Omni micro-reseller’s path-to-purchase and MSEs omnichannel readiness in the Indonesian affordable fashion industry

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Abstract
Purpose – This study aims to present the path-to-purchase of omni micro-resellers in affordable fashion shopping centers and differentiates them from the existing knowledge of end-user’s purchase journey. Furthermore, the study aims to explore the omnichannel readiness for Micro and Small Enterprises (MSEs) merchants to provide a seamless experience for the micro-resellers.

Design/methodology/approach – This study adopted an ethnographic approach to gain deep insights into the unexplored omni journey of micro-resellers, using multiple techniques and respondent types in various locations.

Findings – Findings reveal that the journey of omni micro-reseller is not the same as the end-user’s purchase journey. The new value needed in every path-to-purchase is an essential knowledge that helps MSE merchants in serving micro-resellers. MSE merchants’ readiness is assessed by their ability to provide the best customer experience for their buyers, consisting of six omnichannel experience dimensions: researching, purchase-payment, shipping, omnichannel testing, return goods experience and relationship building.

Research limitations/implications – Using the Engel-Kollat-Blackwell (EKB) decision-making model, this study develops the path-to-purchase of omnichannel micro-resellers. The new readiness dimensions developed in this study are set as a potential measurement tool.

Practical implications – It provides new insights to benefit MSE merchants and the institutions responsible for enhancing merchant quality.

Originality/value – This study focuses on micro-resellers in the MSEs environment, the prominent buyers of affordable fashion in developing countries, which is a novelty of the study. Moreover, unlike previous studies that have focused on large and medium merchants, this study concentrates on MSE merchants. To the best of the authors’ knowledge, this study is one of the first studies to highlight ways to measure MSE merchants omnichannel readiness.

Keywords Micro-resellers, Micro and small enterprise (MSE) merchants, Omnichannel readiness dimension, Affordable fashion industry, Path-to-purchase

Paper type Research paper

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1. Introduction
An omnichannel retail strategy is an approach to sales and marketing that provides customers with a fully-integrated shopping experience by uniting user experiences from brick-and-mortar to mobile browsing and everything in between (Mishra et al., 2021; Verhoef et al., 2015). The omnichannel approach is a step taken by retailers who are up-to-date with the needs of the omni shopper: using various channels to check prices, compare products, research reviews and consult social media before buying. Consequently, customers get a unique, complete and seamless shopping experience.

The omnichannel approach is made possible by developing increasingly sophisticated information and communication technology. Not all retailers and merchants can catch up with omnishopper’s needs. Technology for omnichannel adoption requires high funds and, simultaneously, reliable human resources. Large retailers, such as Zara and Uniqlo, have adopted this omnichannel into their sales system to meet the new omnishopper’s value needs (Verhoef et al., 2015). The small and medium retailers in general shopping malls are starting to follow developments and begin to adopt their way of selling, becoming omnichannel (Javed and Wu, 2020). However, not many are ready to change at the micro level, known as micro and small enterprises (MSE) merchants. The scope of this study covers MSE merchants in affordable fashion shopping.

In developing countries, the position of MSEs is strategic for the country’s economy. In 2016, Indonesia’s MSE sector accounted for 60% of the country’s total GDP (Statistic Indonesia, 2017). One prominent MSE is represented by the fashion trade in affordable fashion shopping centers. These are the shopping centers where some of the most substantial money flow happens in developing countries. Affordable fashion shopping centers are a hub for MSE business actors and buyers.

The characteristics of buyers in affordable fashion shopping centers are divided into two, those who shop for personal needs (end-users) and those who shop for resale needs (resellers). Because the size of their business is micro, they are called micro-resellers. These micro-resellers are essential for merchants in affordable fashion shopping centers because most sales come from micro-resellers and not end-users. Therefore, to study the omnichannel readiness of MSE merchants, the focus is to understand the value needs of micro-resellers along their path-to-purchase.

Knowledge of the end-users omnichannel behavior has become widely available, including the topics around omnichannel consumer journeys and constructs that affect trust and purchase intention (Juaneda-Ayensa et al., 2016). Furthermore, other studies cover consumer loyalty (Mainardes et al., 2020); and satisfaction and repurchase intentions (Cunningham and De Meyer-Heydennrych, 2021). Buldeo Rai et al. (2019) constructed a purchase behavior model consisting of five phases in today’s omnichannel path-to-purchase; these phases reflect similar traditional purchase activities but use different channels or platforms of consumers, including research, testing, purchasing, delivering/receiving and returning products. This framework is an adaptation of the models of Schoutteet et al. (2017). In addition, knowledge of omnichannel behavior of micro-resellers is still under-researched, especially in the context of the MSE environment in affordable fashion shopping centers. Without understanding the path-to-purchase of micro-resellers, the strategy of MSE merchants to serve omni micro-resellers value needs becomes disorganized. Understanding the omni shopping behavior of micro-resellers makes the capability at which the MSE merchants need to serve micro-resellers becomes more evident at every point of the Omni shopping journey.

Along with the omnichannel adoption in the market, research has also started to emerge within the academic field. Currently, the dominant literature is concerned with omnichannel behavior in large retailer environments, followed by research in small and medium retailer environments (Mishra et al., 2021). Research on omnishopping in the MSE environment,
especially in affordable fashion shopping centers, is still limited, and this is identified as a research gap.

The objectives of this study are twofold. Firstly, this study delves into the path-to-purchase of omnichannel micro-resellers in the affordable fashion shopping centers, differentiating them from end-users purchase journey knowledge. Further, the study explores the dimensions of omnichannel readiness for MSE merchants serving micro-resellers.

Inevitably, the MSE merchants in affordable fashion shopping centers should transform themselves and participate in change. With the new knowledge, MSE merchants will be more confident to transform themselves and get ready to serve their critical buyers (micro-resellers). MSE merchants are more informed about their reseller’s expectations and how those expectations should be managed to ensure satisfaction and repurchase intention.

2. Literature review

2.1 Decision-making process model

Engel, Kollat and Blackwell brought the consumer purchase decision-making model that consists of consumers’ psychological activities, information processing procedures, decision-making process and environmental factors (Engel et al., 1978, 1986). This theory is widely used in various industries and contexts. Engel-Kollat-Blackwell (EKB) model is considered to be the underpinning theory of this study and concentrates on the decision-making process.

The purchase decision begins with the problem recognition stage when the consumer identifies a need. For fashion products, the directly related causes can be consumption aim and consumption perception; or derived from social influence or promotional activities (Schiffman et al., 2010). Next, the customer’s process after need recognition is research. They search for information about the latest fashion trends and availability. Traditionally, information search is done by visiting the store to see the product display. In the omnichannel era, consumers take advantage of access to social media and websites to find the trends and compare models and prices (Juaneda-Ayensa et al., 2016; Lynch and Barnes, 2020).

The customer evaluates alternatives (consideration) throughout the process, searching for the best value before making a purchase decision (conversion). For fashion products, the important attributes are design/model, fabric quality, color, availability and cost (Arslan et al., 2019). The unique and crucial step is testing or fitting clothes before ordering and paying. Fitting or testing is one reason people come to the store, to have full experience with the clothes. Especially for the clothing selection process, which needs more multi-angle evaluation, testing experience is key for product selection (Xu et al., 2015). The end of the decision process is post-purchase evaluation; a stage in which the purchaser’s experience of the product is compared with the expectations formed during the information search and evaluation stages (Figure 1).

In the omnichannel era, there has been a shift in the customer decision-making process following the adoption of technology that enriches communication media, reaches a broader

![Figure 1. Five-stage buying decision process model](source: Adapted from Engel et al. (1978) and Engel et al. (1986))
audience and provides more options for transactions. Consumers are increasingly well-informed and confident in fashion purchasing decisions.

2.2 Micro and small enterprise characteristics
Two features widely used to define this form of business are a number of assets and profits owned. However, the limits used to measure investments vary across countries. Another extensively used characteristic is the number of existing employees – MSEs are usually run solely by the owner or by a small group of people, usually family members (Blackburn et al., 2013). In addition, the task division in MSEs tend to be less clear, whereas, in SMEs, there is a simple but clear demarcation of hierarchy.

Furthermore, two more distinguishing features are digital capabilities and channel availability. MSEs and SMEs have only limited channels, namely, offline stores, online stores and social media, whereas large enterprises usually have integrated and self-managed distribution networks. The digital capability of SMEs and MSEs is also limited because their human resources do not develop the required technical expertise to provide online services to their consumers. The difference also lies in the ability to change or adapt to new technologies. SMEs can adapt better than MSEs because SMEs have sufficient resources to change but are unaware of the processes (Bollweg et al., 2020).

Another striking characteristic of MSEs is decision-making, which is based on the owner’s instincts and not on data. In contrast, SMEs already have consumer data that are simple, but they lack the expertise to understand and implement the data. Hence, decision-making is still done based on the owner’s instincts (Bollweg et al., 2020). A more comprehensive explanation of the differences between types of retailers is described in Table 1.

2.3 Retailers’ omnichannel readiness
Understanding the different types of buying decision and mapping value offering against each buyer’s needs will help the merchants to craft compelling marketing messages, right products, the right pricing models, deals and discounts and other benefits (Shah et al., 2006). Providing customer value needs can be achieved with the help of technology in today’s modern world. Although there is growing awareness of digital technology among large retailers as sellers, from large and medium to small and even MSE merchants, those who implement it entirely are still limited. Therefore, it is suggested to see the retailer’s

<table>
<thead>
<tr>
<th>Aspect</th>
<th>Large enterprises</th>
<th>Small and medium enterprises (SMEs)</th>
<th>Micro and small enterprises (MSEs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>&gt;Rp. 50 billion</td>
<td>Rp. 2.5 billion</td>
<td>&lt;Rp. 300 million</td>
</tr>
<tr>
<td>Assets</td>
<td>&gt;Rp. 10 billion</td>
<td>Rp. 500 million</td>
<td>&lt;Rp. 50 million</td>
</tr>
<tr>
<td>Size of employee</td>
<td>More than 100 people with a complex organization hierarchy</td>
<td>More than 10 people with a simple organization hierarchy</td>
<td>A single individual or several people, usually family members</td>
</tr>
<tr>
<td>Channel availability</td>
<td>Multiple channel: both offline and online, including e-commerce</td>
<td>Offline and online but limited to social media and online shop at the marketplace</td>
<td>Limited channel; online is mainly social media</td>
</tr>
<tr>
<td>Ability to change</td>
<td>Sufficient resources and knowledge to change</td>
<td>May have sufficient resources but not knowledge</td>
<td>Not much resources</td>
</tr>
<tr>
<td>Decision-making</td>
<td>Heavily rely on research and data</td>
<td>Already have data, but decision-making is still based on owner intuition</td>
<td>Using intuition</td>
</tr>
</tbody>
</table>

Table 1. Different characteristics of large enterprises, SMEs and MSEs

Source(s): Blackburn et al. (2013), Statistic Indonesia (2016), Bollweg et al. (2020)
categorization on the size of the business and on their readiness to serve the changing behavior of buyers.

With the current technological developments, the shopping process carried out by consumers can be done with many channels called omnichannel. The omnichannel model is the seamless shopping experience that covers all the sales and communication channels available to customers. It ensures that the brand delivery and the functionality is consistent, effortless and complementary invariably for all customers (Ostrom et al., 2015). Omnichannel behavior involves researching and shopping the product range using a variety of channels, such as offline stores, smartphone apps, websites and e-commerce.

In previous studies, there have been many ways to describe the transformation of retailers in terms of technology readiness. Witcher and Tajima (2018) introduced an assessment tool called omnichannel maturity, whose function is to measure omnichannel development across three dimensions: (1) experience (digital consumer experience), (2) operations (digital operational excellence) and (3) engagement (digital and omnichannel consumer engagement). Specifically, for SMEs, several differentiating variables between merchants in past research are used in their classification based on e-commerce adoption (Lertwongsatien and Wongpinunwatana, 2003), e-learning utilization (Roy, 2009) and online adoption level (Garzoni et al., 2020).

The term readiness was first used to describe technology adoption by expressing “technology readiness” (Parasuraman, 2000). After the emergence of e-commerce, the term “e-commerce readiness” appeared, which referred to companies’ readiness for e-commerce adoption (Stockdale and Standing, 2004). Another common term is “digital readiness,” which refers to the digitalization of organizations and individuals (Horrigan, 2016; Thi Phuong Thao and Swierczek, 2008). Later, when the omnichannel environment emerged, the term “omnichannel readiness” (Bock et al., 2017) was introduced.

A merchant or retailer who is ready for omnichannel is the one who enables real interaction, allows customers to shop across channels anywhere and at any time; thereby, providing them with a unique, complete and seamless shopping experience that breaks down the barriers between channels (Barwitz and Maas, 2018; Dahl et al., 2018; Verhoef et al., 2015). What distinguishes omnichannel readiness from digital readiness is that omnichannel technology creates various channels that consumers can choose to use and a good buying experience (Bock et al., 2017). Omnichannel readiness refers to the entire experience of conducting transactions, that is, providing customers the same shopping experience in diverse channels, both online and offline (Verhoef et al., 2015).

Retailers have two types of buyers: individual end-users and micro-resellers. Its omnichannel readiness should be contextual to the needs; therefore, it is critical for retailer to learn the omnichannel behavior journey of each buyer type. Buyer understanding plays a dominant role in building long-term relationships between buyers and sellers (Hussain et al., 2020); this is applied in the B2C context (Liang et al., 2018; Srivastava and Sharma, 2013) and B2B context (Chung et al., 2008; Sukresna et al., 2016).

This study explores knowledge about micro-resellers (buyer) omnichannel behavior journey and translates it to understand how ready MSE merchants in affordable fashion shopping centers are to serve them. This study emphasizes exploring the unexplored omnichannel micro-reseller purchase journey and the readiness dimensions of MSE merchants that are associated with them.

3. Methods
This study adopts a qualitative approach via ethnography. Ethnography is a way to deeply learn about the social and cultural interaction among people (Moores, 1993), in this case, between MSE merchants and their micro-reseller buyers. It explores the process that occurs
at each path-to-purchase in the context of micro-resellers and assesses the extent to which MSE merchants are prepared to respond to the omnichannel era.

The ethnography field study relies on direct observation in a natural setting that aims to capture real events and the meaning attached by people to objects, behavior and the environment around them using various kinds of data (Brennan et al., 2015). The primary purpose is to obtain multi-perspective findings, triangulate them and validate the insights to gain a holistic view. The ethnography study was adopted to provide a critical reflection on the challenges and experiences faced by MSE businesses.

To gain initial insights, we collected the data by engaging in a number of activities that involved some experts in the industry association and in the government. Being present at their workshops and meetings; attending an informal discussion with them; and conducting one-on-one interviews with five key persons as the engagement that provides accumulated insights.

We visited 15 affordable fashion shopping centers in three big cities (Jakarta, Medan and Surabaya) and covered 96 shops in total. We spent 3 days in each shopping center to be able to sufficiently explore and conduct various research techniques, such as observation, shadowing, unstructured interview and mystery shopping. The selection of stores and participants in these four techniques is done by convenience sampling.

Observation includes the browsing the shops in the market and observing the life events that occurred there. The researcher observed the situation and the actors inside shopping centers, namely, MSE merchants as the sellers and the end-users and micro-resellers as the buyers. Exploration activities were then continued by shadowing one end-user and two micro-resellers in each market. Shadowing is done with a natural technique where there is no intervention from the researcher.

Besides shadowing, the researchers also conducted unstructured interviews with micro-resellers. The interview aims to validate and further clarify the findings from the shadowing events. Many questions are directed to understand the flow of omnichannel behavior path-to-purchase of micro-resellers and to what extent the MSE merchants are capable to provide the best experience for the buyers.

To triangulate the insights gained from previous research techniques, the researcher held three mystery shopping per shopping center. Researchers take on the role of customers, both as end-users and as micro-resellers. Mystery shopping is also carried out through online channels, to gain a more holistic view of omnichannel behavior, especially toward MSE merchants that seem digitally capable.

Lastly, we conducted in-depth interviews with 15 MSE merchants in-store, at the affordable fashion shopping center premises. The criteria used in selecting informants is at least 3 years of experience as merchants. In-depth interviews were conducted to reveal how merchants cope with the omnichannel pressures and investigate the extent to which they are prepared to face these changes.

4. Results and discussion
The analysis discussed in this section builds upon and extends the findings from a series of qualitative research techniques: expert interview, field observation: shadowing and unstructured interviews, mystery shopping and contextual depth interviews. The ethnography research approach helps in revealing the “not too obvious” insights.

Two main emerging themes were identified from the study. The first theme that emerged from the exploration is about the new value needs of the micro-resellers as the buyers in each path of the omnichannel purchase journey. Meanwhile, the second theme extracted from the field study is about the efforts of MSE merchants in serving the micro-reseller buyers.
Different levels of digital capabilities and customer-centricity dictate their omnichannel readiness to cope with the new value needs of the buyers. Digital capability refers to how skillful the merchants are in adopting and applying technology for communication and selling purposes. However, customer-centricity shows the level of customer understanding of the new buyers’ values and their willingness to respond to the new needs.

The omnichannel journey framework available in previous studies (e.g. Buldeo Rai et al., 2019) focuses on end-user as buyers, starts with researching, then testing, purchasing, delivery and returning. However, the journey of omnichannel micro-reseller derived from this study starts with researching, then purchasing, payment, shipping, testing and then returning, and lastly relationship building (Figure 2). The path of relationship building is exclusive for micro-resellers. In the path-to-purchase of end-users, the journey stops at returning goods and/or evaluation of the purchase for individual purposes.

4.1 Micro-reseller path-to-purchase and MSEs omnichannel readiness dimension
Exploration results from direct visits to affordable fashion shopping centers in various cities confirmed the existence of two types of buyers, namely, end-users and micro-resellers. Micro-reseller characteristics pertain to the millenial group that shops offline and online and also combines their activities offline and online (omnichannel approach). At first glance, there is no visible difference in these two types of buyers’ characteristics because they have the same appearance in profile. In general, they are women who seem to be interested in fashion. This is shown by their clothes, which are generally quite fashionable. However, when shadowing them during observations from store to store, the differences in their shopping behavior are detected.

The following section will describe each path of the micro-reseller purchase journey and the reflection of the capability requirement of MSE merchants to serve the new omnichannel value needs, captured in the readiness dimension in each path of the journey.

4.2 Path 1: researching and omnichannel research experience (ORX)
Both end-users and micro-resellers’ engagement with MSE merchants begin at the research stage. During the shadowing process in observation, we found that micro-resellers spend a pretty long time on research. They visited more stores, explored the shopping centers, and seriously compared variations in product design, price, color variants, stock and payment methods. This contrasts with the end-users encountered during the observation, who tended to evaluate the options between stores briefly.

The research team found that merchants did not offer all their product collections to the research team when they were seen as end-users in the mystery shopping stage. Nevertheless, in other stores, when the scenario was changed to act as a micro-reseller, merchants showed a different serving style. They release more collections, provide information on the availability of colors and sizes, negotiable prices and even offer delivery services via courier partners.

Based on further elaboration through in-depth interviews with MSEs merchants, not revealing all information in online channels by merchants is a strategy to protect their competitive edge from other merchants in the same shopping center. It becomes a strength when merchants can have unique and exciting products.

![Figure 2. Omni micro reseller’s path-to-purchase](source(s): Derived from this study)
I deliberately did not show the product collection on my online shop account, because it is a secret, I only gave it to the resellers who I know, because if the shop next door sees my collection, they will imitate (Interview with the MSE merchant in Medan)

In contrast with Akalamkam and Mitra (2018) who examined the end-users research activities that are mainly to find products that match their tastes and preferences, this study found that the research activities by micro-resellers are more dimensional as it includes their projection of their customers’ interests. The mystery shopping revealed that there are many store owners who have not seen the different needs of micro-resellers from end-users. They do not provide the expected information and treat micro-resellers like end-users.

Merchants, who are ready for omnichannel, display products in the store and are actively getting their collection submissions through personalized WhatsApp messages. Moreover, they will readily provide the information even when not requested and they personalize information regarding their new collections according to the buyers’ needs. They open online communication channels or use the online platform WhatsApp to give more access to the buyers. Meanwhile, less ready merchants do not respond to the request, even if the information is requested. Communication with them happened only in the physical stores.

4.3 Path 2: purchasing and payment and omnichannel purchase-payment dimension (OPX)

This stage includes a continuation of the research stage, namely, the exploration stage for ways to purchase products, negotiate prices, to determine the accepted payment method. In general, in the omnichannel era, technology has enabled other purchasing channels besides coming directly to the store.

MSE merchants who are more ready to serve micro-resellers can be seen from the various services they provide, namely, products can be ordered through various sales channels: WhatsApp, telephone calls and online facilities in e-marketplaces. The conditions given to micro-resellers are much better than those for end-users, and more personalized. One of the scenes caught in the observation is when MSE merchants provide their contact details for repeat purchases, and this is generally only given to micro-resellers.

Regarding the price negotiation process, end users are usually able to negotiate pricing when directly visiting the store, but not in online channels. For micro-resellers, due to bulk-buying transactions, price negotiations are more flexible, as they can be executed either offline or online or through direct communication via WhatsApp for repeat orders. The preferable channel for micro-resellers is WhatsApp. The reason is that this channel is considered easy to use, and the communication is more personal.

Negotiations with customers are not only about the price, but the important thing is how to pay, sometimes even though we give a cheaper price, the customer prefers the price is a little more expensive but they can pay it in installments instead of having to pay it all off (Interview with the MSE merchant in Jakarta)

Different from the study of Lynch and Barnes (2020) that divide purchase experience into pre-purchase and post-purchase only; in the case of micro-reseller, there is a sequence of the purchase experience. First round is during the testing period and the next round is when they are happy and decide to give a bulk order. The micro-reseller payment experience will impact the willingness to do further business with the MSE merchant.

The MSE merchant that is ready in the omnichannel era uses all purchase channels: in-store, by phone and e-commerce – where the interaction between channels is seamless. However, the traditional MSE merchants use in-store payment only. Regarding the payment type, cash and credit are the only payment that they accept in-store, while the more ready merchants accept all sorts of payment types to achieve a seamless experience.
4.4 Path 3: shipment and omnichannel shipment readiness (ODX)

The micro-resellers have experience with both offline and online delivery services. The fact that they need to involve third parties, such as shipping companies, adds to their purchase journey’s complexity. Not all SME merchants understand the critical role of shipping, even though the relationship between them and micro-resellers can be disrupted if the services provided by the delivery service agency are not satisfactory.

Micro-resellers can also get different treatment from merchants, where the delivery process can be executed according to the preferred date. As for the end-user, the product will be sent immediately after the payment process is complete.

In previous literature, experience regarding delivery services is considered one of the factors that influence consumer satisfaction (Saha et al., 2020) and trust in merchants (Javed and Wu, 2020). This study found that what determines the satisfaction of micro-resellers with the delivery experience can be seen from two measures, namely, the availability of delivery options and the packaging of the products shipped.

In this study, we directly observed a situation where one of the MSE merchants who was not ready to serve the value needs of micro-resellers just ignored the process of packing and shipping goods without trying to help. Even micro-resellers who are being shadowed have to go to other floors in the same market just to find a delivery service.

This is different from store observations where MSE merchants are ready to face the new value needs of resellers. Merchants have high capabilities in the field of technology, they enter customer and purchase data in the database. Resellers only need to determine the product they buy, be it in-store or online. All shipping and contacting courier services are handled by the merchant.

Merchants who are already equipped are usually used to providing delivery services using many choices of couriers, even merchants who are used to providing delivery services usually work together with couriers so they can get priority in terms of delivery and prices that can be cheaper than others.

The customer really wants two things, the goods arrive safely and the packaging is neat, even though the goods arrive safely but the packaging looks not neat, sometimes there are complaints to us, (Interview with the MSE merchant in Surabaya)

In terms of product packaging, there are two things to consider, namely, in terms of neatness in product packaging and packaging safety. Product safety is based on both the treatment given by the merchant and from the courier’s own treatment. However, micro-resellers can judge how caring the merchant is from the packaging they do. Packaging is the first thing that can prevent existing products from being damaged. This merchant even gives extra miles of efforts by providing anti-heat and anti-wet packaging for its customers.

4.5 Path 4: testing and omnichannel testing readiness (OTX)

Shadowing end-users during observation depicted scenes where end-users are busy looking for a store that provides a changing room. When it is not available, they will ask the merchant for a small corner spot that is sufficient for them to try on the clothes on display. End users conduct testing to find out whether the desired product is of the right size and quality. Our observation shows that they do not come alone, but with friends. The goal is to be able to discuss choosing clothes that match one another.

When those who visit the store are micro-reseller buyers, their focus is not on trying clothes. Testing for micro-resellers is to initially try and spend a little to test the market. From the observation, we saw micro-resellers are busy negotiating about the possibility of returning the product when it is not selling. The testing phase focuses on seeing whether their consumers will like the product. Thus, testing activities for end-users are conducted before they buy the product, whereas for micro-resellers, the testing phase is conducted after they buy the product.
The location of the testing activities differs between end-users and resellers. In general, end-users conduct direct testing activities at merchants’ locations, although some merchants also provide services for end-users to conduct testing at home by delivering the product to the consumer’s location. As for resellers, the testing process is conducted in their own stores, both online and physical stores. Testing means checking whether their consumers like the product or not; successful testing will encourage resellers to repurchase the product.

By purchasing in a small amount of product range, I reduce transaction risk. When my customers like the products, the shopkeeper has kept my contact detail, and I easily double the transaction without starting again (Interview with micro-reseller in Surabaya).

Previous studies have investigated the testing stage for end-users who tested the suitability of real products with their research results (Cook, 2014). This is not the case for micro-resellers. The testing stage for micro-resellers is to first try to sell in small quantities. The goal is to gauge the market response, whether fashion with certain models and colors is preferred and try to mix and match the purchased products with other products to create complete fashion products. This way, micro-resellers gather useful feedback that can be used in follow-up purchases in larger quantities.

There are two aspects involved to evaluate MSEs omnichannel readiness in the testing stage. First, it is about the access to new collection information. The more sophisticated MSE merchants provide access to the new collection, although they are selective to the ones who have become loyal users. They keep a simple database to be able to distinguish the micro-resellers status. However, the less ready MSE merchants keep the information of new collection tightly and fail to satisfy the micro-resellers that though they are entitled to get the access.

Second, it pertains to giving discounts for a limited amount of orders, to provide some space for micro-reseller to do market testing. In the current situation, there are many MSE merchants who fail to provide this price exercise. Consequently, it reduces the potential of micro-resellers considering buying their products.

4.6 Path 5: returning goods and omnichannel return goods experience (ORGX)
Consistent with Rintamäki et al. (2021), return activities have a social aspect in the relationship between MSEs and resellers, where the opportunity to return goods can be seen as an affirmation from the merchant to the reseller business. The exchange of goods must follow certain procedures imposed by the merchant, such as showing evidence (goods/photos), exchange at the specified time (for example, not later than a month after purchase) and carrying.

This study presents two indicators of omnichannel readiness evaluation in this product return process. The lowest level omnichannel readiness concerns MSE merchants who are rigid and do not give an opportunity for micro-resellers to exchange goods at all. The level of omnichannel readiness increases when merchants allow goods to be returned or exchanged, even if the buyers must come directly to the store and must show a hard copy of the proof of purchase. The highest omnichannel readiness merchants are when they allow for goods to be returned by shipping courier and the approval for returning products is speedy and as simple as WhatsApp communications. The proof/receipt of purchase as evidence could be sent by WhatsApp.

The process of returning products for micro-resellers is different from that for end-users. The process of returning goods for end-users is simple; the end-user can send the product back, and the merchant will replace it with a new product. However, for micro-resellers, the product return process is more complex because goods can be returned by replacing them with another product or exchanging money. In addition, the process of returning goods for micro-resellers can impact their relationship with merchants.
This is the most challenging part of my work. Convincing the shop owner that the product return is genuine and I do not take advantage of our relationship (Interview with micro-reseller in Jakarta).

4.7 Path 6: relationship building and omnichannel relationship experience (ORelX)

Relationship building is the last stage carried out by micro-resellers in the purchase journey. This is different from the end-users whose processes only stop when they have a need for returning goods that are not suitable (Buldeo Rai et al., 2019). For micro-resellers, their purchase journey is continuous, not stopping after their first purchase. Repeat purchases and loyalty to MSE merchants are signs that prove their satisfaction with products and services.

From interviews conducted with micro-resellers, they confirmed that the main factor that is important throughout the purchase journey is relationship building. They shared their past experience about extra benefits they enjoyed from the merchants when they successfully established a good relationship. This includes benefits on information accessibility, use of the channel for purchase and various facilities for negotiation and payment.

In the process of building this relationship, micro-resellers use various communication and purchase channels. They intensely ask questions via WhatsApp messages and also every time they come to the store, they spend time sitting and chatting with the shop owner. However, not all MSE merchants are ready to face the approach of micro-resellers who have tried to build relationships with them. Some shop owners are never even in the shop, and let the interaction process in the shop be handled by shop attendants who do not necessarily have expertise in fashion trends and also care about the differences between end-users and micro-resellers. Here, it can be seen that many MSE merchants end up wasting the relationship-building potential.

Sometimes I am disappointed when come to store, only served by the store keeper. It is not the same feeling with meeting the owner. They are more friendly and widely knowledgeable about fashion trend (interview with micro-reseller, at Medan)

Table 2 summarized the findings of this study.

5. Conclusion

In this study, we found out that the development of omnichannel behavior has been steady and inevitable, and reaching MSE merchants at the affordable fashion shopping centers. This research focuses on micro-resellers as buyers, which is the novelty of the study. Micro-reseller characteristics pertain to the millennial group that shops offline and online or combine both (omnichannel approach).

This study provides empirical evidence supporting the urgency for MSEs in developing countries to transform their behavior to omnichannel. Micro-resellers, the main buyers at this shopping market, have adopted omnichannel in their daily lives. That means, MSE merchants should change the way they serve micro-resellers, the way it is captured in the results section.

Theoretical implications of modern purchase behavior can be drawn from the results of this study. Using the Engel, Kollat and Blackwell decision-making model, this study develops the path-to-purchase of omnichannel micro-resellers. The new readiness dimensions of MSEs developed in this study are set as potential measurement tools. This new framework is a complement to the existing framework presented by Buldeo Rai et al. (2019) and Schoutteet et al. (2017), which focused on the end-user omnichannel journey.

Our findings reveal that the journey of omnichannel micro-reseller is not the same as the end-user’s journey. The path-to-purchase of micro resellers starts with researching, then
New value needs in each path to purchase
Micro-resellers | Omnichannel readiness dimension
MSEs merchants

<table>
<thead>
<tr>
<th>Path 1: researching</th>
<th>Omnichannel research experience (ORX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to Variety of research channels</td>
<td>Information is provided: in store, online or social media (direct message)</td>
</tr>
<tr>
<td>Fast in getting information</td>
<td>Responsive when contacted for information via any communication channel</td>
</tr>
<tr>
<td>Complete product information</td>
<td>Showing range of colour, size, design when visited or send via WhatsApp</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Path 2: purchase and payment</th>
<th>Omnichannel purchase and payment experience (OPX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variety purchasing channels: come in person, buy via e-commerce or online stores</td>
<td>Provides many payment options</td>
</tr>
<tr>
<td>Negotiable pricing</td>
<td>Providing personalized prices and conditions</td>
</tr>
<tr>
<td>Flexible payment method</td>
<td>Payment method variations: pay cash at store, use credit card or online payments</td>
</tr>
</tbody>
</table>

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<tr>
<th>Path 3: shipping/delivery</th>
<th>Omnichannel delivering experience (ODX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Access to many delivery options: convenience</td>
<td>Ability to pick up or sent via courier</td>
</tr>
<tr>
<td>Extra services: wrapping and safe packaging</td>
<td>Order can be made online or by phone</td>
</tr>
<tr>
<td>Access to reliable shipment vendors</td>
<td>Provide neat and safe packaging services</td>
</tr>
<tr>
<td></td>
<td>Recommend reliable vendor list</td>
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</tbody>
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<tr>
<th>Path 4: testing</th>
<th>Omnichannel testing experience (OTX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity to buy small units in the trial period</td>
<td>For trial purpose: small unit is allowed</td>
</tr>
<tr>
<td>Want to be given access to the latest products</td>
<td>Sending new collection via WhatsApp for early order ahead from competition</td>
</tr>
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<tr>
<th>Path 5: returning</th>
<th>Omnichannel return goods experience (ORGX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less strict for policy returning goods</td>
<td>Returns of goods that initially had to go directly to store with complete proof of payment, are now allowed to be sent via courier</td>
</tr>
<tr>
<td>Notifications can be sent online</td>
<td>Maintain database to speed up the approval process</td>
</tr>
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<tr>
<th>Path 6: relationship building</th>
<th>Relationship experience (RelX)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Want to be recognized personally both at store or via different channels</td>
<td>Calling the micro-reseller personal name when communicating</td>
</tr>
<tr>
<td>Get a special treatment as friends</td>
<td>No delay response when contacting</td>
</tr>
<tr>
<td></td>
<td>Friendly</td>
</tr>
</tbody>
</table>

Table 2. The link between micro-resellers value needs and MSE merchants omnichannel readiness dimensions
purchasing, payment, shipping, testing, returning and, finally, relationship building. The new value needed in every path-to-purchase is essential knowledge that can help MSE merchants in affordable fashion shopping centers who want to successfully serve micro-resellers as their buyers on every path they take.

The level of readiness of MSE merchants in facing the omnichannel era is assessed by their ability to provide the best customer experience for their buyers. In the context of micro-resellers, this study finds a measure of merchants’ readiness level which is covered by six experience dimensions: (1) omnichannel research experience (ORX), omnichannel purchase-payment experience (OPX), omnichannel shipping-delivery experience (ODX), omnichannel testing experience (OTX), omnichannel return goods experience (ORGX) and omnichannel relationship experience (ORX). MSE merchants must comply with these six dimensions to create seamless consumer engagement for micro-resellers.

This study fills the research gap in the omnichannel behavior of resellers in a micro business setting. The micro-resellers’ values that are explored in each purchase stage and the omnichannel readiness dimension found in this study are potential insights to be developed into a robust measurement tool. Further quantitative research is required to verify the significance of these findings and complements the findings of this study. A tool to measure omnichannel readiness will be useful for the future development and competitiveness of MSE merchants in affordable fashion shopping centers.

This study provides new insights for both the merchants and institutions responsible for training or uplifting the merchant quality. MSEs in affordable fashion shopping centers constitute most of the country’s economic activity; however, most MSEs find it difficult to change not because of the lack of goodwill, but due to the lack of the ability to transform, especially as they do not know where to start (Bollweg et al., 2020). Therefore, we hope that the findings would help improve the performance of these merchants and have a positive impact in the long run.

Considering that many developing countries have an abundant number of MSE merchants, we believe that the managerial implications of the results are particularly valid for practitioners and policymakers. Now that we understand the existence of each dimension of omnichannel readiness for MSEs, trainers from both government and non-government agencies could use the categorization to track and enhance the merchants’ quality.

Although this study finds measurement dimensions that can be used to measure the omnichannel readiness of MSE merchants, it is still in the preliminary stage. One limitation is that many MSEs were unwilling to open themselves up in the interview process, citing confidentiality concerns. In addition, this study is contextualized only in the affordable fashion industry of Indonesia. Future research could be done in other industries and other developing countries, which will complement our study.

References


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