time in line with the increase in hedonic and utility value (Alexander & Kent, 2022). Although previous research has highlighted the role of digital technology in enhancing the hedonic and utility aspects of the customer experience, this study did not empirically validate it. It is assumed that, in online retail and physical stores, the center of customer experience not only expands the market coverage but also serves as the positive reinforcement of customer behavior in the future (Bell et al., 2020). In terms of the customer view, positive experiences can foster a strong emotional connection between the customer and the company in the form of brand love (Ferreira et al., 2022). Brand love is known to be able to create customer satisfaction through customer loyalty (Ferreira et al., 2019; Shi et al., 2020). Customer loyalty in the fashion retail industry consists of word of mouth and repurchase intentions (Tyrvainen et al., 2020).

This year, the overall best fashion retail omnichannel practice adoption whose physical stores have been operating in Indonesia is mobile commerce with a percentage of 76% (OSF Digital, 2022). Evaluating the performance of a company is conducted through two aspects, namely profitability and operational aspects (Hamdani et al., 2022). Mobile commerce has access to store carts on mobile phone and the web, optimizes email on mobile phone, discover the location of the nearest physical store, provides customer service, and types the products on a mobile phone. Apart from the rapid development of research on omnichannel in the fashion retail industry, the first theoretical contribution of this research is the analysis of brand love through mobile commerce technology as an omnichannel strategy suggested by (Ferreira et al., 2022). The second theoretical contribution is the analysis of perceived interactivity and

motivation as other variables that have the possibility of influencing the omnichannel customer experience suggested by (Ferreira et al., 2019).

# LITERATURE REVIEW

#### 1. Brand Love

Brand love is not the same as the increasing interest in the brand (Lv & Wu, 2021). Understanding the love for brands has the same meaning as remembering marketing performance such as positive word of mouth that benefits the company (Palusuk et al., 2019). Brand love is a meaningful mode of satisfaction, but few satisfied consumers will experience brand love (Gumparthi & Patra, 2020). The strategy of brand love in achieving brand loyalty for a foreign product in Indonesia (Ubud & Ubud, 2016). Consumers' brand love can switch to beneficial behavior. For example, consumers will not change to other brands, ignore the bad experiences, and will be eager to invest. A positive customer experience is explained by hedonic motivation (Tyrvainen et al., 2020). In customer research, love is one of the main customer considerations to increase relationships with brands which are influenced by hedonic factors (Ferreira et al., 2022). Therefore, the research hypothesis proposed is:

# H1: Hedonic motivation influence brand love.

Brand love is a prototype formed by cognitive and emotional dimensions (Madadi et al., 2021). However, brand love serves as a construction built by sensory, affective, and intellectual brand experience (Ferreira et al., 2022). Sensory brand experience can be defined as the sensation of specializing in various types of information, evoked by brand-related stimuli as part of brand design and identity, packaging, communication, and the environment (Hepola et al., 2017). Intellectual brand experience is usually described as the consumer's involvement in many ideas about the brand. Then, effective brand experiences are more relevant in an offline store environment.

When consumers acquire a brand, they not only hope for an emotional value but also obtain utilitarian benefits (Bowden & Mirzaei, 2020). Utilitarianism is part of goal-oriented and functional motivation and involves cognitive and rational responses (Connell et al., 2019). In the retail industry, utilitarianism is not only a purchase settlement but also a brand acquisition process (Wong, 2021).

For decades, previous researchers have studied how consumers can prefer or not some brands. From an interpersonal point of view, brand love represents a very positive emotional trait. The strong phenomenon of brand love illustrates consumers' deepening long-term relationship with the brand that has attracted the attention of researchers.

# 2. Omnichannel Customer Experience

A quality customer experience is an experience when customers can obtain products and services efficiently and give genuine pleasure from shopping activities (Gao et al., 2021). New terms emerge to describe the increase in internet use or utilization in our daily lives, such as IoT (internet of things) (Nurjannah et al., 2022). Consumers are able to use complementary channels as an integral part of the shopping experience, optimizing the benefits and costs of different channels. When considering the customer experience, retail will optimize each channel for the customer's point of contact. If a company fails to meet expectations for an

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optimal customer experience during shopping then brand love will decline (Tyrvainen et al., 2020). Thus, the research hypothesis proposed is:

H2: Omnichannel customer experience influence brand love.

The omnichannel customer experience as the tested construct is formed on connectivity, integration, consistency, flexibility, and personalization (Shi et al., 2020). Connectivity is a description of content and service information across channels that are linked and interconnected. Integration is a description of how customers can view all information systems and management operations as unified and well-integrated across channels. Consistency is a description of customers' experience consistency of content and interaction processes across channels. Flexibility is an illustration of the extent to which customers are given flexible options and experience continuity when migrating tasks from one channel to another. Personalization is a description of the extent to which customers feel that omnichannel retail gives their customers individual attention. Positive customer experiences are explained by hedonic and utilitarian motivations (Tyrvainen et al., 2020). Therefore, the research hypothesis proposed is: H2a: Hedonic motivation influence omnichannel customer experience.

H2b: Hedonic motivation influence brand love through omnichannel customer experience.

H2c: Utilitarian motivation influence omnichannel customer experience.

H2d: Utilitarian motivation influence brand love through omnichannel customer experience.

# 3. Perceived Interactivity

Interactivity, a natural attribute of interpersonal communication is defined as the degree to which consumers perceive a website to be controllable, responsive, and synchronous. Interactivity has been investigated from various perspectives because the advancement of digital technology has created an always-on environment where consumers can interact anytime and anywhere. Several studies have discussed the impact of interactivity on customer engagement in social media as one of the channels in omnichannel retail. Perceived value, satisfaction, and purchase intentions of online consumers happened (Karunia & Lunardy, 2016). Likewise, this study applies a perception-centric perspective to examine the perceived interactivity of consumers. In addition, the results of testing the effect of perceived interactivity on non-customer engagement behavior, namely customer experience on social media had significant results (Bozkurt et al., 2021). Thus, the research hypothesis proposed is:

H3: Perceived interactivity influence omnichannel customer experience.

Concerning the use of technology, perceived interactivity is constructed from two perspectives; the technical and social dimensions (Lee et al., 2021). Technical interactivity refers to technology features. Consumers experience a high level of technical interactivity when technology responds quickly and accurately. In addition, consumers can experience social interactivity influenced by the social characteristics of the technology. Social interactivity describes the social aspects of activities that consumers feel after using technology in physical and online stores. Consumers perceive interactivity when they have an interactive experience with a specific target, and thus, perceived interactivity may change depending on what is experienced. Previous research has shown that interactivity can affect users' online experience by increasing relationship commitment to brand love (K.-Y. Wang et al., 2020). Then, the research hypothesis proposed is:

H3a: Perceived interactivity influence brand love through omnichannel customer experience. H3b: Perceived interactivity influence brand love.

# 4. Hedonic and Utilitarian Motivation

As a tested construct, hedonic motivation is built on the idea of motivation, personalization, value motivation, and shopping experiences (J. P.-C. Wang & Gutierrez, 2019). Idea motivation refers to the gathering of information about new trends and products, more specifically in the context of trend-following shopping. Personalization is conceptualized in terms of media richness, the extent to which channels provide personalized content and emotional messages. Value motivation focuses on consumers' search for bargains which explains consumer excitement when looking for discounts and satisfaction when finding value in the buying process. While the shopping experience known as adventure motivation describes the hedonic value which refers to the desire that a person has for a fun, exciting, and entertaining shopping experience. Current purchases of hedonistic consumers influence future purchases with online reviews influencing browsing as a habit (Kusumawardani et al., 2018; Kusmaharani & Halim, 2020).

In addition to hedonic motivation, this study describes utilitarian motivation. As a tested construct, utilitarian motivation is built on time convenience, performance expectations, information capabilities, and user control (J. P.-C. Wang & Gutierrez, 2019). The convenience of time is a time saving to make the shopping process efficient. Performance expectations are utilitarian values determined by the individual's level of belief that the use of technology can simplify processes. Information availability is defined as the availability to obtain information about products, stores, promotions, and other aspects. The final value of utilitarian motivation considered for this study is user control, which is defined as the extent to which users can determine the content and order of transactions.

Within cases in retail omnichannel, the analysis of the relationship between motivation and perceived interactivity with brand love significantly results respectively (K.-Y. Wang et al., 2020; Bowden & Mirzaei, 2020). Based on consumer-brand relationship theory, brand love can build long-term relationships. Omnichannel as an innovation strategy in the fashion industry retail aims to increase consumers' brand love by providing a positive experience. Analysis of omnichannel consumer experience as an intervening variable for motivation and perceived interactivity influence brand love as a novelty from the previous studies.

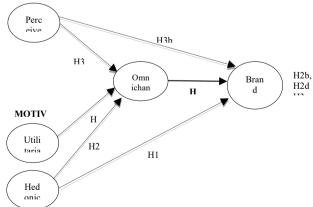


Figure 1. Research Framework

Source: (Tyrvainen et al., 2020; Wang et al., 2020; Bozkurt et al., 2021; Wong, 2021; Ferreira et al., 2022)

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## **METHODS**

This study is causal research at a 95% confidence interval. This design allows the researcher to collect the data and construct the data structure to perceive the cause-and-effect of the research variables (Suhartanto, 2014). The causal research aims: 1) to understand exogenous and endogenous variables towards marketing phenomena, 2) to decide the nature of the relationship among the variables, and 3) to test the hypothesis of causal relationship variables.

The target population was the customers of the eight top fashion retail, namely: 1) Zara, 2) Uniqlo, 3) Ralph Lauren, 4) Michael Kors, 5) Levi's, 6) Hugo Boss, 7) H&M, and 8) American Eagle (OSF Digital, 2022). Furthermore, the ideal limit of the population according to the physical store availability in Indonesia, web store ability, platform ability, and social media ability to meet omnichannel criteria (Caboni, 2020). In collecting the data, this causal research design utilized a survey as a method to collect the data from a sample through questionnaires comprising structured questions (Suhartanto, 2014). Questionnaires as the data collection was carried out by giving a series of questions or written statements to the respondents to be answered. A survey instrument was developed that identified: 1) three primary components of a brand love: sensory, affective, and intellectual, 2) five primary components of an omnichannel customer experience: connectivity, integration, consistency, flexibility, and personalization, 3) two primary components of perceived interactivity: technology features and social characteristics, 4) four primary components of a hedonic motivation: idea, personalization, value, and shopping experiences, and 5) four primary components of a utilitarian motivation: time convenience, performance expectations, information capabilities, and user control. The survey was sent via e-mail to 1826 randomly, thereby individuals had the same probability of being selected from the population and representing a sample. The study had a 5.15% response rate with a total of 94 respondents who bought international brands of clothing that have physical stores in Indonesia. Around 1.2% of respondents (3) had the same rating for all items. Therefore, the sample of this study was 91 which are the respondent provided varied ratings for all items, has to be a bank customer, and must have an Internet banking account.

The data analysis technique in this quantitative study utilized a statistical approach. Data analysis procedures were as follows: 1) confirmatory factor analysis was performed on the scales to confirm the structure of the constructs, followed by 2) the test of hypothesis based on a structural equation modeling (SEM). The program used to perform data analysis with the path analysis method was PLS. The measurement scale used was interval as a scale that allows researchers to perform arithmetic calculations on data collected from respondents (Suhartanto, 2014). The measurement has no real zero value. The measure of attitude that is commonly used in business research is the Likert scale. The Likert scale is a scale that requires respondents to respond to the extent to which they agree or disagree about a perceived object, namely strongly agree, agree, neutral, disagree, and strongly disagree.

#### RESULTS AND DISCUSSION

### 1. Outer Model Testing

The formulation or statement of hypotheses that have been formulated from the structure of the relationship of construct or latent variables can be carried out by measurements of the dimensions or indicators of each construct variable completed. Variations in data values in dimensions or indicators will describe variations in construct variables. The strong or weak

relationship of various indicators with constructed variables is indicated by the size of the loading factor value owned by each dimension or indicator of the constructed variable.

Based on the output of the Smart PLS program, the estimation of the  $\lambda$  parameter is the same as the estimated value of the standardized regression parameter or referred to as the path coefficient. With the discovery of the magnitude of the value of the path coefficient, the calculation of how much the value of the structural influence is directly, indirectly, or the total influence of the predictor variable on the predictor can be known and determined. The magnitude of the coefficient values resulting from the estimation of parameters to describe X and  $\lambda$  to describe Y on outer loadings.

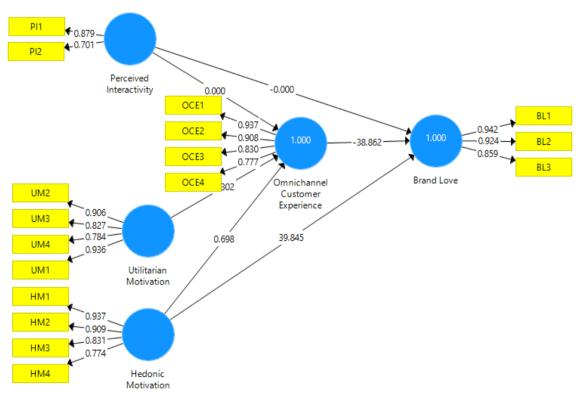


Figure 1. Outer Loadings Source: (SmartPLS, 2022)

The first measurement showed that there are five indicators in the construct variables perceived interactivity, utilitarian motivation, hedonic motivation, brand love, and omnichannel customer experience with uncompleted status. This means that per does not match as strategic flexibility indicator in this study. Then, personalization does not match as omnichannel customer experience indicator in this study.

Table 3. Outer Loadings

Exogenous Variables	λ	<b>Endogenous Variables</b>	λ	Intervening Variables	λ
Perceived Interactivity		Brand Love		Omnichannel	
PI1-Technic Interactivity	0.863	BL1-Sensory brand	0.942	Customer Experience	
PI2-Social Interactivity	0.723	experience		OCE1-Connectivity	0.930
Utilitarian Motivation		BL2-Affective brand	0.924	OCE2-Integration	0.922
UM1-Time convenience	0.938	experience		OCE3-Consistency	0.820
UM2-Performance	0.910	BL3-Intelectual brand	0.859	OCE4-Flexibility	0.748
expectations		experience		OCE5-Personalization	0.500
UM3-Information capabilities	0.832	•			
UM4-user control	0.772				
Hedonic Motivation					
HM1-Ideas Motivation	0.938				
HM2-Personalization	0.910				
HM3-Value Motivation	0.832				
HM4-Shopping Experience	0.772				

Source: (SmartPLS, 2022)

The result of outer model testing in this study are: 1) technic interactivity and social Interactivity can develop a variable construct of perceived interactivity, 2) time convenience, performance expectations, information capabilities, and user control can develop a variable construct of utilitarian motivation, 3) ideas motivation, personalization, value motivation, and shopping experience can develop a variable construct of hedonic motivation, 4) sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love, and 5) connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. The estimated value of the  $\lambda$  parameter on the indicators of exogenous, endogenous, and intervening variables shows a coefficient greater than 0.7 and is significant at  $\alpha = 0.05$ . This means that the indicator sets a valid and reliable factor on each latent variable or its construct.

# 2. Inner Model Testing

Inner model testing can only be done if outer model testing has been declared valid and reliable by loading the value of R<sup>2</sup> in the construct. The structural model in Partial Least Square is evaluated using the Good of Fit Model, which is a way to be able to show the difference between the observed value and the value estimated by the model. Based on Table 5. it is known that the position of variable new product performance in the inner model is the middle.

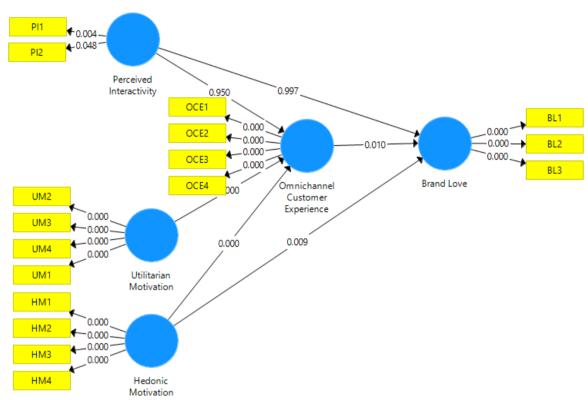


Figure 3. Bootstrapping (P-value) Source: (SmartPLS, 2022)

The square root of the Average Variance Extracted will be used to analyze the discriminant validity of all constructs in the research model. It is known that all AVE values> 0.6, Cronbach Alpha > 0.7, and Rho value > 0.7 means that the measurement model of the four variables is consistent and has accuracy in making measurements and constructive testing, except perceived interactivity. Fully measurement model in Figure 1. describes that four variables have a P-value level of < 0.05 so it can be said to be valid, except for the variable perceived interactivity.

Table 4. Structural Model Testing

Latent variables	AVE	Cronbach Alpha	Rho	R-Square			
Brand Love	0.826	0.894	0.899	0.899			
<b>Hedonic Motivation</b>	0.749	0.886	0.899	0.899			
Omnichannel Customer	0.749	0.886	0.898	0.898			
Experience							
Perceived Interactivity	0.632	0.433	0.476	0.772			
Utilitarian Motivation	0.749	0.886	0.894	0.922			

Source: (SmartPLS, 2022)

# 3. Hypothesis Testing of H1 and H1a

The first analysis was conducted to latent variable correlation described on outer model testing. Ideas motivation, personalization, value motivation, and shopping experience can develop a

variable construct of hedonic motivation. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love.

The second analysis was conducted to determine the level of effect of hedonic motivation to brand love indicated by an  $R^2$  value of 0.893 or 89.3%. The third analysis was conducted to determine whether hedonic motivation affected brand love. In this study, the main hypothesis that was tested was H1. The significance of P-value 0.009 < 0.05 means that H1 described in Table 5. was accepted and widely applied outside the research focus. The results of this study are in line with the previous study that stated that brand love was positively and significantly influenced by hedonic motivation (Tyrvainen et al., 2020).

This study examined the impacts of hedonic motivation on brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the hedonic motivation concentrated on idea, personalization, value, and shopping experiences. Previous studies have mainly concentrated on cognitive and emotional only.

Table 5. Hypothesis testing of H1

	There 5. Hypothesis testing of Hi						
	Hypothesis	λ	STDEV	T-	P-	R-square	
				values	values		
H1a	Hedonic Motivation> Brand	39.845	14.560	2.737	0.006	0.983	
	Love						

Source: (SmartPLS, 2022)

# 4. Hypothesis Testing of H2, H2a, H2b, H2c dan H2d

The first analysis was conducted to latent variable correlation described on outer model testing. Connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love. Ideas motivation, personalization, value motivation, and shopping experience can develop a variable construct of hedonic motivation.

The second analysis was conducted to determine the level of 1) the direct effect of process Omnichannel customer experience indicated by an R<sup>2</sup> value of 0.982 or 98,2%, 2) the direct effect of hedonic motivation to omnichannel customer experience indicated by an R<sup>2</sup> value of 1.000 or 100%, 3) indirect effect of hedonic motivation to brand Love intervened by omnichannel customer experience indicated by R<sup>2</sup> value of 0.982 or 98.2%, 4) direct effect of utilitarian motivation to omnichannel customer experience indicated by R<sup>2</sup> value of 1.000 or 100%, and 5) indirect effect of utilitarian motivation to brand love intervened by omnichannel customer experience indicated by R<sup>2</sup> value 0.982 or 98.2%. Based on the result, utilitarian and hedonic motivation are a perfect effect on omnichannel customer experience. This study revealed process innovation can be an intervening variable if strategic flexibility is an exogenous variable and new product performance is an endogenous variable.

In this study, the main hypothesis that was tested was H2, H2a, H2b, H2c, and H2d. The significance of P-value 0.00 < 0.05 means that H2, H2a, H2b, H2c, and H2d were accepted and widely applied outside the research focus. A previous study revealed that positive customer experience is affected by hedonic and utilitarian motivation (Tyrvainen et al., 2020).

This study examined the impacts of hedonic motivation, utilitarian motivation, and omnichannel customer experience on brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the utilitarian motivation concentrated on time convenience, performance expectations, information capabilities, and user control. Previous studies have mainly demonstrated customer experience, not omnichannel customer experience.

Table 6. Hypothesis testing of H2, H2a, H2b, H2c dan H2d

	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
H2	Omnichannel customer experience —>	-	15.107	2.572	0.010	0.982
	Brand Love					
H2a	Hedonic motivation> Omnichannel	0.698	0.067	10.495	0.000	1.000
	customer experience					
H2b	Hedonic motivation> Omnichannel	-	-	-	0.010	0.982
	customer experience> Brand Love					(1.000*0.982)
H2c	Utilitarian motivation —>	0.320	0.067	4.534	0.000	1.000
	Omnichannel customer experience					
H2d	Utilitarian motivation —>	-	-	-	0.010	0.982
	Omnichannel customer experience —>					(1.000*0.982)
	Brand Love					

Source: (SmartPLS, 2022)

# 5. Hypothesis Testing of H3, H3a and H3b

The first analysis was conducted to latent variable correlation described on outer model testing. Technic interactivity and social Interactivity can develop a variable construct of perceived interactivity. Connectivity, integration, consistency, and flexibility can develop a variable construct of omnichannel customer experience. Sensory brand experience, affective brand experience, and intellectual brand experience can develop a variable construct of brand love

The second analysis was conducted to determine the level of 1) the effect of perceived interactivity on omnichannel customer experience indicated by R<sup>2</sup> value of 0.131 or 13.1%, 2) the indirect effect of perceived interactivity to brand love intervened by omnichannel customer experience indicated by R<sup>2</sup> value of 0.129 or 12.9%, and 3) effect of perceived interactivity to brand love indicated by R<sup>2</sup> value of 0.151 or 15.1%. This study revealed that perceived interactivity cannot influence omnichannel customer experience and brand love.

In this study, the main hypothesis that was tested was H3, H3a, and H3b. The significance of P-value 0.00 > 0.05 means that H3a described in Table 7 was rejected. A previous study (Wang et al., 2020) did not work for the retail fashion industry that operated in Indonesia. When

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examining the impacts of perceived interactivity on omnichannel customer experience and brand love in an international clothing brand whose physical stores have been operating in Indonesia, mobile commerce, and electronic commerce. There are several theoretical and managerial implications of this study. Based on the research model, this study expanded our understanding and academic perspectives of omnichannel fashion retail by verifying the perceived interactivity concentrated on technology features and social characteristics of fully omnichannel. Previous studies have mainly concentrated on Facebook Fan Page perceived interactivity only.

Table 7. Hypothesis testing of H3, H3a and H3b

	Hypothesis	λ	STDEV	T-	P-	R-square
				values	values	
Н3	Perceived Interactivity>	0.000	0.001	0.059	0.953	0.131
	Omnichannel Customer					
	Experience					
H3a	Perceived Interactivity>	-	-	-	0.997	0,129
	Omnichannel Customer					(0.131*0.982)
	Experience> Brand Love					
H3b	Perceived Interactivity>	-	-	-	0.997	0,151
	Brand Love	0.000				

Source: (SmartPLS, 2022)

#### **CONCLUSION**

After analyzing the theories and the results of the previous studies, the most important thing in running a clothing retail business with an omnichannel innovation strategy is to understand hedonic and utilitarian motivations so that a positive customer experience is formed. If consumers have a positive experience during the shopping process, it will form a strong brand love. It was known for a long time, that a strong brand is one of the indicators of high-value marketing performance. In the three independent variables test, perceived interactivity had a lower influence on brand love. The provisional conjecture requires the role of variable control on the direct effect of perceived interactivity on brand love. Thus, it becomes a recommended research model for the future.

Despite successfully proving the research hypotheses, researchers felt one of the biggest flaws in the study was only collecting data on consumers of international clothing products. The reason is that clothing retailers from Indonesia have yet to create a mobile commerce platform.

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