Research on Consumer Behavior and Experience under Omni-Channel Retail at Freshippo

Yuting Wu

College of Literature and Media, Guangzhou College of Applied Science and Technology, Zhaoqing, China

Tallyn1277213923@outlook.com

Abstract: With socio-economic development, consumers demand more convenience and shopping experience. Traditional retailers are under pressure from online competition, while pure e-commerce platforms are also aware of the importance of offline experience. Against this backdrop, Alibaba's Freshippo launched a 'new retail' model in 2016, integrating convenient online shopping with offline fresh produce selection and on-site processing services through Omni-channel retailing. Relying on Alibaba's technology, data, and logistics resources, Freshippo has created an integrated 'supermarket + restaurant + logistics and distribution' platform. As of June 2024, Freshippo has opened more than 400 shops, demonstrating strong market competitiveness. However, in recent years, some Freshippo have closed down. This paper focuses on the consumer purchasing decision process and loyalty under Freshippo's Omni-channel retail model and explores its successes and shortcomings, aiming to provide lessons for retail enterprises.

Keywords: Omni-channel, Retailing, Consumer behavior.

1. Introduction

The retail industry is transforming with the advancement of internet technology and the upgrading of consumer demands. Meanwhile, online and offline retail integration has become a new trend in the retail sector. The prerequisite for this integrated retail model is the seamless fusion of online and offline platforms, aiming to provide consumers with a seamless shopping experience. As a new retail benchmark under the Alibaba Group, Freshippo has rapidly secured a significant position in the industry with its distinctive omnichannel integration strategy in the new era. However, it has recently witnessed several store closures.

From the perspective of omni-channel retailing, Park Thaichon et al. explored the transformation of the retail industry from multi-channel to omni-channel, focusing on the impact of channel integration on consumer experience and behavior. They found that by integrating various online and offline platforms, omnichannel retail can provide consumers with a seamless shopping experience, significantly influencing their channel preferences and loyalty. Moreover, the study highlighted that service consistency and transparency directly affect customer experience and loyalty, with factors such as showroom behavior and location-based services modulating this impact [1]. Meanwhile, in examining consumer behavior towards traditional brick-and-mortar retailers' digital storefronts in an omnichannel retail environment, Sharma et al. sought to identify the factors influencing consumer acceptance or rejection of such digital storefronts. The study concluded that perceived product quality

and shopping flexibility were the primary drivers of consumer adoption of digital storefronts. Conversely, the attractiveness of alternatives and concerns about delivery timeliness emerged as significant deterrents. Furthermore, the impact of perceived compatibility on consumer reasoning and attitudes was found to be negligible, and the moderating effect of the distinction between searching for and experiencing goods on consumer attitudes was found to be insignificant, except for experiencing goods, which exhibited a more substantial negative impact [2].

Meanwhile, research studied the current market situation of Sam's Club in China. Deng found that Sam's Club's market positioning in China is mainly oriented toward the middle class, and its strengths lie in high-quality merchandise, unique private brands, and a mature membership system. However, it also faces disadvantages, such as product packaging and specifications not aligning with Chinese consumers' habits. The study recommends that Sam's Club optimize its supply chain, increase localized product offerings, improve product packaging to suit Chinese households, and use social media and private brands to enhance competitiveness [3]. Focusing on enterprises' operational strategies and market performance under the new retail model. Sue examines Freshippo's 'new retail' model, analyzing its products and services, management and organizational structure, financial plans, and marketing strategies. The study found that Freshippo uses big data analysis to identify customer needs and adopts an online-to-offline (O2O) model. Its management structure emphasizes technology and service, and its employees are young and well-educated. From a financial perspective, Freshippo maintains high gross margins, leveraging its strategic positioning in university towns, residential areas, and commercial plazas. The study recommends that Freshippo optimize its supply chain and cold chain distribution, ensure the currency of its data, protect customer privacy, reduce administrative and labor costs, and diversify its payment methods to suit different customer segments [4]. Considering the Transformation and Evolution of Retail Models and Consumer Behavior in the omnichannel Retail Environment, Zhang et al. conducted a study on transforming and upgrading the retail model of Freshippo in the context of consumer upgrading. The study identified the reshaping of the three elements of 'people, field, and things' and the changes in marketing channels and service processes as the keys to its success. The study found that Freshippo optimizes consumer experience through big data and intelligent technology, provides a convenient shopping experience through online and offline integration, and enhances user stickiness and brand loyalty through a community marketing and catering complex model [5].

Lu et al. Studied consumers' experiential behaviors and preferences toward Freshippo under the new retail format. The study found that consumers were mainly attracted by the rich, fresh food variety, healthy and fresh quality guarantee, convenient App ordering method, on-site seafood selection experience, free online shopping service, fast logistics with delivery within 30 minutes, and high-grade shop decoration. The study further revealed that brand reputation, offline experience, online shopping, and logistics service were the most valued factors among consumers [6]. Building on this, Ahmad Alashmawy and Harwindar Singh examined the role of in-store technologies (such as self-service checkout, digital interactive facilities, mobile payment, and intelligent navigation) in omnichannel retail. They discovered that these technologies can significantly enhance customers' shopping experience and operational efficiency, boost customer loyalty, and help physical retail better survive in the digital age [7].

From a business model (BM) perspective, Jocevski et al. examined retailers' strategic transition to omnichannel retailing in the context of digitalization and identified three key areas for successful omnichannel transition: first, delivering a seamless customer experience with cross-channel consistency and personalized service through technological integration; second, building an integrated analytics system to optimize customer management and marketing strategies using data analysis; and third, creating an effective supply chain and logistics system to support omnichannel

operations. The study also emphasized that retailers must reconfigure elements of their business models during the transformation process to better align with customer needs and generate value [8].

Meanwhile, Bo et al. investigated the impact of social networking services (SNS) on consumer behavior within an omni-channel supply chain. They found that accessing information on social networking platforms can significantly improve the efficiency of consumers' purchasing decisions. However, the study also identified challenges, such as false or overly subjective evaluations of consumers' feedback on purchased goods. Additionally, it was found that consumer's willingness to use social networks, the convenience of direct shopping, the convenience of value-added services, information quality, perceived risk, and the perception of personalized services significantly affect their behavior in omnichannel supply chains [9].

Additionally, Cai and Luo conducted a systematic review of the extant literature on omnichannel management, employing citation network analysis (CNA) to identify seven research areas, including omnichannel strategy, omnichannel retailing, omnichannel customer service, omnichannel logistics and distribution, omnichannel marketing and advertising, omnichannel consumer behavior, and omnichannel customer preference, and proposed a prescriptive framework for omnichannel management. These studies collectively reveal the crucial roles of channel integration, in-store technologies, social networking services, business model transformation, and omnichannel management in the development of the retail industry, providing a wealth of references for theoretical research and practical applications in omnichannel retail [10].

2.   The purchase decision process of Freshippo consumers under omnichannel retailing

Consumer buying behavior of Freshippo under Omni-channel retailing is divided into four ways: online pick-and-buy, offline pick-and-buy, online pick-offline buy, and offline pick-online buy. What has Freshippo done on its online platform to positively impact consumers' purchasing decision-making process? Consumers will first search for information through Freshippo's online app to obtain a wealth of product information, including the origin, quality, and price of the product, as well as being able to refer to other consumers' reviews and recommendations. Through big data technology, Freshippo can understand consumers' preferences when they enter the information search stage, push product information that meets consumers' needs on the APP, reduce consumers' search costs, and improve information search efficiency [9].

After the initial information retrieval, the consumer enters the evaluation process. Consumers will consider factors such as product quality, price, freshness, and ease of shopping. The study found that consumers consider perceived benefits and costs when evaluating purchase channels and that satisfaction is usually highest when purchasing online [1]. Next step into the act of buying. In-store technology can optimize the shopping process and improve purchasing efficiency. Freshippo's self-checkout system and online payment capabilities reduce consumer waiting time and enhance the shopping experience[7]. Consumers have the option of placing orders online and enjoying fast delivery services. Some consumers said they chose to pick offline to buy online because they can avoid the inconvenience of carrying many goods home, thus making the shopping process easier. Finally, there is the after-sale experience. Freshippo provides comprehensive after-sales services, including an unconditional return and exchange policy and fast-responding customer service support; it also allows consumers to post their own experiences in the product comment section, which enhances consumers' trust, satisfaction and engagement and continues to optimize customers' purchasing experience [8].

Therefore, what have Freshippo's offline shops done to impact consumers' purchasing decision-making process positively? By upgrading the product display structure, Freshippo has set the flower and bakery area as the first at the shop entrance. This layout significantly improves the shopping experience by allowing consumers to enjoy shopping when they enter the shop rather than simply

purchasing goods. Secondly, by creating rich shopping scenes (such as seafood processing areas and catering areas), Freshippo has continuously promoted the dominant logic of new retail, moving from 'goods' to 'people' and then to 'fields.' The evolution of new retail from 'goods' to 'people' and then to 'scene' has enabled consumers to not only consider the product itself but also experience the actual use of the product when evaluating the product so that they can more comprehensively assess the value and applicability of the product [5]. Freshippo's online-offline fusion model enables consumers to compare prices and reviews of different products online and then go to offline shops to handpick the products, a model that not only provides consumers with a seamless shopping experience but also helps them to make a more comprehensive assessment of them [2].

So what are the reasons that led to the recent closure of Freshippo shops one after another? According to the official response, the reasons for the closures include the expiry of property contracts and overall poor business in some shopping centers. This shows that accurately grasping consumer behavior is crucial for retailers. In Omni-channel retailing, service consistency and transparency are crucial to help consumers better assess product and service quality [10]. However, some consumers gave feedback that Freshippo still needs to improve in these aspects. Some consumers said Freshippo's online app is deficient in displaying product information, especially in terms of transparency of key information such as the product's origin, freshness, and shelf life. This may affect consumers' trust in the goods, affecting their purchasing decisions. In recent years, Freshippo has been on the hot seat many times for food safety issues, selling counterfeit goods, and being found to have exceeded or violated standards by the market supervision authorities in many places, triggering widespread concern in the community. All these reports can lead to the erosion of trust in the Freshippo brand, which seriously affects consumers' trust in Freshippo. These issues may lead to consumers abandoning their choice of the Freshippo brand at the evaluation stage. Some consumers reported that the delivery time was unstable and even delayed in the consumption segment. Although Freshippo's offline shops provide rich on-site selection experience and processing services, some shops still have problems, such as the shopping environment not being tidy enough and the staff's service attitude not being enthusiastic enough. At the stage of after-sale experience, the after-sale service of some Freshippo shops is deficient, with cumbersome return and exchange processes and slow customer service response. All of these problems may lead consumers to give up choosing Freshippo when selecting a fresh food retailer for the second time.

3. Consumer loyalty in Freshippo under Omni-channel retailing

Fully aware of the important role of social networks in Omni-channel retailing, Freshippo actively uses social network platforms to enhance consumer loyalty [9]. Freshippo has official social accounts and mini-apps, which are important online shopping platforms. In the applet, consumers usually receive an evaluation prompt after shopping. Consumers can rate the purchased goods and delivery services. Freshippo collects this evaluation data and analyze the goods' popularity and delivery service quality. In addition, Freshippo initiates some topics through social media platforms (e.g., Weibo, Red Note, etc.), such as '#Freshippo Food Sharing', where consumers can share photos of their food made with ingredients purchased from Freshippo, along with their evaluations. This approach boosts Freshippo's brand heat and enhances users' stickiness and sense of belonging. Not only that, Freshippo also releases information about new product launches and shop information on Weibo, further increasing brand awareness.

Branding is one of the most important factors in attracting consumers. Consumers' trust and recognition of the Freshippo brand make them more willing to choose the platform for shopping [6]. Therefore, through its unique IP image, 'Mr. Hippo,' Freshippo has rapidly increased brand awareness through its cute and friendly image, making it easier for consumers to remember this IP and thus triggering consumers' love and closeness. At the same time, Freshippo actively develops its brands,

such as 'Freshippo,' 'Daily Fresh,' 'And Organic Fresh,' which cover various categories such as fresh food, food, and daily necessities. By providing high-quality products and services, such as the '30-minute delivery' fast delivery service, Freshippo has further strengthened consumer loyalty to the brand [3].

In terms of offline experience and online shopping, implementing in-store technology is critical to integrating offline and online retail channels, improving the shopping experience, and providing customers with a seamless Omni-channel shopping experience [7]. Freshippo has enhanced the shopping experience by introducing in-store technologies (e.g., smart shelves, self-checkout), the application of which has dramatically improved shopping efficiency. Freshippo also analyses big data from online shopping records to understand consumer behavior and provide personalized recommendations and precision marketing accordingly [4]. For example, Freshippo's app will recommend relevant products based on consumers' purchase history, which improves consumers' shopping experience. These initiatives invariably enhance consumer satisfaction and loyalty to the brand.

However, in recent years, some of the shops in Freshippo have had deficiencies in operation and management, especially in membership rights and innovations, which have led to a decrease in consumer loyalty and, in turn, affected the shops' operation. Freshippo has adjusted the rights and benefits of free shipping for its members, changing the original rights and benefits of '31 free shipments in a month' to 'only one shipment a day', with insufficient time for a public announcement before the adjustment, which makes consumers feel that the change of rights and benefits has damaged their interests. In addition, Freshippo has not yet formed sufficient product strength and brand awareness in its exploration of private brands and lacks a large single product that stands out like Sam's, which makes it difficult to form a differentiated advantage and sustained attraction, and fails to satisfy consumers' demand for high-quality and unique products, thus affecting consumers' loyalty to the brand. Freshippo X member shops initially attracted consumers with their cost-effective products, but their price advantage gradually diminished as market competition intensified and supply chain costs rose. Many consumers found that the prices of some of the products in the member shops were even higher than those in ordinary supermarkets or e-commerce platforms, which reduced the value of the membership fee and, in turn, led to a significant decline in consumer trust in the member shops.

4. Conclusion

This research focuses on consumer behavior and experience in Freshippo's Omni-channel retailing. It provides an in-depth analysis of its strengths and weaknesses when using the Omni-channel model. Through the deep integration of online and offline, Freshippo provides consumers with an efficient and convenient shopping experience with the help of big data, smart shelves, and other technological means. At the same time, through the interaction of social media platforms and the shaping of brand image, Freshippo has achieved remarkable results in enhancing consumer loyalty and engagement. However, Freshippo still faces many challenges in terms of operation and management. Problems such as food safety issues, unstable delivery times, insufficient service in offline shops, and adjustments to membership rights have seriously affected consumer trust and satisfaction. These problems have weakened consumer loyalty to the brand and led to operational difficulties in some shops. In summary, Freshippo 's omnichannel retail model has great potential to enhance the consumer experience but to achieve sustainable development; it needs to make continuous efforts to optimize operational processes, enhance consumer trust, and improve service quality. Future research could further explore how to improve operational efficiency through refined management and how to use emerging technologies to optimize the Omni-channel shopping experience further.

References

[1]   Park Thaichon, Ian Phau, Scott Weaven. (2020) Moving from multi-channel to Omni-channel retailing: Special issue introduction. Journal of Retailing and Consumer Services, 102311.

[2]   Sharma, N., Acquila-Natale, E., Dutta, N., & Hernández-García, Á. (2025). A tale of stores and screens: Unveiling consumer behavior in omnichannel retailing through the lens of behavioral reasoning. Electronic Commerce Research and Applications, 101480.

[3]   Deng, R. (2024). Sam's Club Current Situation Analysis and Recommendation in China. In SHS Web of Conferences (Vol. 185, p. 03014). EDP Sciences.

[4]   Y. Su, (2020) Analysis on the "New Retail" Model : Take Freshippo as an Example, 2020 2nd International Conference on Economic Management and Model Engineering (ICEMME), Chongqing, China, pp. 189-193,

[5]   Zhang,C. (2024). Transformation and Upgrading of Fresh Brand Retail Mode under the Background of Consumption Upgrading -Taking Freshippo as an Example. Communications in Humanities Research,41,7-14.

[6]   Ying, L., Bo-Cheng, T., & Qi, S. (2020, June). A Discussion about the Attractive Factors of Consumers in the New Retailing Format-Taking Freshippo as an Example. In 2020 International Workshop on Electronic Communication and Artificial Intelligence (IWECAI) (pp. 124-127). IEEE.

[7]   Alashmawy, A., & Singh, H. (2023). Understanding Digital Innovations in Omnichannel Retail Ecosystem: The Role of In-Store Technology in Enabling the Survival of Physical Retail. In Proceedings of the 6th International Conference on Digital Innovation-Blockchain and Fintech NTTU. Vietnam (pp. 483-492).

[8]   Jocevski, M., Arvidsson, N., Miragliotta, G., Ghezzi, A., & Mangiaracina, R. (2019). Transitions towards omni-channel retailing strategies: a business model perspective. International Journal of Retail & Distribution Management, 47(2), 78-93.

[9]   Yan, B., Chen, Y. R., Zhou, X. T., & Fang, J. (2019). Consumer behavior in the omni-channel supply chain under social networking services. Industrial Management & Data Systems, 119(8), 1785-1801.

[10] Cai, Y. J., & Lo, C. K. (2020). Omni-channel management in the new retailing era: A systematic review and future research agenda. International Journal of Production Economics, 229, 107729.