

THE EFFECT OF BUY ONLINE AND PICKUP IN STORE ON CUSTOMER SATISFACTION AND LOYALTY IN CHINA FASHION RELATED SMEs

UNIVERSITI PENDIDIKAN SULTAN IDRIS

2025



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SATISFACTION AND LOYALTY IN CHINA FASHION RELATED SMEs

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THESIS PRESENTED TO QUALIFY FOR DOCTOR OF PHILOSOPHY

FACULTY OF MANAGEMENT AND ECONOMICS
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ABSTRACT

The primary objective of this study is to examine the effect Buy-Online-and-Pickup-In-Store (BOPS) strategy implementation on customer satisfaction and loyalty within China's fashion-related small and medium enterprises (SMEs). Additionally, the study analyzes the mediating effect of customer satisfaction on the relationship between price, service, and product type with customer loyalty, as well as the moderating effects of shopping values, age, and income on the relationship between price, service, and product type with customer satisfaction. A quantitative research approach was employed, involving 388 respondents who had used the BOPS model in purchasing Fast-Moving Consumer Goods (FMCG). Respondents were selected using a combination of cluster sampling and purposive sampling techniques. Data from valid questionnaires were analyzed using Structural Equation Modelling (SEM). The findings reveal that price ($\beta=0.301$, $p<0.001$), service ($\beta=0.339$, $p<0.001$), and product type ($\beta=0.123$, $p=0.020$) have a significant and positive effect on customer satisfaction. Furthermore, price ($\beta=0.194$, $p<0.001$), service ($\beta=0.205$, $p<0.001$), and product type ($\beta=0.132$, $p<0.020$) also positively and significantly enhance customer loyalty. Customer satisfaction significantly mediates the relationship between price ($\beta=0.052$, $p=0.003$) and service ($\beta=0.059$, $p=0.009$) with customer loyalty, but does not mediate the relationship between product type and customer loyalty ($\beta=0.021$, $p=0.056$). In addition, shopping values moderate the relationships between price ($\beta=0.105$, $p=0.010$), service ($\beta=0.240$, $p<0.001$), and product type ($\beta=0.202$, $p<0.001$) with customer satisfaction, whereas age and income do not show significant moderating effects. In conclusion, this study confirms that customer satisfaction and loyalty are influenced by price, service, and product type. Moreover, customer loyalty can be developed by ensuring customer satisfaction is achieved through pricing and service strategies. However, shopping values may moderate the impact of price, service, and product type on customer satisfaction. Therefore, SMEs applying the BOPS model should pay close attention to pricing, service, and product decisions by considering the nature of shopping values of their target market segments.





KESAN PEMBELIAN DALAM TALIAN DAN PENGAMBILAN DI KEDAI TERHADAP KEPUASAN DAN KESETIAAN PELANGGAN DALAM PKS CHINA BERKAITAN FESYEN

ABSTRAK

Objektif utama kajian ini adalah untuk menganalisis kesan pelaksanaan strategi Pembelian Dalam Talian Pungut Di Kedai (PDTPK) terhadap kepuasan dan kesetiaan pelanggan dalam kalangan Perusahaan Mikro, Kecil, Sederhana (PMKS) berkaitan fesyen di China. Selain itu, kajian ini menganalisis kesan mediasi kepuasan pelanggan dalam hubungan antara harga, perkhidmatan, dan jenis produk dengan kesetiaan pelanggan serta kesan moderasi nilai pembelian, umur, dan pendapatan ke atas hubungan antara harga, perkhidmatan, dan jenis produk dengan kepuasan pelanggan. Pendekatan penyelidikan kuantitatif telah digunakan dalam kajian ini melibatkan 388 responden yang pernah menggunakan model PDTPK dalam pembelian Barang Kecantikan Berkaitan Pakaian (BKBP). Responden telah dipilih melalui gabungan teknik persampelan kluster dan persampelan bertujuan. Data daripada soal selidik yang sah telah dianalisis menggunakan Pemodelan Persamaan Berstruktur (SEM). Dapatan kajian menunjukkan bahawa harga ($\beta=0.301$, $p<0.001$), perkhidmatan ($\beta=0.339$, $p<0.001$), dan jenis produk ($\beta=0.123$, $p=0.020$) memberi pengaruh yang signifikan dan positif terhadap kepuasan pelanggan. Seterusnya, harga ($\beta=0.194$, $p<0.001$), perkhidmatan ($\beta=0.205$, $p<0.001$) dan jenis produk ($\beta=0.132$, $p<0.020$) juga meningkatkan kesetiaan pelanggan secara positif dan signifikan. Kepuasan pelanggan memediasi secara signifikan hubungan antara harga ($\beta=0.052$, $p=0.003$) dan perkhidmatan ($\beta=0.059$, $p=0.009$) dengan kesetiaan pelanggan, tetapi tidak memediasikan hubungan antara jenis produk dan kesetiaan pelanggan ($\beta=0.021$, $p=0.056$). Selain itu, nilai pembelian memoderasi hubungan antara harga ($\beta=0.105$, $p=0.010$), perkhidmatan ($\beta=0.240$, $p<0.001$) dan jenis produk ($\beta=0.202$, $p<0.001$) dengan kepuasan pelanggan, manakala umur dan pendapatan tidak menunjukkan kesan moderasi yang signifikan. Kesimpulannya, kajian ini mengesahkan bahawa kepuasan dan kesetiaan pelanggan dipengaruhi oleh harga, perkhidmatan dan jenis produk. Di samping itu, kesetiaan pelanggan boleh dibina dengan memastikan kepuasan pelanggan dicapai melalui strategi harga dan perkhidmatan. Namun, nilai pembelian boleh memoderasi kesan harga, perkhidmatan dan jenis produk ke atas kepuasan pelanggan. Oleh itu, PMKS yang mengaplikasikan PDTPK wajar memberi perhatian terhadap penentuan harga, perkhidmatan dan jenis produk dengan mengambilkir sifat nilai pembelian pelanggan dalam segmen pasaran mereka.



CONTENTS

	Page
DECLARATION OF ORIGINAL WORK	ii
DECLARATION OF THESIS SUBMISSION	iii
ACKNOWLEDGEMENT	iv
ABSTRACT	v
ABSTRAK	vi
TABLE OF CONTENT	vii
LIST OF TABLES	xvi
LIST OF FIGURES	xix
LIST OF ABBREVIATIONS	xxi
LIST OF APPENDICES	xxii
CHAPTER 1 INTRODUCTION	
1.1 Introduction	1
1.2 Background of the Study	9
1.3 Problem Statement	18
1.4 Research Objectives	31
1.5 Research Questions of Study	32
1.6 Research Hypotheses	34
1.7 Conceptual Framework of the Study	36
1.8 Significance of the Study	38
1.8.1 Theoretical Significance	41
1.8.2 Practical Significance	43

1.9	Limitations of the Study	46
1.10	Scope of the Study	47
1.11	Operational Definitions	48
1.11.1	Omni-channel	48
1.11.2	Fashion Fast-Moving Consumer Goods (FMCG) Retail SMEs	49
1.11.3	Buy Online, Pick-up in Store (BOPS) Model	49
1.11.4	Customer Satisfaction	49
1.11.5	Customer Loyalty	49
1.11.6	Price	50
1.11.7	Service	50
1.11.8	Product Type	50
1.11.9	Age and Income	51
1.11.10	Shopping Values	51
1.12	Structure of The Thesis	51

CHAPTER 2 LITERATURE REVIEW

2.1	Introduction	55
2.2	Overview of FMCG In SMEs Selling Fashion	57
2.3	Bops Model	59
2.4	Theoretical Foundations of the Research	74
2.4.1	Stimulus-Organism-Response Model	74
2.4.1.1	Concept of SOR Theoretical Model	75
2.4.1.2	Application of SOR Theoretical Model	76
2.4.2	BOPS Model in Fashion Fast-Moving Consumer Goods Retail in SMEs	79

2.4.2.1	Concept of BOPS Model	79
2.4.2.2	Application of BOPS Model	80
2.4.3	BOPS Model in SOR Model	87
2.5	Customer Satisfaction	92
2.5.1	Concept of Customer Satisfaction	93
2.5.2	Research on Customer Satisfaction	95
2.6	Customer Loyalty	100
2.6.1	Concept of Customer Loyalty	101
2.6.2	Research on Customer Loyalty	103
2.7	Hypotheses Development	109
2.7.1	Price and Customer Satisfaction and Loyalty	109
2.7.1.1	Price and Customer Satisfaction	109
2.7.1.2	Price and Customer Loyalty	112
2.7.2	Service and Customer Satisfaction and Loyalty	115
2.7.2.1	Service and Customer Satisfaction	115
2.7.2.2	Service and Customer Loyalty	118
2.7.3	Product Type and Customer Satisfaction and Loyalty	120
2.7.3.1	Product Type and Customer Satisfaction	120
2.7.3.2	Product Type and Customer Loyalty	122
2.7.4	Customers Satisfaction and Customers Loyalty	124
2.7.5	Mediating Effect of Customer Satisfaction	127
2.7.6	Moderating Effect of Shopping Values, Age and Income	131

2.7.6.1	Moderating Effect of Shopping Values (Hedonistic and Utilitarian)	131
2.7.6.2	Moderating Effect of Demographic Factors (Age and Income)	134
2.8	Related Works on Customer Satisfaction and Loyalty in the BOPS Model for Fashion FMCG Retailing	137
2.9	Summary of the Chapter	143

CHAPTER 3 METHODOLOGY

3.1	Introduction	145
3.2	Research Design	146
3.3	Study Population	152
3.4	Sampling	154
3.4.1	Sample Size	156
3.4.2	Sample Objectives	160
3.5	Research Instrument	163
3.6	Pilot Study	168
3.7	Validity and Reliability	180
3.7.1	Validity	181
3.7.1.1	Content Validity	182
3.7.1.2	Construct Validity	183
3.7.2	Reliability	184
3.8	Sampling Techniques and Data Collection	189
3.8.1	Sampling Techniques	189
3.8.2	Data Collection	196
3.9	Data Analysis	198
3.9.1	Preliminary Analysis	200

3.9.2	Descriptive Analysis	202
3.9.3	Inferential Statistics	202
3.10	Ethical Considerations	205
3.11	Summary	207

CHAPTER 4 FINDINGS

4.1	Introduction	209
4.2	Response Rate	210
4.3	Data Cleaning and Preliminary Assumptions	212
4.3.1	Data Cleaning	212
4.3.2	Multicollinearity Analysis	214
4.3.3	Non-Response Bias	216
4.3.4	Normality Test	219
4.3.5	Common Method Bias Test	222
4.4	Descriptive Statistics	226
4.4.1	Demographic Information	226
4.4.2	Descriptive Statistics	230
4.4.2.1	Descriptive Statistics for Shopping Value	230
4.4.2.2	Descriptive Statistics for Price	232
4.4.2.3	Descriptive Statistics for Service	234
4.4.2.4	Descriptive Statistics for Product Type	236
4.4.2.5	Descriptive Statistics for Consumers Satisfaction	238
4.4.2.6	Descriptive Statistics for Consumers Loyalty	240
4.5	Reliability in Actual Study	241
4.6	Validity in Actual Study	243

4.7	Confirmatory Factor Analysis	252
4.7.1	CFA for Individual Constructs	255
4.7.1.1	CFA of Shopping Value Scale	255
4.7.1.2	CFA of Price Scale	257
4.7.1.3	CFA of Service Scale	260
4.7.1.4	CFA of Product Type Scale	262
4.7.1.5	CFA of Consumer Satisfaction Scale	265
4.7.1.6	CFA of Consumer Loyalty Scale	267
4.7.2	Evaluation of Overall CFA	269
4.8	Structural Equation Modeling (SEM) Analysis	273
4.9	Test of Mediation Variable	278
4.9.1	The Mediating Effect of CS Between P And CL	279
4.9.2	The Mediating Effect of CS Between S And CL	281
4.9.3	The Mediating Effect of CS Between PT and CL	284
4.10	Test of Moderation Variable	287
4.10.1	Test of Moderating Effect of SV Between P And CS	288
4.10.2	Test of Moderating Effect of SV Between S And CS	291
4.10.3	Test of Moderating Effect of SV Between Pt And CS	295
4.10.4	Test of Moderating Effect of Age and Income	300
4.10	Summary of Chapter	307



CHAPTER 5 DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.1	Introduction	309
5.2	Summary of Research Objectives	310
5.3	Discussion of Key Findings	317
5.3.1	Discussion of Findings on Price	317
5.3.1.1	The Relationship between Price and Customer Satisfaction	319
5.3.1.2	The Relationship between Price and Customer Loyalty	320
5.3.2	Summary of Findings on Service	322
5.3.2.1	The Relationship between Service and Customer Satisfaction	323
5.3.2.2	The Relationship between Service and Customer Loyalty	324
5.3.3	Summary of Findings on Product Type	325
5.3.3.1	The Relationship between Product Type and Customer Satisfaction	326
5.3.3.2	The Relationship between Product Type and Customer Loyalty	328
5.3.4	Summary of Findings on The Relationship Between Customer Satisfaction and Loyalty	330
5.3.5	Summary of Findings on Mediating Effect of Customer Satisfaction	333
5.3.5.1	Mediating Effect of Customer Satisfaction on Price and Customer Loyalty	334
5.3.5.2	Mediating Effect of Customer Satisfaction on Service and Customer Loyalty	336



5.3.5.3	Mediating Effect of Customer Satisfaction on Product Type and Customer Loyalty	337
5.3.6	Summary of Findings on Moderating Effect of Shopping Values	338
5.3.6.1	Moderating Effect of Shopping Values on Price and Customer Satisfaction	339
5.3.6.2	Moderating Effect of Shopping Values on Service and Customer Satisfaction	341
5.3.6.3	Moderating Effect of Shopping Values on Product Type and Customer Satisfaction	342
5.3.7	Summary of Findings on Moderating Effect of Age	344
5.3.7.1	Moderating Effect of Age on Price and Customer Satisfaction	345
5.3.7.2	Moderating Effect of Age on Service and Customer Satisfaction	346
5.3.7.3	Moderating Effect of Age on Product Type and Customer Satisfaction	347
5.3.8	Summary of Findings on Moderating Effect of Income	348
5.3.8.1	Moderating Effect of Income on Price and Customer Satisfaction	349
5.3.8.2	Moderating Effect of Income on Service and Customer Satisfaction	350
5.3.8.3	Moderating Effect of Income on Product Type and Customer Satisfaction	351
5.4	Implications of the Study	352
5.4.1	Theoretical Implications	352

5.4.2	Practical Implications	354
5.5	Recommendation	355
5.5.1	Recommendations for SMEs	355
5.5.2	Recommendations for Future Research	357
5.6	Research Limitations	360
5.7	Conclusion	361
REFERENCES		364
APPENDIX		393

LIST OF TABLES

Table No.		Page
2.1	Customer Satisfaction Measurement	98
2.2	Customer Loyalty Measurement	107
2.3	Literature Summary	140
3.1	Table of Sample Size Determination by Krejcie and Morgan (1970)	157
3.2	Distribution of Selected Customer Respondents	158
3.3	Content of Questionnaire	164
3.4	Descriptive Analysis of Basic Population Information	170
3.5	Exploratory Factor Analysis	175
3.6	KMO and Bartlett's Test	184
3.7	Reliability Analysis of Each Item	187
3.8	Reliability Analysis of Instrument	189
3.9	Cluster Sampling Group Division	191
3.10	Results of Enterprise Selection After Purposive Sampling	193
3.11	Final Enterprise Sample After Random Sampling	194
3.12	The Result of Research Hypothesis	199
4.1	Response and Usable Questionnaire	211
4.2	Descriptive Statistic of Questionnaire (N=388)	213
4.3	Collinearity Statistics	216
4.4	Paired Samples Test	218
4.5	Descriptive Statistics of the Constructs under Study	219

4.6	Assessment of Normality	221
4.7	Harman Single Factor Test Results	223
4.8	Demographic Information (N=388)	228
4.9	Descriptive Statistics for Shopping Value (N=388)	230
4.10	Descriptive Statistics for Price (N=388)	232
4.11	Descriptive Statistics for Service (N=388)	234
4.12	Descriptive Statistics for Product Type (N=388)	236
4.13	Descriptive Statistics for Consumers Satisfaction (N=388)	238
4.14	Descriptive Statistics for Consumers Loyalty (N=388)	240
4.15	Reliability Statistics	242
4.16	KMO and Bartlett's Test	245
4.17	Exploratory Factor Analysis	247
4.18	Inter Construct Correlation with $\sqrt{\text{AVE}}$ Scores	252
4.19	Criteria of Model Fit Indexes (Chua, 2020; Hair et al., 2010)	254
4.20	Reliability and Convergent Validity Tests for SV	256
4.21	Reliability and Convergent Validity Tests for P	259
4.22	Reliability and Convergent Validity Tests for S	261
4.23	Reliability and Convergent Validity Tests for PT	264
4.24	Reliability and Convergent Validity Tests for CS	266
4.25	Reliability and Convergent Validity Tests for CL	268
4.26	Reliability and Convergent Validity Tests for whole Model	272
4.27	Path Coefficients for Structural Model	276
4.28	Bootstrap Test Results of the Mediating Effect of CS between P and CL	280
4.29	Bootstrap Test Results of the Mediating Effect of CS between S and CL	282

4.30	Bootstrap Test Results of the Mediating Effect of CS between PT and CL	285
4.31	Test of the Moderating Effect of SV between P and CS	288
4.32	Simple Slopes in Moderating Effect Plots	289
4.33	Test of the Moderating Effect of SV between S and CS	292
4.34	Simple Slopes in Moderating Effect Plots	293
4.35	Test of the Moderating Effect of SV between PT and CS	296
4.36	Simple Slopes in Moderating Effect Plots	297
4.37	Summary of Overall Fitness Indicators of the Multi-group Model for Identity Type Variables	302
4.38	Comparison between Unrestricted Model and Restricted Model (Structural Residual Model)	303
4.39	Critical Ratios for Differences between Parameters (Unconstrained)	303
4.40	Summary of Overall Fitness Indicators of the Multi-group Model for Identity Type Variables	305
4.41	Comparison of Unrestricted Model and Restricted Model (Structural Residual Model)	306
4.42	Hypotheses Summary	306

LIST OF FIGURES

Figure No.		Page
1.1	Conceptual Framework	38
1.2	Flowchart of the Study	54
2.1	SOR Model	74
2.2	Variable of the BOPS Model	87
2.3	SOR Model and BOPS Model	87
2.4	Three Basic Conditions of Customer Satisfaction	95
3.1	Research Design of the Study	150
3.2	Paradigm of the Study	152
3.3	Location of Shandong Province, Liaocheng City and Jinan City	153
3.4	Multi-stage Sampling Process	156
3.5	Path Diagram for Mediation Effect	204
3.6	Path Diagram for Moderator Model	205
4.1	Measurement Model of SV	255
4.2	Measurement Model of Price	258
4.3	Measurement Model of Service	260
4.4	Measurement Model of Product Type	263
4.5	Measurement Model of Customer Satisfaction	265
4.6	Measurement Model of Customer Loyalty	267
4.7	CFA of Overall Measurement	270
4.8	The Structure Equation Model of the Study	275



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XX

4.9	Path Coefficients for Structural Model	277
4.10	Diagram of the Adjustment Effect of SV between P and CS	290
4.11	Diagram of the Adjustment Effect of SV between S and CS	294
4.12	Diagram of the Moderating Effect of SV between PT and CS	298



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LIST OF ABBREVIATIONS

AGFI	Adjusted Goodness-of-Fit Index
BOPS	Buy-online-and-Pickup-in-Store
C.R.	Critical Ratio
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
EFA	Exploratory Factor Analysis
FMCG	Fashion Fast Moving Consumer Goods
GFI	Goodness-of-Fit Index
KMO	Kaiser-Meyer-Olkin
NFI	Normed Fit Index
RMSEA	Root Mean Square Error of Approximation
S.E.	Standard Error
SEM	Structural Equation Modeling
SMEs	Small and Medium Sized Enterprises
χ^2	Chi-square





LIST OF APPENDICES

- A Survey Questionnaire in English
- B Survey Questionnaire in Chinese
- C Documentation of Questionnaire Translation Process
- D Expert Evaluation
- E Foreign Expert Information





CHAPTER 1

INTRODUCTION



In the contemporary retail landscape, the rise of e-commerce and technological advancements has opened new avenues for businesses to interact with their customers. The digital revolution has catapulted the retail industry into an era where consumers have access to an abundance of choices right at their fingertips. Traditional small-scale stores, once the mainstay of shopping, have been supplanted by modern organized retail establishments (Hudin et al., 2019). This transition has been particularly pronounced in the post-2020 era, as the global COVID-19 pandemic expedited the shift towards digital shopping channels (Gogua et al., 2022). Technologies like Augmented Reality (AR), Virtual Reality (VR), and Artificial Intelligence (AI) are no longer future concepts but have become integral parts of the customer shopping experience (Wang et al., 2022).





To provide more context, some data should be considered: according to a report by Shopify, global e-commerce sales were projected to reach \$4.9 trillion by 2021, representing substantial growth compared to \$3.5 trillion in 2019 (Lin, 2021). Furthermore, Statista reported that in 2020, over 2 billion people worldwide purchased goods or services online, with e-retail sales accounting for 18% of all retail sales globally (Aiolfi et al., 2022). In the fashion fast-moving consumer goods (FMCG) sector, Digital Commerce 360 notes that online sales surged by nearly 30% in 2020 compared to the previous year. This growth signifies not only a quantitative shift but also a qualitative one (Buyanova et al., 2021).

A survey by Salesforce revealed that 75% of consumers now expect a consistent experience across multiple channels (online and offline), with 80% of consumers stating that the experience a company provides is as important as its products (Gogua et al., 2022). Deloitte's Global Consumer Tracker survey supports this, indicating that 63% of surveyed consumers stated they would continue to spend more for a great experience even post-pandemic (Mendoza, 2021). These statistics underscore the increasingly complex network of channels, platforms, and customer expectations that retailers must navigate. They also underscore the urgency for fashion FMCG retail small and medium-sized enterprises (SME) to adapt to changing market dynamics and emerging consumer behaviors.

The concept of omni-channel retailing has emerged as a promising approach to meet the various needs and expectations of customers. Retailers, particularly in the fashion FMCG sector, encounter a significant challenge: how to create a harmonious and unified customer experience across increasingly fragmented shopping





environments? The post-2020 era has witnessed the emergence of new shopping trends such as "social commerce," where purchasing decisions are increasingly influenced by social media platforms and influencers (Aiolfi et al., 2022). In this context, omni-channel retailing serves as an essential framework for integrating various customer touchpoints, thereby creating a seamless and personalized shopping experience. Omni-channel retailing aims to provide a seamless and consistent shopping experience across multiple channels, encompassing both online and offline platforms.

Since 2020, there has been a surge in "phygital" experiences, which blend physical and digital engagements (Purohit et al., 2022). Customers are increasingly seeking a unified experience, where they can seamlessly transition between online and offline channels. QR codes, interactive mobile apps, and in-store digital kiosks are common features that help bridge these two worlds (Buyanova et al., 2021). This approach has gained traction among SMEs in FMCG retail sector, enabling them to provide a unified customer experience while leveraging the unique advantages of each channel. For SMEs, adapting to these omni-channel strategies is not only a competitive advantage but also a survival imperative. The unique dynamics of the fashion FMCG market, characterized by rapid changes in trends and consumer preferences, make it particularly conducive to omni-channel approaches.

When navigate the complexities of the omni-channel retail landscape, it is crucial to investigate deeper into specific strategies that have shown promise in meeting customers' expectations. This strategy, which has garnered increasing attention in both scholarly and industry literature, is the Buy Online and Pickup in Store (BOPS) model (Dang & Pham, 2018). It is not merely the customer's journey from online browsing to





offline purchase, or vice versa, that is of interest, but rather the entire ecosystem that supports this seamless transition (Albattat et al., 2019). What drives the success of omni-channel retailing is a coherent strategy that aligns well with emerging consumer behavior. Given the increasing proliferation of mobile devices and smart technologies, consumers are now more empowered than ever. For example, in a survey conducted by Google, it was found that 83% of U.S. shoppers who had visited a store in the past week reported using online search before entering the store (Mendoza, 2021). This 'webrooming' behavior, where consumers research online before heading to the store to make a purchase, highlights the blurring lines between digital and physical shopping experiences.

The evolution in consumer behavior is paralleled by a technological renaissance in the retail sector. Innovations such as Internet of Things (IoT) powered smart shelves, AI-driven recommendation engines, and blockchain for supply chain transparency are converging to redefine consumer expectations in the shopping experience. According to IBM, 85% of retail and 79% of consumer products are expected to utilize IoT by 2020 for various operations, emphasizing the integration of technology into retail strategies (Jabraeil et al., 2020). While fashion FMCG retail SMEs are embracing these technological shifts, they are also grappling with operational challenges such as inventory management, data analytics capabilities, and workforce upskilling for this digital transition. A report by McKinsey & Company reveals that although 70% of consumers anticipate a personalized shopping experience, only 22% affirm that the companies they engage with customize their experiences based on a profound understanding of their needs, preferences, and past behavior (Elmashhara & Soares,





2022). This suggests a disparity between consumer expectations and retailer delivery, a disparity that this study aims to further investigate.

The BOPS model is an integral part of omni-channel retailing, enabling customers to shop online and collect their purchases from physical stores. This model epitomizes a synergistic relationship between online and offline retail channels. In the post-2020 landscape, where consumers have increasingly embraced the conveniences afforded by online shopping, such as the flexibility to browse and compare products anytime and anywhere, they also place value on the immediacy associated with physical retail outlets (Sayyida et al., 2021). Essentially, BOPS is the epitome of omni-channel strategy, providing a bridge between the digital and physical realms of retailing. Industry reports indicate that stores offering BOPS experience an uptick of up to 20% in foot traffic, consequently leading to augmented sales opportunities (A & B, 2019).

The BOPS model combines the convenience of online shopping with the immediacy and tangibility of in-store experiences to enhance customer satisfaction and loyalty. The balance that BOPS strikes between online convenience and in-store tangibility has demonstrated considerable potential in increasing customer satisfaction and loyalty. A recent survey found that nearly 70% of consumers who have utilized a BOPS service were more likely to choose the same retailer again for future purchases. This underscores the pivotal role of BOPS in fostering customer retention (Mendoza, 2021). However, despite its increasing significance, the model is not exempt from challenges. For instance, ensuring inventory accuracy, optimizing store layout for efficient pickups, and maintaining a high standard of customer service throughout the





process are pivotal issues that need to be addressed for successful implementation (Kök & Shang, 2021).

Given the existing barriers to effective BOPS implementation, it is often overlooked how crucial these challenges become when considering fashion FMCG retail SMEs. According to a report by the National Retail Federation, 65% of consumers anticipate seeing in-store inventory available online; however, for many SMEs, this presents a logistical conundrum due to constraints in real-time inventory tracking technologies (Evangelista et al., 2019). These smaller enterprises encounter an additional layer of complexity as they typically operate within tighter budgetary constraints, making the cost of technological infrastructure a significant barrier. A survey conducted by Forrester Research revealed that 54% of SMEs identified budget constraints as a major challenge in implementing omni-channel strategies.

Additionally, fashion FMCG retail SMEs operate in a highly volatile market where trends change rapidly (Murhekar et al., 2021). Fulfilling customer expectations for a diverse range of in-stock items, particularly during in-store pickups of online purchases, presents a formidable task that directly impacts customer satisfaction and loyalty. Additionally, according to a Salesforce report, 79% of consumers assert that the experience provided by a company is as crucial as its products and services, emphasizing the importance of delivering a holistic BOPS experience (Harsha et al., 2019). These challenges are not merely operational but are intrinsically tied to the customer's perception of the brand, which in turn affects customer loyalty and long-term revenue streams. The array of unique challenges encountered by SMEs underscores the necessity for a nuanced understanding of the multifaceted variables





inherent within the BOPS framework, particularly within the specialized domain of fashion FMCG retail SMEs.

Despite the growing adoption of the BOPS model among fashion FMCG retail SMEs, there is limited research on the factors that influence customer satisfaction and loyalty in this specific context (Lei et al., 2024). A notable gap in the existing literature is the absence of targeted research on how the BOPS model affects customer satisfaction and loyalty, especially within the context of fashion FMCG retail SMEs. This gap is noteworthy given the pivotal role SMEs play in numerous economies and their substantial presence in the retail sector. SMEs frequently encounter resource limitations, underscoring the heightened importance of optimizing customer satisfaction and loyalty for their sustenance and expansion (Niu, 2021).



Against this backdrop, it is important to mention that while larger retailers have been extensively studied, SMEs in the fashion FMCG sector confront unique challenges that require specialized research methodologies (Hübner et al., 2015). Traditional studies have predominantly relied on data sourced from larger corporations, leaving a void of academic literature addressing the dynamics of SMEs within the BOPS model. Furthermore, the rapid rise of e-commerce platforms, which have experienced a 44% year-over-year growth according to a report by Adobe, has reshaped consumer perceptions and interactions with SMEs, further underscoring the urgency of this research (Akturk et al., 2018). It is not just about dissecting how different variables such as price, service, and product type affect customer satisfaction and loyalty in a generic sense; it is about understanding these dynamics in the resource-constrained environment that SMEs operate in. These enterprises often lack the latitude for trial and





error and the robust data analytics capabilities of larger firms. As a 2021 survey by Deloitte revealed, 52% of SMEs feel they are not effectively leveraging customer data (Din et al., 2021). The same report suggests that the perceived complexity and costs associated with collecting and analyzing customer data can serve as barriers to adoption. Therefore, targeted research focusing on SMEs can serve as a beacon, furnishing data-backed insights that are readily actionable for these enterprises (Niu et al., 2019). Additionally, an understanding of demographic variables such as income and age can offer further granularity, assisting SMEs in tailoring their BOPS model for specific consumer segments, thereby optimizing customer experience and enhancing business outcomes (Fan, 2022).

This study aims to address these gaps by investigating the relationship between price, service, product type, and customer satisfaction and loyalty for fashion FMCG retail SMEs under the BOPS model, which focuses on online and offline sales. Based on this research background, the core objective of this study is twofold: first, it aims to investigate the variables that most influence customer satisfaction and loyalty in the BOPS model, focusing on elements such as price, service quality, and product type. Secondly, it intends to explore these dynamics specifically within the context of fashion FMCG retail SMEs—a sector that has not been adequately researched despite its increasing adoption of BOPS and omni-channel retailing strategies (Amoako, 2020).

Furthermore, the study will investigate the moderating effects of demographic information (such as income and age) and shopping values (hedonistic and utilitarian). To provide a comprehensive perspective, this research will consider various demographic factors such as income levels and age groups to examine how they





moderate the relationship between the variables and customer satisfaction and loyalty. This multi-dimensional approach aims to provide nuanced insights that are academically significant and practically relevant for fashion FMCG retail SMEs.

The outcomes of this research will not only contribute to the existing literature on omni-channel customer satisfaction and loyalty but also provide practical insights for fashion FMCG retail SMEs to enhance their BOPS strategies efficiency and overall business performance. As SMEs strive to navigate the complexities of modern retail, the insights from this study could prove instrumental be in shaping strategies that are both profitable and customer-centric, enabling businesses to thrive in this new retail landscape.



1.2 Background of the Study

One of the fastest-growing retail markets worldwide is the Chinese market (Grewal et al., 2020). The Chinese market is highly fragmented, dynamic, and made up of a sizable number of small and medium sized retailers, as opposed to developed markets like the America, which have large market capitalization and are dominated by giant retailers, for examples, Walmart and Target (Gu & Tayi, 2017). It is worth noting that fashion FMCG retail SMEs have experienced significant growth in China in recent years. As per reports by McKinsey & Company, the fashion industry alone contributed to a 20% growth in the Chinese retail sector (Purohit et al., 2022). A key driver behind this accelerated growth is rapid urbanization combined with an expanding middle class that increasingly embraces digital lifestyles (Harris, 2017). These SMEs are not merely





surviving but often leading the way in adopting new retail technologies and strategies, including omni-channel retailing.

China is known as a collection of distinct sub-markets with greatly divergent demographic, economic, and cultural features, rather than as a single, cohesive market (Wei & Hao, 2010). Challenges arise from the intricacies of addressing local tastes and preferences, while opportunities emerge from the ability to customize products and services to fulfill the nuanced demands of these diverse sub-markets. Remarkably, the prevalent digitalization has yielded a dual effect; it has not only facilitated the SMEs but has also altered the consumer behavior dramatically. The proliferation in mobile internet usage and the emergence of payment solutions such as WeChat Pay and Alipay have made e-shopping remarkably convenient, shaping a new retail landscape where digital and physical shopping experiences are increasingly intertwined (Tan et al., 2019). Furthermore, consumer data analytics has emerged as a pivotal tool. By leveraging big data, SMEs can discern intricate patterns in consumer behavior, thereby acquiring actionable insights to tailor both online and offline strategies. These trends and capabilities have contributed to the readiness with which SMEs in the fashion FMCG sector have adopted omni-channel strategies like Buy Online, Pickup in Store (BOPS). Amidst the increasing consumer awareness and competition, the differentiating factors extend beyond the traditional elements of cost and quality. Personalization has gained prominence, necessitating an understanding of not just what customers are buying, but also why and how they are buying (Harsha et al., 2019). This is particularly vital in the era of social media, where consumer opinions are publicly visible and wield significant influence over market sentiment. Consequently, the role of customer relationship management (CRM) systems has evolved from transactional





to experiential, assisting SMEs manage a more holistic consumer relationship (Li & Wang, 2019).

The local market structure has undergone a profound transformation in recent years, primarily driven by the emergence of e-commerce giants such as Alibaba, Taobao, and Tencent. SMEs that were previously constrained by geographic accessibility now have considerable prospects thanks to new e-commerce platforms that are expanding market penetration to previously unreachable market segments, driven by rising demand for high quality services and products (Tang & Zhu, 2020; Liu et al., 2020). The digital revolution has substantially reduced entry barriers for SMEs. With the proliferation of the internet, online shopping has become more than just a trend—it is a staple of modern consumer behavior. This transition has been further accelerated by the COVID-19 pandemic, which pushed even the most conservative consumers to explore online shopping avenues, providing SMEs with an even broader customer base (Gogua et al., 2022).

The retailing sector has become more competitive because of the availability of product pricing and information, as well as the collection of offline data and online content. In an omni-channel retailing environment, factors such as price, service, product type, and demographic information are important. Price transparency across all channels is key to building trust with consumers. Similarly, exceptional service can significantly enhance customer satisfaction (Melacini et al., 2018a). Therefore, SMEs are increasingly focusing on integrating advanced analytics and Artificial Intelligence to optimize pricing strategies across different channels. Exceptional service, in this context, extends beyond in-store experiences to encompass online interactions, delivery





efficiency, and post-sales support (Katrodia et al., 2018). Moreover, offering a diverse range of products is essential to cater to the diverse preferences of consumers. Furthermore, understanding the demographic characteristics and shopping values of the customer base can help retailers tailor their offerings more effectively (Ishfaq & Raja, 2018).

Amidst the sweeping transformations catalyzed by the digital revolution, there exists a narrative often overlooked yet highly critical—the symbiotic relationship between technology and consumer expectations, and its profound implications for SMEs in the fashion FMCG sector. Consider the transformative power of analytics and AI, not just in interpreting consumer data, but also in offering predictive insights (Kaur et al., 2020). This technological prowess is changing the way SMEs consider about stock management, real-time pricing adjustments, and even personalized marketing, allowing them to be agile, responsive, and more attuned to market trends. However, it is important to recognize that while technology provides the tools, it is the elevated consumer expectations that direct how these tools are wielded. Today's consumers are not just looking for products but experiences (Prashar et al., 2019). They desire the flexibility to shop at their convenience, whether from the comfort of their homes, during commutes, or in physical stores. Similarly, they expect a range of payment options, fast and reliable delivery services, and most importantly, the ability to switch between online and offline channels seamlessly. The era of isolated, channel-specific shopping is steadily being overshadowed by a more fluid, omni-channel paradigm. This newfound consumer expectation, fortified by technological advancements, is in turn compelling SMEs to re-strategize and reshape their business models. Now, agility is not just an asset but a necessity, and the ability to rapidly adapt to market changes could





well be the dividing line between success and obsolescence (Maharani & Yamit, 2022). SMEs, once underestimated, now possess a unique advantage: their size enables swift decision-making, facilitating the piloting of new technologies and strategies with minimal bureaucratic inertia, and the expedited scaling of successful initiatives (Calvo-Porrá & Levy-Mangin, 2019). Hence, as SMEs continue to navigate this complex but fertile landscape, they must recognize that they are not just in a transactional business but in the business of experience creation. Their success increasingly hinges on the seamless integration of technology with human-centric services, offering holistic solutions that cater to the evolving, digitally empowered consumer. Therefore, as they integrate advanced analytics and AI, adopt new payment gateways, or even venture into emerging technologies like AR and VR for virtual trials, SMEs must ensure that at the core of these strategies lies a deep understanding of their consumer base— their preferences, pain points, and aspirations (Hoyer et al., 2020). This fusion of technological innovation and consumer-centric strategy will ultimately define the retail landscape, particularly for SMEs.

The increase in online shopping in China was driven primarily by the rapid development of e-commerce and technological advancements as most retailers implemented “click and collect” method in which customers can use BOPS services (Huré et al., 2017). In this context, the "click and collect" approach is not just a feature but almost a necessity for SMEs in the fashion FMCG sector. It addresses the consumer's need for instant gratification while providing the opportunity for additional in-store sales, an aspect particularly pertinent given the low-margin nature of FMCG products (Webb et al., 2014). These developments have led to the emergence of omni-channel retailing, a strategy that integrates multiple sales channels, both online and





offline, to offer a seamless and consistent shopping experience to customers (Mladenow, 2018). The growing popularity of omni-channel retailing can be attributed to its ability that enhances customer satisfaction and loyalty, which are critical determinants of retail success (Lapoule & Colla, 2016).

Customer satisfaction and loyalty stand as more than mere buzzwords; they are pivotal performance indicators that can significantly impact the success or failure of SMEs within this fiercely competitive landscape (Afifah et al., 2017). These metrics are increasingly becoming central in boardroom discussions as they directly correlate with long-term sustainability and competitiveness. Customer satisfaction is derived from the overall shopping experience. It goes beyond the product itself, encompassing the ease of the transaction, the quality of customer service, and the overall perception of value for money (Li et al., 2017a). Meanwhile, customer loyalty transcends mere repeat business; it embodies a deep-seated allegiance to a brand that can withstand potential temptations to switch to competitors (Wiener et al., 2018). Therefore, in the era where customer reviews can go viral overnight, the power dynamics have shifted in favor of the customer, making satisfaction and loyalty not merely desirable but indispensable. It is not just about making a repeat purchase, but a willingness to advocate for the brand and an aversion to competitors. In the realm of omni-channel retailing, these two components are crucial for success.

As research into the transformative capabilities of the BOPS model and the undeniable sway of customer satisfaction and loyalty metrics in today's retail landscape, it becomes evident that the success or failure of SMEs, particularly in the fashion FMCG sector, is closely tied to how adeptly they wield these tools and strategies.





FMCGs are products characterized by high turnover rates, frequent purchase, and rapid consumption (Shi et al., 2018a). These goods are typically mass-produced, low-cost, and require minimal consumer involvement in the purchasing decision. FMCGs are essential to daily life, often encompassing items such as food, beverages, personal care products, and household goods. In the fashion industry, FMCGs include apparel, footwear, accessories, and other wearable items that are frequently purchased and replaced due to changing trends, seasonal demands, or wear and tear. The key characteristics of FMCGs include high purchase frequency, low unit cost, short lifecycle, and low consumer involvement. FMCGs are bought regularly, often on a weekly or monthly basis, due to their essential or trendy nature. They are generally affordable, making them accessible to a wide range of consumers. Additionally, FMCGs have a relatively short shelf life, either due to perishability, as seen in seasonal fashion items, or rapid consumption, as with everyday clothing. Purchasing decisions for FMCGs are typically routine and require minimal deliberation, as consumers are familiar with the products and brands. In the fashion FMCG sector, small and medium-sized enterprises (SMEs) play a critical role in catering to diverse consumer preferences and market niches. These SMEs often focus on trend-driven products, such as fast fashion apparel, casual footwear, and affordable accessories, which align with the FMCG characteristics of high turnover and low cost. For example, a fashion FMCG retailer might offer trendy T-shirts, jeans, or sneakers that are frequently updated to reflect the latest styles, encouraging repeat purchases and rapid inventory turnover.

While it is true that the BOPS model, with its balance of online convenience and in-store tangibility, has proven to be a game-changer for many retailers, it is not a one-size-fits-all formula (Gao & Su, 2016). SMEs need to realize that the power of the





BOPS model lies not just in the merging of the online and offline realms but also in the customization and personalization it can offer to consumers. For instance, SMEs that effectively integrate real-time inventory management into their BOPS strategy tend to fare better because they can instantly update customers about the availability of certain items, thereby reducing friction and disappointment (Jeong & Ban, 2020). This becomes even more pertinent in the fashion FMCG landscape, where trends are fleeting, and stock rotation is rapid. In addition, leveraging data analytics to forecast demand and customize offers can help SMEs to more accurately stock items that are likely to be picked up during the 'collect' phase of the BOPS model, thereby enhancing the potential for impulse buys, which are crucial in an industry operating on slim margins (Flacandji & Vlad, 2022). It is not just the system but how the system is leveraged that makes all the difference. Consumers' expectations are evolving in parallel with technological advancements, and the adage that 'customer is king' has never been truer. Customers today have a plethora of options at their fingertips; what they seek is not just a product or a service but an experience (Ishfaq & Raja, 2018b). An experience that begins the moment they interact with a brand online and continues through the in-store pick-up process to post-purchase engagements. SMEs must adopt a holistic perspective of this journey. Do customers receive real-time updates about their orders? Is the in-store pick-up process streamlined and pleasant? Are there personalized recommendations that could enhance the user experience? Answering these questions effectively requires more than just the implementation of a BOPS system; it requires strategic alignment with broader customer-centric objectives that prioritize both satisfaction and loyalty (Kong et al., 2020a).





Furthermore, while the BOPS model is celebrated for its ability to integrate online convenience with in-store experiences, SMEs should be cautious of not overlooking the latter. The in-store experience remains significant; for some consumers, it is the touch, feel, and immediate gratification of in-store shopping that validate their decision to opt for a 'click and collect' model (Miquel-Romero et al., 2018). The human element, the quality of in-store customer service, cannot be overshadowed by the online component (Röding et al., 2023). Essentially, achieving success in implementing BOPS and other omni-channel strategies in the fashion FMCG sector is not just a mere act of adoption but a nuanced interplay of multiple factors, ranging from technological aptitude and strategic foresight to a deep-rooted understanding of evolving consumer behaviors and expectations.



The BOPS model combines the convenience and efficiency of online shopping



with the immediacy and tangibility of in-store experiences, which could enhance customer satisfaction and loyalty (Prashar, 2019). Fashion industry which involves FMCGs are one of the major retail industries that adopted the BOPS, an omni-channel strategy to remain competitive and satisfy the different needs of customers (Floh & Madlberger, 2013a). Given the unique demands of the FMCG sector characterized by rapid inventory turnover and narrow profit margins, the implementation of strategies such as BOPS holds considerable potential for success.

The FMCG sector is a highly dynamic and competitive industry, marked by high volume and low margin products. This presents unique challenges and opportunities, making the application of omni-channel strategies particularly relevant. As consumer preferences continually evolve, influenced by trends propagated through social media





and digital platforms, agility is paramount for FMCG enterprises, particularly those in the fashion segment (Katrodia et al., 2022). The BOPS model, for instance, provides the convenience of online shopping with the immediate availability of in-store purchases. This dual approach is vital in the FMCG sector, where customer demands often revolve around speed, variety, and the ability to physically inspect products before purchase (Ebrahim et al., 2016). The BOPS model tends to be more widely used in the FMCG industry. Although BOPS has significantly increased the profitability of some major retailers, other retailers who also adopted BOPS do not experience the same results. Thus, it leaves a big question on what factors determine successful implementation of BOPS. This underscores the imperative for nuanced, targeted research focusing on the distinctive challenges and opportunities encountered by SMEs operating in the fashion FMCG sector, particularly within the rapidly evolving



1.3 Problem Statement

Although BOPS has been widely adopted by fashion FMCG retail SMEs, there remains limited research on the factors influencing customers' satisfaction and loyalty within this framework (Hult et al., 2018). More than 75% of Chinese customers are not satisfied with their customer experience when utilizing omni-channel retailing, including BOPS model (Kong, 2020). The staggering figure that over three-quarters of Chinese consumers are dissatisfied with their omni-channel experience should be a red alert for stakeholders in the fashion FMCG sector. This concern becomes increasingly





acute given the exponential growth of e-commerce and online shopping trends, especially in China where the digital economy is burgeoning.

This dissatisfaction is not just a sentiment; it has palpable repercussions for businesses, translating to reduced customer retention, decreased lifetime value of a customer, and potentially, negative word-of-mouth that can rapidly circulate in interconnected digital world (Filho & Barcelos, 2020).

An illustrative case is that of a Chinese fast-fashion SMEs, referred to as "Brand X," which implemented BOPS with the expectation of enhanced profitability and customer engagement (Calvo-Porrall & Levy-Mangin, 2019). Despite initial increases in online traffic and in-store foot traffic, the brand experienced a decline in customer loyalty metrics (Lim, 2020). Consumer feedback revealed issues ranging from delayed notification about product availability to uncoordinated customer service across channels. This resulted in a fractured customer experience that lowered overall satisfaction and undermined the intent behind implementing an omni-channel strategy such as BOPS.

In the current omni-channel retail environment, customer loyalty faces complex challenges and problems. Firstly, the decline of loyalty is not just a surface phenomenon, it reflects the consumer's demand for diversity in shopping experiences and the dilemma of choices brought by various channels (Boszormenyi-Nagy, I. 2014). Consumers frequently switch between online platforms, brick-and-mortar stores, and mobile apps, which not only reflects their expectations for service quality and shopping convenience but also reveals the limitations of existing retail models in meeting





consumers' comprehensive needs (Von Feigenblatt, 2022). Secondly, the loyalty issues in the omni-channel environment also involve inconsistencies in service and information. For example, consumers may try on clothes in a physical store after viewing product information online, but they may choose to abandon the purchase due to the lack of inventory in the store. Similar situations also include consumers expecting the same promotional discounts in physical stores after purchasing online but finding that these discounts are not synchronized or lack transparency, which directly affects the shopping experience and overall trust in the brand. Furthermore, the loyalty issues in the omni-channel environment also reflect the insufficiency of brand coordination between different channels. When brands implement omni-channel retail, they often face challenges in managing and integrating technology, leading to inconsistent experiences for consumers across different channels and reducing their overall brand loyalty and long-term trust in the brand.



Previous studies have mainly focused on single-channel and multi-channel retail settings, with few examining the complexity of customer satisfaction and loyalty in an omni-channel environment (Blut, 2018). This gap in scholarly investigation impedes the comprehension of nuanced customer behaviors and expectations within omni-channel settings, which are often more complex than their single and multi-channel counterparts. These environments encompass numerous touchpoints for customers, each of which must provide a consistent and satisfactory experience to foster loyalty. For instance, consider a customer who uses a retailer's mobile app to check product availability, desktop website to read reviews, and then visits the physical store to make the purchase (El Hedhli et al., 2017). Any failure of these channels to deliver a





satisfactory experience can adversely affect the overall brand perception, consequently influencing both satisfaction and loyalty.

In the context of omni-channel, satisfied customers are not necessarily loyal. In an omni-channel environment, customer satisfaction and loyalty are dynamic and intricate concepts that can be impacted by a multitude of factors. Indeed, the delineation between customer satisfaction and loyalty becomes increasingly blurred in an omni-channel environment. Satisfaction, though crucial, may not be a sufficient condition for loyalty (Picot-coupey et al., 2021). Imagine a consumer who purchases a product online and picks it up in-store. While they may be satisfied with the seamless purchasing process and quick in-store pick-up, they might still defect to a competitor offering a 10% discount on a similar product. Therefore, retailers need to consider variables beyond satisfaction, like pricing strategies or loyalty programs, that can engender long-term loyalty.

Customer satisfaction generally refers to a consumer's fulfilment response to a consumption experience, however, loyalty refers to their commitment to repeat business with a specific company, transcending beyond a single purchase (Valinatajbahnamiri & Siahtiri, 2021). In this context, it is notable that a satisfactory experience does not guarantee customer loyalty. Customers can have a pleasant shopping experience with a retailer but may still opt to purchase from a competitor due to various reasons such as better pricing, product availability or superior service (TZhang et al., 2018). For instance, customers may gather product information at a physical store or an online store of one retailer, receive satisfactory assistance from the sales staff, but ultimately





make their purchase through another retailer. This behavior can deeply harm omni-channel retailers (Hossain & Zhou, 2018a).

The significance of understanding the dynamics of customer satisfaction and loyalty within an omni-channel environment, particularly concerning BOPS, cannot be overstated (Amoako, 2020). As global economies continue their digital transformation, the competitive landscape for fashion FMCG retail SMEs is becoming increasingly complex. This complexity is further compounded by the integration of multiple retail channels, which provides convenience but also elevates customer expectations (Wang et al., 2022). Essentially, the omni-channel ecosystem has evolved into a sort of double-edged sword for retailers: while it offers a multitude of touchpoints to engage with customers, each interaction point also serves as a potential point of failure, risking customer dissatisfaction and loss of loyalty (Harsha et al., 2019). This precarious balance is evident in real-world scenarios where, for example, a customer finds a product online, checks its reviews, goes to a physical store to try it on, and then orders it online to take advantage of an online-only discount. If any step in this journey is mismanaged—such as the physical store has poor customer service, or the online platform crashes during checkout—the customer might not only abandon the transaction but could also switch to a competitor, leaving a tarnished impression of the brand (Heerden & Wiese, 2021).

Furthermore, the consumer journey is intricately shaped by an array of external factors closely intertwined with the shopping experience. Seasonal promotions, competitor pricing, and even macroeconomic conditions such as inflation rates can significantly influence a customer's decision to remain loyal even after a satisfactory





purchase experience (Saman et al., 2023). Recent surveys have pointed out that geopolitical factors and environmental responsibility of a brand are becoming critical determinants for younger demographics (Tiwari & Joshi, 2020). Given this wide array of influencing factors, the challenge for fashion FMCG retail SMEs becomes even more daunting. They must not only provide a seamless shopping experience across all channels but also balance pricing strategies, ensure superior service quality, and curate product offerings that resonate with their diverse customer base. They also have to be sensitive to demographic-specific preferences and pain points—Millennials and Gen Z might be looking for sustainable fashion choices and are more likely to be swayed by influencer endorsements, whereas older generations might prioritize traditional advertising and direct mail promotions (Rodríguez-Torrico et al., 2023). This makes it imperative for retailers to employ advanced analytics and customer segmentation techniques to deliver personalized experiences that not only meet but exceed customer expectations in this multi-dimensional retail environment (Griva, et al., 2021). Therefore, the impetus for this study arises from the confluence of these challenges and the opportunities they present. The academic discourse is ripe for a comprehensive investigation that holistically examines how various elements such as pricing, service quality, product assortment, and demographic factors interact to shape customer satisfaction and loyalty in an omni-channel BOPS environment (Buyanova et al., 2021). Given the dynamic nature of retail environments and evolving customer expectations, this study aims to serve as a pivotal resource for both academic researchers and practitioners seeking to unravel the complexities of customer behavior in omni-channel retailing.





Moreover, the existing literature lacks a comprehensive investigation of intricate relationships between price, service, product type, and customer satisfaction and loyalty under the BOPS model. Therefore, this study aims to explore these relationships while also considering the moderating effects of demographic information such as income and age. The moderating effect of shopping values will be considered at the same time. An in-depth understanding of the role of price, services, product type, and demographic factors is essential to comprehend the dynamics of customer satisfaction and loyalty in an omni-channel retailing environment. Price plays a pivotal role in shaping the perceived value of a product or service, directly affecting customer satisfaction. Services, especially customer service, logistics and post-sale services, often serve as differentiating factors that influence a customer's experience and their loyalty towards a retailer (Ryu et al., 2019). Additionally, the type of product is significant, as its relevance and quality to the customer can determine their satisfaction level. Meanwhile, demographic factors and shopping values can influence the expectation and perception regarding the retailing experience, consequently affecting satisfaction and loyalty levels (Moliner-Velázquez et al., 2019). While the necessity of comprehensively understanding customer satisfaction and loyalty in an omni-channel retail environment has been well-articulated, it becomes even more emphasis when set against the backdrop of the burgeoning fashion e-commerce market. Fashion SMEs, which are part of this expansive market, are faced with a unique set of challenges and opportunities (Du et al., 2019). Operating within an intensely competitive and rapidly evolving landscape shaped by technological advancements and shifting consumer preferences, these enterprises cannot afford to perceive customer satisfaction and loyalty as static, isolated concepts (Chakraborty et al., 2022).





Rather, these variables are deeply interwoven into the fabric of a complex, multi-faceted retail ecosystem that includes not just the product, price, and service but also a range of demographic factors and shopping values that could potentially moderate these relationships (Gardiazabal & Bianchi, 2021). With this ecosystem, e-commerce platforms, social media channels, and physical stores serve as touchpoints in the customer journey—a journey that can be greatly enhanced or detrimentally impacted by the retailer's understanding and execution of omni-channel strategies like BOPS (Evangelista et al., 2019).

In particular, the agility to adapt pricing strategies to meet customer expectations, provide exceptional service both online and offline, and curate product assortments tailored to the demographic composition of their customer base can serve as pivotal differentiators. The decision to continue patronizing a retailer can hinge on seemingly inconsequential factors, ranging from the availability of preferred online payment methods to the demeanor of in-store personnel.

Moreover, the competitive landscape is not static; as new brands enter the market with innovative products or unique value propositions, and as existing brands continuously tweak their offerings, consumer loyalties can shift surprisingly quickly (Shi et al., 2018a). This dynamism adds a layer of complexity to any study aiming to illuminate customer satisfaction and loyalty in omni-channel retail settings. Consequently, any academic or market research endeavor in this context must adopt a multidisciplinary approach, integrating insights from marketing, psychology, data science, and even behavioral economics to provide actionable intelligence that can





guide strategy formulation and decision-making for stakeholders in this high-stakes market.

The global fashion e-commerce market was valued at approximately 759.5 billion U.S. dollars in 2021, with a projected growth rate of 11.3% between 2021 and 2024 (Heerden & Wiese, 2021). This immense size and anticipated expansion of the fashion e-commerce sector underscore the pressing need to comprehend customer satisfaction and loyalty within omni-channel frameworks such as BOPS. Fashion SMEs, vying for market dominance in this highly lucrative yet fiercely competitive landscape, cannot afford to overlook indicators of customer dissatisfaction (Yan et al., 2018). This rapid growth underscores the importance of understanding the factors contributing to customers' satisfaction and loyalty in the fashion FMCG retail sector, particularly in the context of omni-channel retailing and the BOPS model (Liu et al., 2019). Additionally, the rapid growth of the fashion e-commerce market has also brought many challenges and competitive pressures (Li et al., 2019). It is particularly emphasized how enterprises can effectively respond and utilize the rapid growth opportunities in this high profit but highly competitive market (Dagnino et al., 2021). Fashion SMEs must continuously enhance customer satisfaction and loyalty to stand out in the market competition (Raymond, M. M. 2023). Especially under the push of BOPS and other omni-channel retail models, customers' expectations for the shopping experience are increasingly high. Therefore, future research can further explore how to meet customers' diverse needs by optimizing service processes and enhancing technological support, thereby gaining a greater advantage in market competition.





Although previous research has provided valuable insights into the factors affecting customer satisfaction and loyalty, it primarily focused on the context of large multinational corporations. Those studies have examined the implementation and effects of BOPS in retail giants such as Amazon, Walmart, and Best Buy (Jara et al., 2018). However, SMEs often have different resources, competencies, and challenges compared to large corporations. The best practices for Amazon may not necessarily be transferable to a small boutique fashion retailer. The size and scope of large retailers often allow them to absorb the costs of trial and error in implementing new strategies, a luxury that most SMEs cannot afford (Ertekin et al., 2019). Consequently, SMEs, especially those in the fashion FMCG retail industry, are remaining under-explored (Kazancoglu & Aydin, 2018).



FMCG retail sector underscore the necessity of transcending the best practices adopted by large corporations when investigating the determinants of customer satisfaction and loyalty. Unlike larger counterparts that have the resources to invest in state-of-the-art technological infrastructure, sophisticated supply chain management, or expansive marketing campaigns, SMEs often operate within significantly tighter constraints (Walsh et al., 2010). However, this reality does not mean that they can afford to compromise on customer satisfaction and loyalty; rather, it increases the urgency for them to understand precisely what drives these metrics in their unique context (Pandey & Chawla, 2014). Small boutique fashion retailers require cost-effective yet efficient methods to implement omni-channel strategies such as BOPS, necessitating not only an understanding of what works but also why it works. Is the primary impetus the speed and convenience of the purchasing process, or perhaps the personalized customer





service that smaller retailers can more readily deliver? This deep-dive understanding is essential for SMEs to allocate their limited resources most effectively (Freathy & Calderwood, 2013). Furthermore, given the narrower margin for error for SMEs, the value of predictive, data-driven insights cannot be overstated. There is a clear need for research tailored to these enterprises that moves beyond anecdotal evidence or case-study-based insights, to offer statistically robust, scalable recommendations (Albattat et al., 2019). While large corporations may have the capacity to refine their strategies through trial and error, for many SMEs, uninformed decision could mean the difference between business survival and failure. Therefore, adopting a more rigorous, quantitative methodology is not merely an academic requirement but a business imperative. It is particularly crucial in an era where SMEs are seeking to scale quickly to capitalize on the growing opportunities in e-commerce and omni-channel retailing, which demands a scientific understanding of diverse customer behaviors, expectations, and preferences (Mendoza, 2021). By focusing on a quantitative approach, researchers and business owners can obtain a macroscopic perspective that complements the microscopic insights gleaned through qualitative research, ensuring a more holistic, comprehensive understanding that is also more transferable and applicable across varied contexts and markets.

Finally, many of the existing studies on the BOPS model and customer satisfaction and loyalty in the retail sector have employed qualitative methods (Diallo et al., 2016). While qualitative studies offer in-depth insights, they are often limited in scale and generalizability. For SMEs aiming to develop data-driven strategies, the lack of comprehensive, quantitative research may lead to uninformed or misguided decisions (Sururi & Sari, 2023). While qualitative studies provide valuable context-





specific insights, they may lack the breadth and generalization inherent quantitative research. To address this limitation, this study will employ a quantitative approach, enabling a more comprehensive and generalizable understanding of the factors influencing customers' satisfaction and loyalty within the framework of the BOPS model.

The role of moderating factors in the study of consumer behavior and purchase decisions is therefore crucial. These factors can help explain why consumers make different purchase choices in different contexts, which in turn affects their loyalty and brand preferences.

First, shopping values (hedonistic and utilitarian) are important considerations in consumer behavior research (Scarpi, D., 2020). Utilitarian consumers are more focused on the actual functionality and performance of the product, and they are usually sensitive to the quality, durability and price of the product. In contrast, hedonistic consumers are more inclined to derive emotional pleasure and satisfaction from shopping, and they will pay more attention to the degree of pleasure of the shopping experience and the social symbolism of the brand. Understanding consumers' shopping values can help retailers design more accurate market positioning and product promotion strategies to meet the needs and preferences of different consumer groups.

Second, demographic information such as age and income are also important factors that influence consumer behavior (Dominici et al., 2021). Age can significantly influence consumers' preferences for product features and shopping experience, e.g., younger consumers are more likely to pursue fashionability and personalization, while





older consumers are more focused on the practicality and functionality of products. Income level, on the other hand, has a direct impact on consumers' purchasing power and consumption behavior; high-income groups may be more willing to pursue high-quality and high-priced products, while low-income groups may pay more attention to price sensitivity and cost-effectiveness.

In conclusion, moderating factors such as shopping value and demographic information are important in studying consumer behavioral performance in an omni-channel retail environment (Sharma, N., & Fatima, J. 2024). They can help researchers gain a deeper understanding of the factors that consumers consider in their shopping decision-making process and how these factors affect their brand loyalty and purchase intentions. Considering these factors together can provide retailers with more precise and effective marketing strategy recommendations that can help them gain an edge in the highly competitive marketplace.

By addressing these research gaps, this study will contribute to the existing literature on omni-channel customer satisfaction and loyalty, while providing practical insights for fashion FMCG retail SMEs to enhance BOPS strategies and overall business performance. Given the multi-faceted nature of customer satisfaction and loyalty in an omni-channel setting, the proposed quantitative approach of this study aims to bring a comprehensive understanding of these dynamics. It will equip fashion FMCG SMEs with actionable data, thereby enhancing their competitiveness and long-term sustainability in a rapidly evolving retail landscape (Melacini et al., 2018a).





1.4 Research Objectives

The primary objective of this research is to investigate the relationship between the Buy-Online-Pickup-In-Store (BOPS) model and customer satisfaction and loyalty, with a specific focus on Small and Medium Enterprises (SMEs) in the fashion Fast-Moving Consumer Goods (FMCG) retail sector. This study aims to bridge both academic and practical gaps by identifying key drivers of customer satisfaction and loyalty in a BOPS environment, thereby empowering SMEs to enhance their competitive positioning through superior customer experiences. To achieve this, the study outlines the following research objectives:

- 1) To examine the effect of price on consumer satisfaction.
- 2) To examine the effect of price on customer loyalty.
- 3) To examine the effect of service on consumer satisfaction.
- 4) To examine the effect of service on customer loyalty.
- 5) To examine the effect of product type on consumer satisfaction.
- 6) To examine the effect of product type on consumer loyalty.
- 7) To examine the effect of customer satisfaction on customer loyalty.
- 8) To examine the mediating effect of customer satisfaction on the relationship between price and customer loyalty.
- 9) To examine the mediating effect of customer satisfaction on the relationship between service and customer loyalty.
- 10) To examine the mediating effect of customer satisfaction on the relationship between product type and customer loyalty.





- 11) To examine the moderating effect of shopping values on the relationship between price and customer satisfaction.
- 12) To examine the moderating effect of shopping values on the relationship between service and customer satisfaction.
- 13) To examine the moderating effect of shopping values on the relationship between product type and customer satisfaction.
- 14) To examine the moderating effect of age and income on the relationship between the price and customer satisfaction.
- 15) To examine the moderating effect of age and income on the relationship between the service and customer satisfaction.
- 16) To examine the moderating effect of age and income on the relationship between the product type and customer satisfaction.



By addressing these objectives, this study aims to provide a comprehensive understanding of the factors influencing customer satisfaction and loyalty in the BOPS model, offering actionable insights for fashion FMCG retail SMEs to optimize their strategies and improve customer experiences.

1.5 Research Questions of Study

The objective of this research is not merely academic; it aims to serve as a strategic roadmap for SMEs. By focusing on the BOPS model within the specific context of fashion FMCG retail SMEs, this study endeavors to bridge these knowledge and strategy gaps. It aims to unveil the key factors that govern consumer satisfaction and





loyalty, providing SMEs with actionable insights that are tailored to their unique circumstances and challenges. To accomplish this ambitious but essential aim, this research proposes a set of targeted questions, each meticulously crafted to dissect a specific aspect of the BOPS model's impact on customer satisfaction and loyalty.

- 1) Is there a significant effect of price on consumer satisfaction?
- 2) Is there a significant effect of price on customer loyalty?
- 3) Is there a significant effect of service on consumer satisfaction?
- 4) Is there a significant effect of service on customer loyalty?
- 5) Is there a significant effect of product type on consumer satisfaction?
- 6) Is there a significant effect of product type on consumer loyalty?
- 7) Is there a significant effect of customer satisfaction on customer loyalty?
- 8) Is there a significant mediating effect of customer satisfaction on the relationship between price and customer loyalty?
- 9) Is there a significant mediating effect of customer satisfaction on the relationship between service and customer loyalty?
- 10) Is there a significant mediating effect of customer satisfaction on the relationship between product type and customer loyalty?
- 11) Is there a significant moderating effect of shopping values on the relationship between price and customer satisfaction?
- 12) Is there a significant moderating effect of shopping values on the relationship between service and customer satisfaction?
- 13) Is there a significant moderating effect of shopping values on the relationship between product type and customer satisfaction?





- 14) Is there a significant moderating effect of age and income on the relationship between the price and customer satisfaction?
- 15) Is there a significant moderating effect of age and income on the relationship between the service and customer satisfaction?
- 16) Is there a significant moderating effect of age and income on the relationship between the product type and customer satisfaction?

In summary, these research questions aim to develop a nuanced understanding of the factors affecting consumer satisfaction and loyalty in the context of BOPS, focusing on the unique challenges and opportunities that fashion FMCG SMEs face. By addressing these questions, the research seeks to provide a comprehensive toolkit for SMEs to optimize their BOPS strategies effectively.



1.6 Research Hypotheses

The imperative to explore the intricacies of customer satisfaction and loyalty is greatly amplified within the dynamic and fluid environment of fashion FMCG retail (Blut et al., 2018). This is especially evident when considering the increasingly prevalent BOPS model, a retail strategy that has fundamentally altered how consumers engage with brands. For SMEs, which are essentially the lifeblood of any competitive market yet often find themselves shadowed by the might of larger corporations, this is a topic of immense consequence. Accordingly, the following research hypotheses are made, which meticulously explore the dynamic interplay between different elements of the BOPS model and their direct and indirect impact on customer satisfaction and loyalty.





- H1a: There is a significant effect of price on consumer satisfaction.
- H1b: There is a significant effect of price on customer loyalty.
- H2a: There is a significant effect of service on consumer satisfaction.
- H2b: There is a significant effect of service on customer loyalty.
- H3a: There is a significant effect of product type on consumer satisfaction.
- H3b: There is a significant effect of product type on customer loyalty.
- H4: There is a significant effect of customer satisfaction on customer loyalty.
- H5a: Customer satisfaction mediates the relationship between price and customer loyalty.
- H5b: Customer satisfaction mediates the relationship between service and customer loyalty.
- H5c: Customer satisfaction mediates the relationship between product type and customer loyalty.
- H6a: Shopping values (hedonistic and utilitarian) moderate the relationship between price and customer satisfaction.
- H6b: Shopping values (hedonistic and utilitarian) moderate the relationship between service and customer satisfaction.
- H6c: Shopping values (hedonistic and utilitarian) moderate the relationship between product type and customer satisfaction.
- H7a: Age moderates the relationship between price and customer satisfaction.
- H7b: Age moderates the relationship between service and customer satisfaction.
- H7c: Age moderates the relationship between product type and customer satisfaction.
- H7d: Income moderates the relationship between price and customer satisfaction.
- H7e: Income moderates the relationship between service and customer satisfaction.





H7f: Income moderates the relationship between product type and customer satisfaction.

Through these hypotheses, this research aims to provide a multi-dimensional analysis, serving as a strategic tool for SMEs to refine their implementations of BOPS model, thereby assisting them in attaining elevated levels of customer satisfaction and loyalty.

1.7 Conceptual Framework of the Study

The conceptual framework of this study is designed to provide a comprehensive understanding of the relationships between the Buy-Online-Pickup-In-Store (BOPS) model, customer satisfaction, and customer loyalty within the context of fashion fast-moving consumer goods (FMCG) retail SMEs. The framework also examines the moderating effects of demographic factors (age and income) and shopping values (hedonic and utilitarian) on the key independent variables: price, service, and product type.

At the core of the framework are the independent variables—price, service, and product type—which are hypothesized to directly influence customer satisfaction. Price refers to the monetary value assigned to products, which plays a critical role in shaping consumer perceptions and purchase decisions. Service encompasses the quality of assistance provided to customers before, during, and after the purchase process, including pre-sales and after-sales support. Product type refers to the classification of





products based on their characteristics and intended use, which can significantly impact customer satisfaction and loyalty.

Customer satisfaction serves as the mediating variable in the framework, bridging the relationship between the independent variables (price, service, and product type) and the dependent variable, customer loyalty. Customer satisfaction reflects the extent to which customers' expectations are met or exceeded by their shopping experience, while customer loyalty represents their commitment to repeat purchases and engagement with the brand.

The framework also incorporates moderating variables—age, income, and shopping values—which are expected to influence the strength and direction of the relationships between the independent variables and customer satisfaction. Age and income are demographic factors that can shape consumer preferences and purchasing behavior. For instance, younger consumers may prioritize trendy and affordable products, while higher-income consumers may focus on quality and brand reputation. Shopping values, including hedonic (emotional and experiential) and utilitarian (functional and practical) dimensions, further moderate how customers perceive and respond to price, service, and product type.

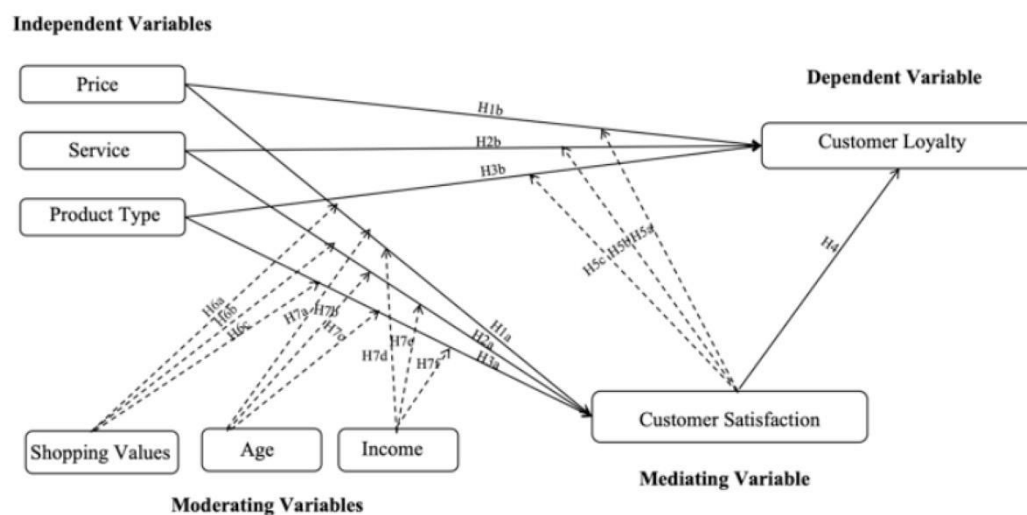
By integrating these variables, the conceptual framework provides a holistic view of the factors influencing customer satisfaction and loyalty in the BOPS model. It not only highlights the direct effects of price, service, and product type but also underscores the importance of demographic and psychological factors in shaping customer behavior. This framework serves as the foundation for the study's quantitative



analysis, guiding the exploration of how SMEs can optimize their BOPS strategies to enhance customer satisfaction and loyalty in a competitive retail environment. The development of this framework is rooted in the existing literature and identified research gaps (Figure 1.1).

Figure 1.1

Conceptual Framework



1.8 Significance of the Study

The essence of omni-channel is providing customers with a seamless and consistent experience. The study of omni-channel customers' experience is a hot topic in both current and future research. In the context of omni-channel, there is an increasing emphasis on customer satisfaction and loyalty. More and more scholars are beginning to focus on this research area. Meanwhile, omni-channel retailers are constantly seeking



ways to improve customer satisfaction and loyalty. Amidst the backdrop of the Fourth Industrial Revolution, characterized by the convergence of digital, physical, and biological realms, omni-channel retailing emerges as a pivotal force reshaping the landscape of customer experience (Chandra, 2022). Spanning from mobile applications to in-store kiosks, and from online platforms to brick-and-mortar establishments, each touchpoint serves as a potential catalyst for either enhancing or customer satisfaction and loyalty (Syed Muhammad Fazalasan et al., 2020).

This intricate network of interconnected channels effectively creates a web of customer engagement points, each with its own set of challenges and opportunities. Scholars investigating this dynamic domain frequently find themselves at the intersection of various disciplines, including information technology, supply chain management, psychology, and marketing, among others (Mendoza, 2021). The multi-disciplinary nature of the field only magnifies the necessity for robust empirical research. Particularly for SMEs, which often confront limitations in capital and expertise compared to their larger counterparts, comprehending the subtleties of customer satisfaction and loyalty in the omni-channel context can yield transformative outcomes.

In a rapidly evolving retail landscape shaped by technological advancements and shifting consumer behaviors, the significance of omni-channel retailing has never been more pronounced. Traditional single-channel and multi-channel retail methods have evolved into a more integrated and cohesive omni-channel model, underscoring the need for a seamless customer experience. The acceleration of this trend is driven by the increasing consumer demand for fluidity and consistency across different





touchpoints, whether online or offline (Ishfaq et al., 2024). Considering these developments, this study aims to enhance the existing literature by investigating beyond general observations and examining specific variables such as pricing, service quality, and product offerings, particularly within the context of the BOPS model. This not only refines the understanding of the underlying dynamics but also provide valuable insights for omni-channel retailers to devise more effective strategies in enhancing customer experiences.

The current wave of consumer demand for fluid experiences is not just a passing trend but a monumental shift in consumer behavior that has significant ramifications for the retail industry. It is a seismic transition from a retailer-centric model to a customer-centric model. Consumers are no longer satisfied with isolated, channel-specific experiences. They demand a seamless transition from online browsing to in-store shopping and vice versa. This drives the critical need for retailers to understand how variables such as price, service quality, and product type interplay in an omni-channel setting, especially within the BOPS model which bridges online selection with in-store pickup.

The BOPS model serves as a microcosm of the omni-channel ecosystem, offering both scholars and practitioners a focal point to examine a specific omni-channel strategy that is resource-efficient for SMEs and convenient for consumers. This study aims to dissect the BOPS model by analyzing how price fluctuations affect consumer's perceived value and satisfaction, how service quality influences loyalty in an omni-channel setting, and how the product type can either simplify or complicate the customer's journey, thereby impacting overall satisfaction and propensity for





loyalty. Given the intense competition and thin margins in the retail sector, and the ever-increasing customer expectations, understanding these dynamics is not just an academic exercise but a practical necessity. Therefore, this study seeks not only to contribute to the existing body of theory but also to provide actionable insights capable of fundamentally reshaping SMEs operations within an omni-channel environment. This study will explore the uncharted terrain within the omni-channel landscape, breaking down complex relationships into understandable parts that can be directly applied in real-world settings.

1.8.1 Theoretical Significance

The current theoretical research on customer satisfaction and loyalty is mostly conducted in the context of single-channel and multi-channel with some research on cross-channel customer satisfaction and loyalty. However, there is a noticeable dearth of research on customer satisfaction and loyalty in omni-channel environments. While the topic of customer satisfaction and loyalty has been extensively explored in traditional retail settings, omni-channel environments remain relatively underexplored. This gap in research can be attributed to the intricate nature of omni-channel retail systems, which require interdisciplinary understanding—ranging from supply chain logistics to behavioral psychology—to fully comprehend the evolving dynamics between customers and retailers. Additionally, omni-channel systems are fluid and swiftly adapt to technological advancements and shifts in consumer behavior, rendering them challenging subjects for researchers to study.





This study explores the connotation and extension of customer satisfaction and loyalty under the background of the omni-channel BOPS model, expanding the relevant theories on customer satisfaction and loyalty. By focusing on the BOPS model within the framework of omni-channel retailing, this research endeavors to uncover detailed insights that surpass generic understandings of customer satisfaction and loyalty. This model holds promise as a less-explored avenue for academic inquiry. It sits at the confluence of the digital and physical retail worlds, making it an ideal candidate for studying how various elements—price, service, and product type—intersect in influencing customer behavior.

Empirical research on the relationship between omni-channel customer experience and customer loyalty has confirmed the applicability of the experience-loyalty relationship in the omni-channel context. There is a significant correlation between customers' experience and loyalty, which has been recognized by many scholars. In the background of the omni-channel BOPS model, it remains to be verified whether price, service, product type are related to customers' satisfaction and loyalty. This study explores the relationship between price, service, product type, and customer satisfaction and loyalty, verifying the applicability of this relationship in the omni-channel BOPS model.

The theoretical contributions of this study are manifold. Firstly, it enriches the framework for understanding customer satisfaction and loyalty by exploring these constructs within the relatively uncharted territory of omni-channel BOPS retailing. This addresses a significant gap in the existing literature, which has predominantly focused on single and multi-channel platforms. Secondly, it aims to extend the limited





empirical research on omni-channel customer experiences by investigating the direct and indirect relationships between variables such as price, service, and product type with customer satisfaction and loyalty apart from examining the moderating effect of age and income and shopping values under the BOPS model. This is crucial for corroborating the universal applicability of established theories in this novel context. It moves the academic dialogue forward by offering nuanced insights that can serve as a foundation for future research endeavors. Furthermore, the study is intended to serve as a steppingstone for empirical inquiries that can further validate or refine the proposed framework. It aims to open the floodgates for myriad subsequent studies that could explore related issues such as the impact of customer reviews, the role of mobile applications in the BOPS model, or even the psychological factors that might affect customer satisfaction and loyalty in an omni-channel context. By dissecting the variables and understanding their interactions in specific circumstances, it can deliver a more granular understanding that is crucial for both academic and commercial advancements in this burgeoning field of study.

1.8.2 Practical Significance

This research holds substantial practical significance for omni-channel retailers, particularly small and medium-sized enterprises (SMEs) in the fashion fast-moving consumer goods (FMCG) sector. By examining the Buy-Online-Pickup-In-Store (BOPS) model, this study addresses real-world challenges faced by retailers in enhancing customer satisfaction and loyalty, which are critical to the success of omni-channel strategies.





One of the primary practical challenges in the industry is the fragmentation of customer experiences across online and offline channels. Many retailers struggle to deliver a seamless and consistent experience, leading to customer dissatisfaction and reduced loyalty (Dinç & Turgay, 2023).

For example, customers often encounter issues such as delayed notifications about product availability, mismatched inventory between online and offline platforms, and inconsistent service quality (Song, 2022). These challenges are particularly pronounced for SMEs, which often lack the resources and technological infrastructure of larger retailers. This study provides actionable insights into how SMEs can address these issues by optimizing their BOPS strategies, thereby improving the overall customer experience.



Another significant challenge is the intense competition in the fashion FMCG sector, where price sensitivity and rapidly changing consumer preferences make it difficult for retailers to retain customers. This research explores the role of price, service, and product type in shaping customer satisfaction and loyalty, offering practical recommendations for retailers to differentiate themselves in a crowded market. For instance, the findings highlight the importance of competitive pricing, personalized customer service, and a well-curated product assortment in driving customer loyalty. By adopting these strategies, SMEs can enhance their competitive positioning and achieve sustainable growth (Chowdhury, 2022).

Furthermore, this study addresses the operational complexities associated with implementing the BOPS model. Many SMEs face difficulties in integrating their online





and offline operations, managing inventory, and ensuring timely order fulfillment. These operational inefficiencies can lead to customer dissatisfaction and lost sales. By providing a detailed understanding of the factors influencing customer satisfaction and loyalty in the BOPS context, this research equips retailers with the knowledge needed to streamline their operations and deliver a superior customer experience.

The practical implications of this research extend beyond operational improvements. By offering data-driven insights into customer behavior, this study enables retailers to make informed decisions about pricing, service levels, and product offerings. This is particularly important in an era where consumers have high expectations for seamless and personalized shopping experiences (Akhmetova & Kim, 2023). Retailers can use these insights to design targeted marketing campaigns, loyalty programs, and customer engagement initiatives that resonate with their target audience.

In summary, this research provides SMEs in the fashion FMCG sector with actionable strategies to enhance customer satisfaction and loyalty through the effective implementation of the BOPS model. By addressing real-world challenges such as fragmented customer experiences, intense competition, and operational inefficiencies, this study contributes to the long-term success and sustainability of omni-channel retailers. The findings not only help retailers improve customer retention and profitability but also empower them to navigate the complexities of the modern retail landscape with confidence.





1.9 Limitations of the Study

Despite the rigorous research design and methodologies employed, this study acknowledges the potential limitations that may impact the interpretation and generalizability of the findings. These limitations include:

- 1) **Cross-sectional design:** The study employs a cross-sectional research design, which may limit the ability to establish causal relationships between the variables. Longitudinal research designs can provide more robust evidence of causality but require more extended periods and additional resources.
- 2) **Self-reported data:** The data collected through questionnaires relies on the participants' self-reporting, which can be subject to biases, such as social desirability and recall bias. This limitation may affect the accuracy of the data and the subsequent analysis.
- 3) **Sampling:** The study focuses on fashion FMCG retail SMEs, which may limit the generalizability of the findings to other types of retail businesses or larger organizations. Additionally, the sampling techniques may result in sampling biases and limit the representativeness of the sample.
- 4) **External validity:** As the study is conducted in a specific geographic region, the results may not be generalizable to other locations or cultural contexts. Further research in different settings is needed to determine the applicability of the findings across various contexts.
- 5) **Unmeasured variables:** Although the study incorporates several factors that influence customer satisfaction and loyalty, there may be other unmeasured





variables, such as cultural factors or individual personality traits, that could impact the relationship between omnichannel retailing and customer outcomes.

By acknowledging these limitations, future research can build upon this study's findings to further explore the impact of omni-channel retailing on customers' satisfaction and loyalty, addressing the identified limitations and expanding the scope of the investigation.

1.10 Scope of the Study

This study focuses on the fashion fast-moving consumer goods (FMCG) retail sector, with a particular emphasis on small and medium-sized enterprises (SMEs) that have adopted the Buy Online, Pick-up in Store (BOPS) model. Geographically, the research is confined to retail SMEs operating in Shandong Province, China, offering a localized perspective on the challenges and opportunities associated with the BOPS model in this region. The study examines key variables, including price, service, and product type, and their relationships with customer satisfaction and loyalty. Additionally, it investigates the moderating effects of demographic factors, such as income and age, as well as shopping values, encompassing both hedonic and utilitarian dimensions.

Methodologically, the research employs a quantitative approach, utilizing a cross-sectional design to collect and analyze data. Surveys will be conducted to gather insights into the factors influencing customer satisfaction and loyalty within the BOPS framework. By delineating these parameters, the study aims to contribute to the existing





literature on omni-channel retailing and the BOPS model, particularly within the context of fashion FMCG retail SMEs. The findings are expected to provide actionable insights, enabling SMEs to develop effective strategies for enhancing customer satisfaction and loyalty, thereby improving their competitiveness and profitability in an increasingly dynamic retail landscape.

1.11 Operational Definitions

In this study, several key concepts and terms will be used to examine the relationships between various factors and customer satisfaction and loyalty in the context of fashion FMCG retail SMEs under the BOPS model. The operational definitions provided below

are intended to clarify the meaning and usage of these terms in this specific research context.

1.11.1 Omni-channel

In this study, omni-channel retailing refers to the integration of online and offline sales channels to deliver a seamless and consistent customer experience across all touchpoints. It emphasizes coordinated management of multiple channels within a brand ecosystem to enhance customer engagement and business performance (Ovezmyradov & Kurata, 2018).





1.11.2 Fashion Fast-Moving Consumer Goods (FMCG) Retail SMEs

In this study, FMCGs refer to low-cost, frequently purchased fashion products sold by retail SMEs, characterized by high turnover and quick consumption (Shi et al., 2018a).

1.11.3 Buy Online, Pick-up in Store (BOPS) Model

BOPS refers to a retail strategy where customers purchase products online and collect them at a physical store, combining online convenience with in-store immediacy (Aiolfi et al., 2022).



1.11.4 Customer Satisfaction

Customer satisfaction refers to the extent to which a product or service meets or exceeds customer expectations, resulting in a positive evaluation of the shopping experience (Du et al., 2019; Oliver, 2014).

1.11.5 Customer Loyalty

In this study, customer loyalty refers to a customers' commitment to continue purchasing and engaging with a specific brand or retailer, demonstrated through repeat purchases, positive word-of-mouth, and resistance to switching to competitors.





According to Li (2015), it concludes 3 dimensions, which are repeat purchase intention, recommend intention and priority selection (Li et al., 2015).

1.11.6 Price

Price refers to the monetary value assigned to a product or service may include promotional and non-promotional pricing strategies. Price is a fundamental variable in shaping consumer behavior, often serving as the first filter in the decision-making process (Diallo & Gérard Cliquet, 2016).



1.11.7 Service



In this study, service refers to the quality and level of assistance provided to customers before, during, and after the purchasing process, encompassing pre-sales and after-sales service (Menrad, M. 2021).

1.11.8 Product Type

Product type refers to the classification of products based on their characteristics and intended use. The personalization of product types entails "adapting certain attributes of a product or service to provide customers with increased convenience, reduced costs, or other advantageous features." (Junyeon et al. 2008).





1.11.9 Age and Income

Age and income refer to personal attributes of customers, such as income and age, which may influence their purchasing behavior and preferences (Witek et al., 2020).

1.11.10 Shopping Values

In this study, shopping values refer to two dimensions of consumer motivation. Hedonic value reflects the emotional and experiential enjoyment derived from shopping. Utilitarian value reflects the practical and goal-oriented aspects of shopping, such as efficiency, convenience, and product usefulness (Babin et al., 1994; Hudin et al., 2019).



By defining these operational terms, the study aims to establish a clear and consistent framework for understanding and analyzing the relationships between price, service, product type, and customer satisfaction and loyalty in the context of fashion FMCG retail SMEs under the BOPS model in Shandong Province, China.

1.12 Structure of the Thesis

The thesis is structured as follows: Chapter 1 comprises the introduction, study background, problem statement, objectives, research questions, significance and limitations, operational definitions, and structure of the thesis. The introductory chapter commences by providing readers with a comprehensive overview of the research





landscape within which this study is situated. It aims to provide a broad orientation, generating interest in the subsequent detailed exposition. This section serves to underscore the relevance of the research topic by highlighting its timeliness and the identified gap in the existing literature. Subsequently, the background of the study is delineated, providing a contextual framework that traces the evolution of retailing paradigms from traditional single-channel methods to contemporary omni-channel systems, with a specific focus on the BOPS model. Following this, the problem statement succinctly encapsulates the research challenge addressed by this thesis. Clear objectives are outlined to establish a roadmap for the study, accompanied by specific research questions that guide the inquiry. After discussing the significance and potential limitations of the study, operational definitions are provided to ensure clarity of terminology. Finally, the chapter concludes by summarizing the structure of the entire

thesis.



Chapter 2 presents the theoretical framework of the study, a comprehensive literature review on omni-channel retailing, the BOPS model, customer satisfaction and loyalty, and the role of demographic information and shopping values as moderators. Acting as the conceptual cornerstone of the research endeavor, this chapter meticulously evaluates and integrates diverse theories and models relevant to omni-channel retailing, as well as customer satisfaction and loyalty, to construct a unified theoretical framework. The literature review is not merely an enumeration of previous studies but an analytical consolidation that highlights patterns, disagreements, and gaps in the current body of knowledge. Special attention is given to the BOPS model as a burgeoning retail approach that serves as the focal point of this research. Additionally, a section is devoted to examining the role of demographic information (such as age and





income) and shopping value (hedonistic and utilitarian)—as possible moderating factors that could influence customer satisfaction and loyalty in omni-channel environments. This chapter aims to provide a solid theoretical foundation upon which the empirical part of the thesis is constructed.

Chapter 3 outlines the research design, population and sampling, data collection methods, data analysis techniques, validity and reliability and ethical considerations of the study. Taking a methodological stance, the third chapter meticulously elucidates the procedural framework employed to uphold the robustness and trustworthiness of the research outcomes. It commences with a rationale behind the selected research design, substantiating its appropriateness in addressing the research inquiries articulated in Chapter 1. This chapter discusses the quantitative approach, explaining why a particular approach is suitable for use. The section on population and sampling explains how the research subjects are chosen and provides statistical justification for the sample size. After this, the chapter elaborates on the intricacies of data collection methods. Moreover, a comprehensive exposition of diverse data analysis techniques is provided, ranging from statistical analyses to thematic coding, contingent upon the nature of the data under scrutiny. This chapter also contains a section on validity and reliability, discussing measures taken to ensure that the study can be both generalized and replicated. Ethical considerations, such as informed consent and data privacy, are also thoroughly addressed to uphold the integrity of the research process.

Chapter 4 conducts data analysis, it presents the results which obtained from participants involved in this study and Chapter 5 provides conclusion and recommendation. The research framework is illustrated in Figure 1.1. Through the



meticulous delineation of this structure, the thesis aims to offer a well-rounded investigation into the unexplored terrain of customer satisfaction and loyalty within the omni-channel BOPS retail model. This structure serves to guide both the researcher and the reader through a logical progression of thought, from theory to practice, ensuring that the study achieves both academic and practical relevance.

Figure 1.2

Flowchart of the Study

