

Understanding the New Millennial Customer Path in the Era of Omni-Channel Marketing in Indonesia

Chandra Hendriyani*

Faculty of Social and Political Sciences, Universitas Padjadjaran

Arianis Chan

Faculty of Social and Political Sciences, Universitas Padjadjaran

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ABSTRACT

The recent trend shows that omni-channel marketing is growing rapidly. Customer preference to digital transaction encourages companies to shift their platforms to digital marketing. At the moment, customers search for more information, learn about products, purchase or shop by online. Customers have become increasingly mobile and channel-agnostic. They move from one channel to another, from online to offline. That customer path is sometimes even spiral. Omni-channel marketing is the practice of integrating multiple channels to create a seamless and consistent customer experience. This study is intended to illustrate the omni-channel marketing used to comprehend the new millennial customer path activity in buying some products in Indonesia. The method used in this study was qualitative research with descriptive approach. The data collection techniques applied was observations and literature study. The results show that companies in Indonesia have already done customer path for their platform strategy in the era of omni-channel with online and offline channels to grab customer by observing their behavior which is mobile generation, wanting to be fast, creative and always innovative in gaining competitive advantages and expanding market share.

Keywords: Omni-channel, Omni-channel Marketing, Customer Path, Gen Y

1. INTRODUCTION

Technological developments drive changes in the behavior of customers and companies in their interaction. Communication shifts from traditional to digital. According to Kotler et al. (2017), the digital era is known as the era of Marketing 4.0 which is a marketing approach that combines online and offline interaction between

companies and customers. Digitalization has rendered consumers' use in many channels for purchasing activity. Aubrey & Judge (2012) state that technology has changed consumer attitudes and behaviors. Customers increasingly have diverse choices and a full authority. Therefore, according to Bendoly et al. (2005), companies should anticipate this condition by opening various marketing channels but they still integrate into each other. Additionally, Hansen and Sia (2015) explain that companies must focus on changes in technology infrastructure and organizational practices to successfully transform the economy through an omni-channel strategy.

The channel integration will connect to all data for both giving information and fulfilling products. According to Verhoef et al. (2015), the concept of omni-channel defines omni-channel management as the synergetic management of numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels get optimized. In building an integrated channel, a company must understand which customer path is the target market for the company because each customer category has different characters.

Millennial customer is the largest market share in the era of digitalization, especially in Indonesia. Based on Indonesian Central Bureau of Statistics (in Ali and Purwandi, 2017), it is shown that 50 % of Indonesian productive age population today comes from the millennial generation. From 2020 to 2030, they are expected to make up 70% of the total productive age population. Companies must be able to strategize to continue to interact with this millennial generation by understanding their lifestyles, needs, and preferences. In this digital age, the internet is the gateway to enter their lives.

Based on that, this study aims to describe how companies build the strategy omni-channel marketing to grab the new millennial customers in Indonesian.

2. LITERATURE REVIEW

2.1. Millennial Customer Path

According to Kotler et al. (2017), with the increase of mobility and connectivity, companies should map customer path to purchase, understand customer touch points across the path and intervene in selecting touch points that matter. The customer path should be written in the five A's: aware, appeal, ask, act, and advocate. In the aware phase, customers are passively exposed to brands from their past experience, marketing communication and/or the advocacy of others. The appeal phase is showing a condition after the customers are aware of several brands based on their experience or they are being reminded by their friends, family, media or directly by the brands. Next stage is ask. The ask phase is when the customers search for information by online and offline,

such as calling friends, searching for product reviews by online or contacting call center or sales agent. After being convinced by the information, the customers will do the act by buying the product. Then the last is advocate phase where the customers spontaneously recommend the brands.

Digitalization is identical to the generation of millennial or Gen Y who was born in 1980-2000. Kaifi et al. (2012) and Deal & Rogelberg (2010) call them 'millennial' because of their closeness to the new millennium and they grew in a more digital age. They have different values, characteristics, behavior, confidence, self-esteem, and assertiveness. According to Andert (2011), this generation is influenced by computers and a greater acceptance of non-traditional families and values. Ali and Purwandi (2017) state that in urban areas, the millennial generation is identical with 3C (Creative, Confident, and Connected).

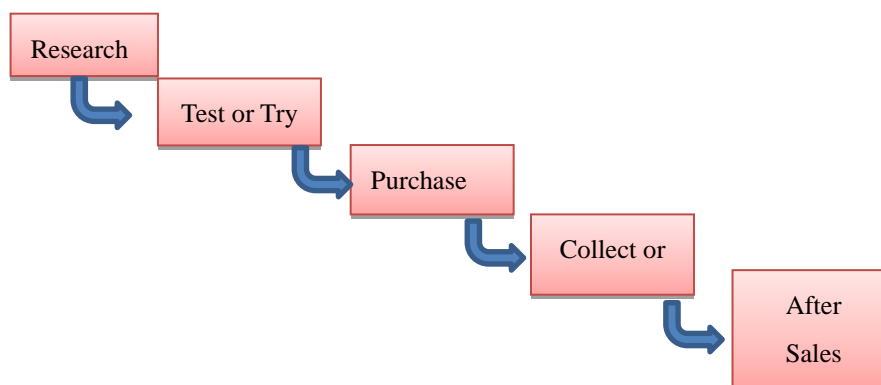
According to Cook (2014), omni-channel customers are mobile as well as highly connected and they embrace technology in their daily life. They are fully engaged oin digital and social media channels. They demand a convenient and enjoyable environment to undertake product research, at both time and place that suit them. Rippé et al. (2015) mention that omni-channel consumers usually believe that they know more about a purchase than the salespeople and they perceive themselves as having more control over the sales encounter. In addition, Fairchild (2014) says that omni-channel consumers are described as "the central force shaping the future of e-commerce and brick-and-mortar stores alike". The following table is the three segments of omni-channel customers:

Table 1: Segmentation of Customer in Omni-channel Marketing

Segment	Description
Omni integrated	Affluent, home-oriented, well-connected, aged 30–50 years
Young mobile	Under 30 years, constantly on the move, SMS is their primary communication channel
Social Networker□	Spans all age groups, highly connected by interest rather than demographics

Source: Cook, 2014

These segments are fully engaged in the digital and social media channels and they are highly loyal customers. Cook (2014) also describes how the millennial buying processes look like:

Figure 1: Typical five-stage buying process

Source: Cook, 2014

2.2. Omni-channel Marketing

Technological developments have encouraged customers to purchase from across multiple e-commerce channels. *Omnis* is a Latin word meaning ‘all’ or ‘universal’. So, ‘omni-channel’ means all channels together (Lazaris and Vrechopoulos, 2014) while Neslin et al. (2006) state that channel is a customer contact point or a medium in which the company and the customer interact. Omni-channel is very important in business strategy. According to Mosquera et al. (2017), omni-channel marketing refers to the brand strategy that integrates all channels and simultaneous uses of different communication channels by customers which somehow facilitate the emergence of new behaviors, such as showrooming and webrooming. Verhoef et al. (2015) define omni-channel management as a synergetic management of numerous available channels whereas customer touch-points are intended to optimize the customer experience and performance across channels. Belu and Marinoiu (2014) affirm that the omni-channel strategy is the future of retail business hence Gensler et al. (2012) state that the most important channel attributes differ between search, purchase, and after-sales. According to Balasubramanian et al. (2005), consumers actually have to pay a price in the purchase stage and they aim to maximize consumption utility by minimizing the cost to buy a product.

Mosquera et al. (2017) conclude the concept of omni-channel marketing as follows:

Table 2: Omni-channel Marketing

	Omni-channel Marketing
Concept	Integration of all widespread channels
Degree of integration	Total
Channel scope	Retail channels: store, website, mobile, social media, customer touch-points
Customer relationship focus: brand vs. channel	Customer-retail channel-brand focus
Objectives	All channels work together to offer a holistic customer experience
Channel Management	Cross-channel: a synergetic management between channels and customer touch-points geared through optimizing the holistic experience perceived interaction with the brand
Customers	Be able to trigger full interaction. Use channels simultaneously
Retailers	Control full integration of all channels
Salespeople□	Adapt selling behavior using different arguments depending on each customer's needs and knowledge of the product
Data	Data are shared across channels

Source: Mosquera et al., 2017

3. METHOD

The method used in this study was qualitative research with descriptive approach. The data collection techniques applied was literature study and the writers have taken three retail companies who won Indonesia Most Admired Companies (*IMACO*) Award 2017 in the Category of Retail. They are PT. Indomarco Prismatama, PT. Lotte Shopping Indonesia and PT. Matahari Department Store Tbk. They act as the object of this study to show their strategy in omni-channel marketing to juxtapose the millennial generation in Indonesia.

4. RESEARCH AND FINDINGS

Based on the data from the Association of Internet Service Providers Indonesia, the internet users in Indonesia has reached 132.7 million in 2016 and Indonesia will become the largest digital market in Southeast Asia by 2020. The percentage of the productive

age in Indonesia, which is between 15 and 35 years, has now reached 40%. The number is expected to soar in 2020, up to 50-60%. According to Sudjana and Wirjono (2017), the omnichannel marketing of the millennial generation in Indonesia has characteristics, such as digital style which is so easy to express themselves on their social media account; consumptive shopping, traveling, buying concert tickets and movies as a priority; saving for something dreamed in which the saving type is 'easy come easy go'; being knowledgeable which means to become a critical generation with the ease of finding information via the internet. The millennial generation knows exactly what they want. They will find out in advance the information before they make a purchase. In the digital platform as a media of communication, they prefer to linger in social media and digital. Becoming an entrepreneur tends to be without preparation as they prioritize facilities and appreciation in the world of work.

There are several retail companies that won Indonesian Most Admired Companies (IMACO) Award 2017 in the Category of Retail, namely:

a. PT. Indomarco Prismaatama

With its brand, Indomaret becomes the Indonesian leading retailer, acquires "Best of the Best" retail in the Asia Pacific region. Indomaret obtains the convenience store category. In 2016, Indomaret achieved sales at approximately Rp48 trillion and to face the Y generation, Indomaret uses omni-channel marketing by promoting a collaboration with suppliers to expand online and offline channels being used. The online channel is used by optimizing social media like Facebook, Twitter, Line, and Instagram. Indomaret builds collaboration with transportation companies in Indonesia, CIMB Bank, RPX Cargo Company, online transactions iPay and visa Indomaret. To show social responsibility to its consumers, Indomaret collaborates with UNICEF, creates an event named "Mudik Bersama", and the Indonesian Red Cross. Indomaret uses offline channels to encourage purchases by attractively displaying bright colors that dominate the millennial generation, appealing and creating booths for the millennial to hang out.

b. PT. Mitra Adiperkasa Tbk.

Incorporated in 1995, MAP is the leading lifestyle retailer in Indonesia with over 2000 retail stores and a diversified portfolio that includes sports, fashion, department stores, kids, food & beverage and lifestyle products. The vision of MAP is to be the leading omni-channel retailer in Indonesia. PT. Mitra Adiperkasa Tbk. (MAP) goes omni-channel by launching MAP EMALL, the one-stop shopping destination in Indonesia offering exclusive international brands to be connected and

engage the millennial. As an omni-channel experience, in future, the customers will also be offered choices to pick up/return, order merchandise online and use the vast retail network of MAP. The online channels for customers are the website: www.mapemall.com., twitter @mapyourstyle, Instagram: @mapyourstyle and Facebook: www.facebook.com/MAPyourstyle.

c. PT. Matahari Department Store Tbk.

PT. Matahari Department Store Tbk. (“Matahari” or “Company”) is Indonesian preferred department store, offering a unique proposition of fashion-forward merchandise, outstanding value and a welcoming, enjoyable shopping experience. As an omni-channel company, Matahari uses online and offline channels, for instance for the online channels are the website, e-catalog, and e-newsletter and for the loyal customers, Matahari makes Matahari Club Card. Matahari’s retail network has spread to 151 stores in 70 cities as well as the online store, MatahariStore.com. Matahari has established itself as a truly national brand.

5. CONCLUSION AND SUGGESTION

5.1 CONCLUSION

As the impact of the rapid technology, the large number of millennial generation is predicted reaching 50-60% from the population of Indonesia by 2020. Their behavior changes into a mobile generation. They want to be fast, creative and always innovative. Those reasons push companies to build an omni-channel marketing strategy with online and offline channels. Customer path should be guidance for making a platform connecting with customers. Then, customers can be connected anytime.

From the description above, the writers can show that the three companies have already done the omni-channel concept of the retail company and they use the holistic channels to trigger their customer by collaborating with all suppliers.

5.2 SUGGESTION

As the millennial will be a huge prospect in the future, companies should maintain the concern of customer lifestyle and make an engagement through online and offline channels. A memorable experience in online or offline shopping should be more attractive. A high technology, faster response, attractive and simple design are very important for the millennial. Updated information in all channels is a must, so companies should concern about the content of every detail channel and in the era of omni-channel, companies should improve collaboration with suppliers and the well-known brand is the favorite of Gen Y.

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