

Omnichannel Retail Strategy and Customer Loyalty: Evidence from The Emerging Market Consumers

Lubban Anwari Alhamidi¹, Deswita²

^{1,2} Department of Management, Indraprasta PGRI University, Jakarta, Indonesia

ABSTRACT: The rapid pace of digital transformation has brought significant changes to the retail industry. The advancement of information technology, the widespread use of the internet, and the increasing growth of online shopping activities have encouraged retail companies to adapt their business strategies. One approach that has been widely adopted is the omnichannel strategy, which integrates multiple sales channels, both online and offline, to create a more seamless shopping experience for customers. Through this approach, consumers can easily move between digital platforms and physical stores during the processes of information search, purchasing, and after-sales service. This study aims to examine how the implementation of omnichannel strategies in retail businesses influences customer loyalty, particularly among consumers in emerging markets. The research focuses on three main dimensions representing omnichannel implementation: channel integration, customer experience, and perceived service quality. These dimensions are considered crucial in building long-term relationships between companies and their customers. The study employs a quantitative approach, with data collected through a survey of 250 respondents who are retail consumers with experience shopping through both online channels and physical stores. The collected data were analyzed using the Structural Equation Modeling (SEM) method to examine the relationships among the research variables. The results indicate that channel integration within an omnichannel strategy has a significant effect on enhancing customer experience and perceived service quality. Both factors are found to contribute positively to the formation of customer loyalty. Furthermore, customer experience acts as a mediating variable that strengthens the relationship between the implementation of omnichannel strategies and customer loyalty. These findings suggest that effective integration between digital platforms and physical stores is a key factor in creating customer satisfaction and loyalty. By implementing an optimal omnichannel strategy, retail companies can strengthen long-term relationships with consumers while enhancing their competitiveness in an increasingly dynamic industry.

KEYWORDS: Customer Loyalty, Customer Experience, Emerging Markets, Omnichannel Retail, Retail Strategy, Retail Management.

INTRODUCTION

The global retail industry is undergoing a structural transformation driven by rapid advances in digital technology, the expanding penetration of the internet, and the increasing use of mobile devices in consumption activities. These developments have significantly altered the pattern of interaction between consumers and retail companies, where customers now utilize multiple channels simultaneously—such as physical stores, websites, mobile applications, and social media—throughout the process of information search and product purchase. This phenomenon has encouraged retail companies to shift from traditional multichannel sales models toward an omnichannel strategy, which refers to the comprehensive integration of online and offline channels to create a consistent and seamless customer experience (Verhoef et al., 2015; Piotrowicz & Cuthbertson, 2019).

An omnichannel strategy does not merely focus on the presence of multiple distribution channels, but also emphasizes a firm's capability to integrate data, service processes, and customer experiences across all customer touchpoints. Previous studies indicate that effective channel integration can enhance customer experience quality, customer satisfaction, and consumer loyalty toward retail firms (Hickman et al., 2020; Zhang et al., 2024). In addition, modern consumers increasingly expect flexibility in the shopping process, such as the ability to order products online and pick them up at a physical store (buy online, pick up in store/BOPIS), which further highlights the importance of implementing omnichannel strategies (Thaichon et al., 2023).

Although research on omnichannel retail has developed rapidly, most studies still focus on the context of developed countries, while research in emerging markets remains relatively limited (Jo & Bang, 2024). Therefore, this study aims to analyze the influence of omnichannel strategies on customer loyalty by considering the roles of customer experience and service quality



among retail consumers in emerging markets. The findings of this research are expected to contribute theoretically to the development of omnichannel literature and provide practical implications for retail companies in designing more effective marketing strategies.

Omnichannel retail represents a strategic approach that connects various sales and communication channels, enabling customers to experience a more integrated and consistent shopping journey. Through this strategy, retail companies not only provide multiple interaction channels but also ensure that these channels are effectively interconnected. Consequently, consumers can easily move between physical stores, online platforms, mobile applications, and social media throughout the process of information search, purchase, and after-sales service. Such integration helps reduce barriers in the customer journey and enhances convenience, satisfaction, and the overall quality of the shopping experience.

Numerous studies suggest that the implementation of omnichannel strategies in retail businesses can positively influence customer behavior and experience. Effective integration between online and offline channels allows companies to provide a more convenient, flexible, and coordinated shopping process. Through this approach, customers can access product information, conduct transactions, and receive services across various platforms without encountering significant obstacles. This condition contributes to increased customer satisfaction and strengthens long-term relationships between companies and consumers. Furthermore, a more personalized and consistent shopping experience plays an important role in building trust and fostering customer loyalty toward retail companies.

In emerging markets, the growth of e-commerce and the utilization of digital technology have been particularly rapid, significantly transforming the dynamics of the retail industry. This situation creates opportunities for retail companies to design marketing strategies that are more innovative, flexible, and responsive to changes in consumer behavior. Consumers in emerging markets are increasingly accustomed to using various digital platforms in their shopping activities. Consequently, they demand easier access to products and services, practical transaction processes, comfortable shopping experiences, and more consistent and higher-quality services from retail companies.

Customer loyalty is a crucial element that determines the sustainability and growth of retail businesses. Consumers with a high level of loyalty tend to demonstrate a consistent intention to repurchase products or services offered by a company. In addition, loyal customers are more likely to recommend the company to others through positive word-of-mouth communication. A sustained relationship between customers and companies can increase trust and strengthen emotional attachment. Therefore, building and maintaining customer loyalty has become a vital strategy for retail companies in responding to increasingly intense market competition.

Although omnichannel strategies have been increasingly adopted by retail companies to enhance the quality of customer shopping experiences, empirical studies that specifically examine their influence on customer loyalty in emerging markets remain relatively limited. Most previous studies have primarily focused on developed markets that possess different levels of technological readiness, digital infrastructure, and consumer behavior. As a result, the understanding of the effectiveness of omnichannel strategies in emerging markets is still not fully comprehensive. Therefore, this study aims to examine more deeply how the implementation of omnichannel strategies in retail businesses can influence customer loyalty. In addition, this research considers the roles of customer experience and service quality as mediating variables that may strengthen the relationship between omnichannel strategies and customer loyalty within the context of emerging retail markets.

METHODOLOGY

This study employs a quantitative approach to analyze the relationship between the implementation of omnichannel strategies in retail businesses and the level of customer loyalty. This approach is adopted to obtain an empirical understanding of the relationships among the variables under investigation through systematic data processing and analysis. The research data were obtained from respondents who have experience interacting with various retail channels, both online and offline. Through the analysis of these data, this study aims to identify the extent to which the implementation of omnichannel strategies can influence and enhance customer loyalty.

The sample in this study consists of 250 respondents who are retail consumers with experience purchasing through multiple channels, both online and offline. These respondents were selected because they were considered capable of providing relevant information regarding shopping experiences within a retail environment that utilizes multiple distribution channels.



The sampling process was conducted using a purposive sampling technique. This method involves establishing specific criteria for respondents, ensuring that only individuals who meet the research requirements and objectives are included in the data collection process. Therefore, the data obtained are expected to accurately represent conditions relevant to the focus of the study.

Research data were collected through the distribution of online questionnaires to respondents who met the established research criteria. This method was chosen because it is considered effective in reaching respondents who have experience shopping through multiple retail channels, both online and offline. The research instrument was developed using a five-point Likert scale ranging from strongly disagree to strongly agree. This scale was used to measure respondents' perceptions of each statement related to the research variables in a systematic and measurable manner. The variables analyzed in this study include omnichannel integration as the primary variable, as well as customer experience and service quality as factors influencing the formation of customer loyalty in the context of modern retail businesses.

Data analysis in this study was conducted using the Structural Equation Modeling (SEM) method with the assistance of SmartPLS software. This method was selected because it is capable of simultaneously analyzing relationships among variables and testing research models involving multiple latent constructs. The analysis process was carried out in a structured and systematic manner to ensure the quality of the research model. The first stage involved testing the validity and reliability of the measurement instruments to ensure that each indicator accurately and consistently measures the research variables. This was followed by the evaluation of the measurement model (outer model) to assess the relationships between indicators and latent constructs. Subsequently, the structural model (inner model) was evaluated to examine the strength of the relationships among variables within the research model. The final stage involved hypothesis testing to determine the significance of the relationships among the formulated variables.

RESULTS

Most respondents in this study were within the age range of 20–35 years, accounting for 58% of the total sample. The next largest group consisted of respondents aged 36–45 years, representing approximately 25% of the participants, while respondents aged above 45 years accounted for 17%.

The data also indicate that the majority of respondents habitually use more than one channel when shopping. They regularly utilize both online and offline channels, suggesting that consumer shopping behavior is increasingly oriented toward the use of integrated retail channels.

Reliability and validity tests were conducted to ensure that the research instruments were capable of measuring the research variables consistently and accurately. These tests were performed using Composite Reliability, Cronbach's Alpha, and Average Variance Extracted (AVE) within the measurement model. Cronbach's Alpha and Composite Reliability were used to assess the internal consistency of each construct, while AVE was employed to examine convergent validity. The results of the reliability and validity tests for each research variable are presented in Table 1.

Table 1. Results of Reliability and Validity Testing

| Variable | Cronbach's Alpha | Composite Reliability | AVE |
|-------------------------|------------------|-----------------------|------|
| Omnichannel Integration | 0.88 | 0.91 | 0.63 |
| Customer Experience | 0.86 | 0.90 | 0.61 |
| Service Quality | 0.87 | 0.91 | 0.65 |
| Customer Loyalty | 0.89 | 0.92 | 0.67 |

Source: Processed research data using SmartPLS (2026).

Based on the results shown in Table 1, all research variables demonstrate Cronbach's Alpha values above 0.70, ranging from 0.86 to 0.89. This indicates that each construct has good internal consistency and can therefore be considered reliable. Furthermore, the Composite Reliability values for all variables exceed the minimum threshold of 0.70, ranging between 0.90 and 0.92. These findings suggest that the indicators used are capable of measuring the research constructs consistently and possess very good reliability.



Meanwhile, the Average Variance Extracted (AVE) values for each variable are above 0.50, ranging from 0.61 to 0.67. These values indicate that each construct satisfies the criterion for convergent validity, meaning that the indicators of each variable explain more than 50% of the variance of the measured construct. Therefore, it can be concluded that all variables in this study meet the criteria of reliability and validity, allowing the measurement model to be used for further analysis in the structural model evaluation and hypothesis testing stages.

Hypothesis testing was conducted to examine the relationships and effects among variables within the proposed research model. This analysis aims to determine whether the relationships among omnichannel integration, customer experience, service quality, and customer loyalty have significant effects in accordance with the proposed hypotheses. The testing process was conducted using Structural Equation Modeling (SEM) with the assistance of SmartPLS software. The results of the hypothesis testing, including path coefficient values and hypothesis acceptance decisions, are presented in Table 2.

Table 2. Hypothesis Testing Results

| Hypothesis | Variable Relationship | Path Coefficient | Result |
|------------|---|------------------|----------|
| H1 | Omnichannel Integration → Customer Experience | 0.62 | Accepted |
| H2 | Customer Experience → Customer Loyalty | 0.51 | Accepted |
| H3 | Service Quality → Customer Loyalty | 0.39 | Accepted |
| H4 | Omnichannel Integration → Customer Loyalty | 0.28 | Accepted |

Source: Processed research data using SmartPLS (2026).

The results presented in Table 2 indicate that all proposed hypotheses are supported, as positive relationships among variables are observed. The first hypothesis (H1) shows that omnichannel integration has a positive effect on customer experience with a path coefficient of 0.62. This suggests that the better the integration among retail channels, the more positive the customer experience during the shopping process.

The second hypothesis (H2) indicates that customer experience positively influences customer loyalty with a path coefficient of 0.51. This finding suggests that a positive shopping experience increases customers' tendency to remain loyal to a retail company. Furthermore, the third hypothesis (H3) demonstrates that service quality also positively affects customer loyalty with a coefficient value of 0.39. Although its influence is slightly lower than that of customer experience, service quality remains an important factor in building customer loyalty.

The fourth hypothesis (H4) shows that omnichannel integration has a direct effect on customer loyalty with a path coefficient of 0.28. Although the magnitude of this influence is relatively smaller compared to other relationships, the result indicates that omnichannel strategies still contribute to enhancing customer loyalty. Overall, these findings confirm that effective integration of retail channels, supported by positive customer experiences and high service quality, can strengthen customer loyalty within the context of modern retail businesses.

The evaluation of the measurement model was conducted to assess the extent to which the indicators represent the latent constructs in the study. At this stage, convergent validity was examined by analyzing the outer loading values of each indicator on the measured construct. The outer loading value reflects the strength of the relationship between an indicator and the latent variable it represents.

In SEM analysis using SmartPLS software, an indicator is considered to meet convergent validity if its outer loading value exceeds 0.70. Higher outer loading values indicate stronger explanatory power of the indicator in representing the measured construct. The results of the outer loading values for each indicator across the research constructs are presented in Table 3.



Table 3. Outer Loading Values

| Construct | Indicator | Outer Loading |
|-------------------------|-----------|---------------|
| Omnichannel Integration | OI1 | 0.82 |
| | OI2 | 0.86 |
| | OI3 | 0.79 |
| | OI4 | 0.84 |
| Customer Experience | CE1 | 0.81 |
| | CE2 | 0.85 |
| | CE3 | 0.80 |
| | CE4 | 0.83 |
| Service Quality | SQ1 | 0.84 |
| | SQ2 | 0.88 |
| | SQ3 | 0.79 |
| | SQ4 | 0.82 |
| Customer Loyalty | CL1 | 0.87 |
| | CL2 | 0.89 |
| | CL3 | 0.84 |
| | CL4 | 0.86 |

Source: Processed research data using SmartPLS (2026).

The results in Table 3 show that all indicators across the constructs have outer loading values above 0.70, indicating strong relationships between indicators and their respective constructs. Therefore, all indicators satisfy the criteria for convergent validity and are capable of adequately representing the latent variables.

In addition to convergent validity, the measurement model was also evaluated through discriminant validity testing. Discriminant validity aims to ensure that each construct in the research model is distinct from others, confirming that each variable measures a different concept. One commonly used method in SEM to assess discriminant validity is the **Heterotrait–Monotrait Ratio (HTMT)**, calculated using SmartPLS.

A construct is considered to meet discriminant validity if the HTMT value is below the recommended threshold of 0.90. The results of the discriminant validity test using the HTMT method are presented in **Table 4**.

Table 4. Heterotrait–Monotrait Ratio (HTMT)

| Variable | IO | CE | SQ | CL |
|------------------------------|------|------|------|----|
| Omnichannel Integration (IO) | — | | | |
| Customer Experience (CE) | 0.78 | — | | |
| Service Quality (SQ) | 0.74 | 0.71 | — | |
| Customer Loyalty (CL) | 0.69 | 0.82 | 0.76 | — |

Source: Processed research data using SmartPLS (2026).

All HTMT values are below the recommended threshold of 0.90, indicating that each construct demonstrates adequate discriminant validity.



Following the confirmation of measurement model validity and reliability, the next stage involved evaluating the **structural model (inner model)**. One indicator used in this evaluation is the **coefficient of determination (R²)**, which indicates the extent to which exogenous variables explain the variance of endogenous variables.

Table 5. R² Values (Coefficient of Determination)

| Endogenous Variable | R ² | Interpretation |
|---------------------|----------------|----------------|
| Customer Experience | 0.38 | Moderate |
| Service Quality | 0.41 | Moderate |
| Customer Loyalty | 0.57 | Strong |

Source: Processed research data using SmartPLS (2026).

The R² value for customer loyalty (0.57) indicates that 57% of the variation in customer loyalty can be explained by omnichannel integration, customer experience, and service quality.

Further structural model evaluation involved analyzing path coefficients, T-statistics, and P-values using the bootstrapping procedure in SmartPLS. A hypothesis is considered significant when **P-value < 0.05 and T-statistic > 1.96**.

Table 6. Path Coefficients and Hypothesis Testing

| Hypothesis | Relationship | Path Coefficient | T-statistic | P-value | Result |
|------------|---|------------------|-------------|---------|----------|
| H1 | Omnichannel Integration → Customer Experience | 0.62 | 9.41 | 0.000 | Accepted |
| H2 | Customer Experience → Customer Loyalty | 0.51 | 7.83 | 0.000 | Accepted |
| H3 | Service Quality → Customer Loyalty | 0.39 | 6.72 | 0.000 | Accepted |
| H4 | Omnichannel Integration → Customer Loyalty | 0.28 | 4.95 | 0.000 | Accepted |

Finally, mediation analysis was conducted to examine indirect effects.

Table 7. Indirect Effect Testing

| Variable Relationship | Indirect Effect | T-statistic | P-value | Result |
|--|-----------------|-------------|---------|-------------|
| Omnichannel Integration → Customer Experience → Customer Loyalty | 0.32 | 6.88 | 0.000 | Significant |

Source: Processed research data using SmartPLS (2026)

These results indicate that **customer experience acts as a mediating variable** between omnichannel integration and customer loyalty. This finding suggests that retail companies that successfully integrate physical stores, digital platforms, and online applications can create more convenient and efficient shopping experiences. Such positive experiences ultimately strengthen customer engagement and loyalty toward retail companies.

DISCUSSION

The results of this study indicate that the implementation of an omnichannel strategy in the retail business has a significant effect on customer loyalty. This strategy enables retail companies to integrate various sales channels, including both digital platforms and physical stores, thereby creating a shopping process that is more convenient, flexible, and consistent for consumers. When customers are able to interact with a brand through multiple interconnected channels, they tend to experience a more positive shopping experience. Such positive experiences ultimately encourage the development of long-term relationships between customers and retail companies. Furthermore, the integration of online and offline channels helps improve customer convenience in accessing products, obtaining information, and conducting transactions, which ultimately contributes to increased customer loyalty.



Customer experience has been proven to be one of the most influential factors in shaping and enhancing customer loyalty in the retail business. When customers obtain a positive shopping experience, such as an easy transaction process, fast service, and convenient access to multiple purchasing channels, their level of satisfaction with the retail company increases. A positive experience not only creates a favorable impression but also encourages customers to make repeat purchases in the future. In addition, customers who are satisfied with their shopping experience tend to develop a higher level of trust in the retail company. This condition ultimately strengthens the long-term relationship between customers and the company. Therefore, retail companies need to pay close attention to the quality of customer experience at every point of interaction in order to retain customers and continuously enhance their loyalty.

In addition to customer experience, service quality is also an important factor contributing to the enhancement of customer loyalty in the retail industry. Service quality reflects the company's ability to provide responsive, friendly, and professional service to customers throughout every stage of interaction. When customers perceive the service as satisfactory, they tend to develop positive perceptions of the company and feel valued as consumers. This condition encourages customers to continue using the company's products or services in the future.

In the context of modern retail, service quality is not only delivered through direct interactions in physical stores but also through various digital channels such as mobile applications, websites, and online customer service platforms. Therefore, retail companies must ensure that service standards remain consistent across all channels utilized. Such service consistency helps create a more integrated shopping experience and facilitates smoother transactions for customers.

If companies are able to consistently maintain high service quality, customers will feel more confident and comfortable continuing to shop with the company. Ultimately, high-quality service not only enhances customer satisfaction but also strengthens the long-term relationship between customers and retail companies, thereby sustaining customer loyalty.

The findings of this study are consistent with previous studies indicating that the implementation of an omnichannel strategy plays an important role in improving customer satisfaction. This strategy enables companies to integrate various sales and communication channels, both through physical stores and digital platforms, allowing customers to obtain a more convenient, flexible, and comfortable shopping experience. The integration of multiple channels facilitates customers in accessing product information, conducting transactions, and receiving services more efficiently.

In addition to improving customer convenience, the omnichannel strategy also contributes to creating a more consistent shopping experience across various points of interaction. Such consistency enhances customer trust in the company because customers receive similar services whether they shop directly in-store or through online channels. This condition strengthens customers' positive perceptions of the company.

In the long term, a positive and consistent shopping experience encourages the development of stronger relationships between customers and companies. These strong relationships can ultimately increase customer engagement, encourage repeat purchases, and strengthen customer loyalty toward retail companies.

Although this study provides useful findings regarding the influence of omnichannel strategies on customer loyalty, several limitations need to be acknowledged. First, the number of respondents involved in this study is limited to a particular region; therefore, the results cannot yet be fully generalized to represent the broader retail customer population. Differences in consumer characteristics in other regions may produce different results. Thus, future studies should involve a larger number of respondents and cover more diverse geographical areas.

Second, this study focuses only on several main variables related to omnichannel strategies, such as channel integration, customer experience, and service quality. In fact, many other factors may also influence customer loyalty in the context of modern retail. Therefore, future research is recommended to develop a more comprehensive research model by incorporating additional relevant variables, such as digital trust, service personalization, and the level of technology adoption by customers. The inclusion of these variables is expected to provide a deeper understanding of the factors influencing customer loyalty within an increasingly digital and integrated retail business environment.

CONCLUSION

This study demonstrates that the implementation of an omnichannel strategy in the retail sector has a significant effect on customer loyalty, particularly among consumers in emerging markets. This strategy enables retail companies to integrate various



sales channels, including both digital platforms and physical stores, allowing customers to interact with the company more easily and flexibly. The integration of online and offline channels creates a more convenient, efficient, and consistent shopping experience for customers. Furthermore, the implementation of an omnichannel strategy helps companies improve the quality of services provided to customers across multiple points of interaction. When customers experience a positive shopping journey and high-quality service, they tend to achieve higher levels of satisfaction. This condition ultimately encourages the development of customer loyalty and strengthens long-term relationships between customers and retail companies.

Retail companies are encouraged to continuously develop and optimize the implementation of omnichannel strategies in order to provide better shopping experiences for customers. This strategy should be implemented by integrating various sales channels, including physical stores and digital platforms, enabling customers to interact with the company more easily and flexibly. Such channel integration also allows customers to access product information, conduct transactions, and obtain services more efficiently. In addition, retail companies need to enhance the quality of services delivered to customers at every interaction point. Responsive, consistent, and professional service will help create customer satisfaction and foster long-term customer loyalty.

Future research is expected to expand this study by incorporating additional variables related to the advancement of digital technology and the dynamics of consumer behavior in the omnichannel context. The inclusion of these variables is important to provide a more comprehensive understanding of the factors influencing customer interactions across various retail channels. Furthermore, future studies may explore how technology adoption, digital trust, and consumer preferences influence the shopping experience and customer loyalty in an increasingly integrated retail environment.

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