FRAMEWORK FOR EVALUATING THE RELATIONSHIP BETWEEN THE OMNICHANNEL ONLINE SALES APPROACH AND PERFORMANCE OUTCOME IN THE CASE OF NICHE PRODUCTS

Viktorija Urbaitytė¹, Aurelija Ulbinaitė²

Business Department, Faculty of Economics and Business Administration, Vilnius University, Saulėtekio al. 9, 10222, Vilnius, Lithuania

E-mails: ¹viktorija.urbaityte@evaf.stud.vu.lt; ²aurelija.ulbinaita@ef.vu.lt (corresponding author)

Received 29 March 2020; accepted 06 May 2020

Abstract. Transformation from electronic commerce business model to social commerce business model empowered manufacturers of niche products to start retail businesses which are operating solely online. The selection of an online sales approach is a part of the online sales process which determines how end customers will be reached. Moreover, the online sales approach determines performance outcome, hence, this selection should be done after meticulous evaluation. This research, after a systematic comparative analysis of the academic literature, explores the omnichannel online sales approach and its relationship with performance outcome in the case of niche products and proposes a theoretical framework for the evaluation of this relationship. The theoretical framework includes financial and qualitative (customer satisfaction and customer loyalty) criteria which allow to evaluate performance outcome created by the omnichannel online sales approach in a holistic way. The performance outcome evaluation results can be used in the decision-making process when deciding whether the chosen omnichannel online sales approach meets the expectations of a business and its customers.

Keywords: omnichannel online sales approach, performance outcome, financial criteria, customer satisfaction, customer loyalty, niche product.

JEL Classification: L26, L29, L25.

1. Introduction

The advent of online retailing and ongoing digitalization has dramatically changed retail business models (Verhoef et al., 2015). Electronic commerce (e-commerce) activities such as purchase, sales, marketing and distribution processes of products and services are heavily affected by omnipresent social networks (Kim, 2013; Pentina et al., 2013; Baghdadi, 2016; Fotiadis & Stylos, 2017) and social media (Andzulis et al., 2012; Huang & Benyoucef, 2013; Huang et al., 2016; Bocconcelli et al., 2017; Tajvidi et al., 2018). Social networks and social media enabled customers to create user-generated content (online product reviews and recommendations), which has revolutionised traditional e-commerce into social commerce where social features are incorporated into online shopping (Hajli et al., 2017). The rapid development of social media and Web 2.0 has provided a huge potential to transform e-commerce from a product oriented environment to a social and customer centred one (Wigand et al., 2008).

The selection of sales approach is a crucial aspect of sales process. Sales approach directly affects performance results so the way how to reach customers has to be precisely chosen. Pure online players – companies functioning solely online – can choose different online sales approaches or use combined option called omnichannel approach. The choice of how to reach customers in online market can be explained as online sales channel which integrates seller’s sale and buyer’s purchase processes. This research is focused on a part of online sales process which is described by online sales approach and limited to pure online players who are providing niche products. Hence, this aspect helps to simplify online sales process because attention to other parts of sales process is not in the scope.

The gap in the academic literature is found because online sales approach is investigated as a part of brick-and-clicks business model (Song & Zahedi, 2005; Kaplan & Haenlein, 2010; Song et al., 2012; Hansen & Sia, 2015; Parvinen et al., 2015; Verhoef et al., 2015; Viio & Grönroos, 2016; Lapoule & Colla, 2016; Chandna & Salimath, 2018; Wait, 2019; Kim & Takashima, 2019; Saleem et al., 2019) but not as only and in-
dependent approach of sales process. After systematic comparative analysis of the latest academic literature we seek to fill this gap by investigating the integration of three different online sales channels (single brand web shop, online selling platform, social media sales) to omnichannel online sales approach and by making the evaluation of the relationship between this approach and its performance outcome. This integration is measured by financial and qualitative (customer satisfaction and customer loyalty) criteria. The main goal of this research is to propose the framework for evaluating the relationship between omnichannel online sales approach and performance outcome in the case of niche products.

2. Theoretical background

2.1. The concept of online sales approach

Online sales process guides the seller during relationship initiation with the buyer (Viio & Grönroos, 2014). Selected online sales approach describes how customer will be reached. The lack of extended and fully described concept of online sales approach creates misunderstandings and does not let to fully examine online business. Various authors provide their standpoints about online sales approach. Table 1 shows leading and recognized concepts connected with online sales approach. Some of them are being used interchangeably which creates even more confusion. Different standpoints show that authors see online sales from various perspectives with different conceptual elements. This shows that an important part of learning the sales process is the understanding of the complexity involved in implementing or completing the process (Rippé, 2015).

A new created concept of online sales based on the insights from Table 1 describes online sales as mechanic e-saleswork together with digital interaction which uses knowledge of customer’s preferences prior, during and after the sale alongside different selling channels to reach customer and co-create value together while completing sales process on the internet.

2.2. Single brand online shop

Unlike the traditional brick-and-mortar retail stores, an e-commerce business model is simply an online retail channel where a customer can order a product or a number of products from a merchant via a web-based portal that is identified as an e-commerce website or simply an online store (Saleem et al., 2019). Websites have become a highly valuable channel for retailers, one that enables them to sell products and services to customers, as well as to interact and communicate with those customers during each phase of the sales process (Song & Zahedi, 2005) also prior and after the sale (Gerrikagoitia et al., 2015).

Table 1. Standpoints connected to online sales approach (source: created by authors)

<table>
<thead>
<tr>
<th>Concept</th>
<th>Conceptual elements</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>E-selling</td>
<td>Human interactivity, intentionality, persuasion, value creation and closing</td>
<td>Parvinen et al., 2015</td>
</tr>
<tr>
<td>E-saleswork</td>
<td>Mechanistic process, automatization in value chain</td>
<td>Parvinen et al., 2015</td>
</tr>
<tr>
<td>Online selling</td>
<td>Sales force automatization, sales-based customer relationship management, online social network, mobile technologies, companies’ own websites</td>
<td>Ferrell et al., 2010</td>
</tr>
<tr>
<td>Online selling</td>
<td>Reducing search costs; granting easy access to product and price information; facilitating product comparisons; offering greater accessibility, convenience and time-saving; involves no travel, product carrying or restrictions on shopping hours</td>
<td>Wait, 2019</td>
</tr>
<tr>
<td>E-sales</td>
<td>Advanced processes, enhanced efficiency, external relations with clients</td>
<td>Falk &amp; Hagsten, 2015</td>
</tr>
<tr>
<td>Internet sales</td>
<td>High customer expectations</td>
<td>Jelassi &amp; Leenen, 2003</td>
</tr>
<tr>
<td>E-commerce based selling</td>
<td>Knowledge of customer’s preferences, prior the sale, during the sale, after the sale</td>
<td>Gerrikagoitia et al., 2015</td>
</tr>
<tr>
<td>Sales process</td>
<td>Documented method, repeatable method, similar to production process</td>
<td>Cooper &amp; Budd, 2007; Viio &amp; Grönroos, 2014; Bernard et al., 2016; Viio &amp; Grönroos, 2016</td>
</tr>
<tr>
<td>Selling process</td>
<td>Smaller part of sales process</td>
<td>Viio &amp; Grönroos, 2014</td>
</tr>
<tr>
<td>Online sales</td>
<td>Different functions</td>
<td>Parisot et al., 2014</td>
</tr>
</tbody>
</table>
2.3. Peer-to-peer online selling platform

Peer-to-peer (P2P) websites have facilitated virtual entrepreneurship through their hardware and software improvements and new applications in connectivity technologies (Mačiulienė & Skaržauskienė, 2016). P2P websites act as two-sided platforms connecting two different parties and charging one or more of them a fee for this facilitation (Chandna & Salimath, 2018). Two-sided platforms create a specific service for online seller and online buyer who are seeking for each other which helps to gain various benefits. For example, these platforms have the chance to create many data streams that are opening many opportunities for further development (Sriram et al., 2015). Niche business owners are able to use P2P networks to leverage their businesses in ways that were not previously possible (Chandna & Šalimath, 2018). These platforms offer the opportunity for social relations, new modes of production and allocation, a scalable technological infrastructure, and an economy rooted in fairness and sustainability.

2.4. Social media sales

Social media refers to internet based applications built on Web 2.0, while Web 2.0 refers to a concept as well as a platform for harnessing collective intelligence (Kaplan & Haenlein, 2010). The use of social media brought the shift in power from firms to customers (Berthon et al., 2012). The availability of various social media tools and functionalities may enrich communication between participants and provide a more interactive, social and collaborative user experience (Huang et al., 2016). Social media has given consumers much more control, information and power over the market process, presenting important challenges to retailers (Constantinides et al., 2009). As e-commerce continues to evolve into a distinctly more social activity (Yadav et al., 2013), customer is affected by intense influence of social media.

2.5. Omnichannel

We live in a customer-driven world, where the informed customer, not the retailer, dictates much of the desired content (Mosquera et al., 2017). Most distinctive aspects of omnichannel customer are shown in Table 2.

Omnichannel retailing refers to retailing that involves a synergetic integration of channels for the purpose of creating a unified brand experience for customers, regardless of the channel or stage they are in during the purchasing process (Cummins et al., 2016). This unified customer experience is not linked to, or dependent on, any one channel, but related to a holistic brand experience (Hansen & Sia, 2015). Omnichannel retailing makes a concept of integration of all digital channels business is proving. This process is managed by channel management and can vary from complete separation of channels to total integration. Customers consider sales and marketing channels as a single entity, and the shopping experience is experienced without interruption regardless of the type of channel used (Herhausen et al., 2015).

Nowadays, customers shop across channels (Lee et al., 2019), use many or all of the available sales channels simultaneously during the purchase process (Aiolfi & Sabbadin, 2019) and sellers have turned into omnichannel retailing to remain competitive. In many cases terms multichannel and omnichannel are considered as identical ones. However, the literature considers omnichannel retailing as a new paradigm (Bell et al., 2014; Herhausen et al., 2015; Huré et al., 2017; Aiolfi & Sabbadin, 2019; Lee et al., 2019). It is considered as the set of activities involved in the sale of goods or services through all the channels activated at the same time with complete interaction by customers and a full integration controlled by the retailer (Beck & Rygl, 2015). Aiolfi and Sabbadin (2019) specify new omnichannel strategies as directed towards a more intelligent, integrated and creative use of technologies.

Table 2. Insights about omnichannel customer (source: created by authors)

<table>
<thead>
<tr>
<th>Insights about omnichannel customer</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Heavily influenced by technology</td>
<td>Cook, 2014</td>
</tr>
<tr>
<td>Requires active interacting with the company, more demanding</td>
<td>Mathwick et al., 2002; Cook, 2014</td>
</tr>
<tr>
<td>Highly connected by interest rather than demographics</td>
<td>Cook, 2014</td>
</tr>
<tr>
<td>Tend to spend more money</td>
<td>Kumar &amp; Venkatesan, 2005; Roy et al., 2018</td>
</tr>
<tr>
<td>Buy more frequently</td>
<td>Kumar &amp; Venkatesan, 2005</td>
</tr>
<tr>
<td>Expects more from shopping experience, shopping experience is more exploratory</td>
<td>Mathwick et al., 2002; Kumar &amp; Venkatesan, 2005</td>
</tr>
<tr>
<td>Requires personalized content, pay attention to recommendations</td>
<td>Mosquera et al., 2017</td>
</tr>
</tbody>
</table>
In addition, it avoids potential consumer dissatisfaction if customers observe that they have paid higher prices for an item than other consumers (Brynjolfsson et al., 2011). What is more, omni-channel customers who are fully engaged through digital and social media tend to become very loyal (Cook, 2014).

### 2.6. Online sales approach evaluation criteria

Performance can be measured using quantitative and qualitative criteria. What is more, it is necessary to use both options because only quantitative – financial – outcome does not show full picture. Moreover, relying solely on financial performance criteria has been criticized by Neely et al., 2000; Norreklit, 2000; Zuriekat, 2011. There is an expressed opinion existing in academic literature (Kaplan & Norton, 1996; Kueng, 2000; Van Looy & Shafagatova, 2016) about an obliged need to combine financial and non-financial criteria in order to find out overall situation about business performance outcome. In the case of this research the use of both quantitative (financial) and qualitative (customer based) criteria helps to evaluate relationship between online sales approach and generated performance outcome in a holistic way.

Batocchio et al. (2016) described revenues and costs as financial viability. Financial viability aspects (see Table 3) such as increased revenues, decreased costs, higher profit margin are easy measured because they are determined by direct rules and can be found in the financial statements or annual reports.

#### Table 3. Financial viability aspects (source: created by authors)

<table>
<thead>
<tr>
<th>Financial result</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased revenues</td>
<td>Batocchio et al., 2016; Eklof et al., 2018; Saleem et al., 2019</td>
</tr>
<tr>
<td>Decreased costs</td>
<td>Burnham et al., 2003; Storbacka et al., 2009; Goel et al., 2010; Storbacka, 2019</td>
</tr>
<tr>
<td>Increased sales</td>
<td>Bell et al., 2014; Meiseberg, 2016</td>
</tr>
</tbody>
</table>

All non-quantitative criteria are connected with customers and their experience during purchase process. An understanding of customer satisfaction must be a basic parameter used to evaluate the performance of products and services (Yang & Feng-Shii Tsai, 2007). Customer connected criteria have significant impact on financial performance but these two different types cannot be acknowledged as substitutes. Non-financial performance evaluation criteria are used as additives to financial ones. Figure 1 shows an outline which logically emphasizes that financial results are affected by customer based results. Consequently, it is still necessary to address how non-financial performance criteria are related to the achievement of profit enhancement (Zuriekat, 2011).

#### Figure 1. Outline of performance outcome evaluation

(source: created by authors based on Eklof et al., 2018)

#### Table 4. Customer satisfaction attributes (source: created by authors)

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Demonstration of loyal behaviour (e-loyalty)</td>
<td>Wangenheim &amp; Bayón, 2004; Ghazali et al., 2016</td>
</tr>
<tr>
<td>Repurchasing or resistance towards price increases</td>
<td>Wangenheim &amp; Bayón, 2004; Albert et al., 2014</td>
</tr>
<tr>
<td>Less intention in switching provider</td>
<td>Wangenheim &amp; Bayón, 2004</td>
</tr>
<tr>
<td>Loyalty affected by perceived switching costs and perceived attractiveness of alternatives</td>
<td>Ghazali et al., 2016</td>
</tr>
<tr>
<td>Online Word of Mouth (OCR – online customer reviews, comments, other content creation)</td>
<td>Wangenheim &amp; Bayón, 2004; Hoskins &amp; Brown, 2018</td>
</tr>
<tr>
<td>Switching barriers on customer retention</td>
<td>Burnham et al., 2003; Ghazali et al., 2016</td>
</tr>
<tr>
<td>Customer retention</td>
<td>Ranaweera &amp; Prabhu, 2003</td>
</tr>
<tr>
<td>Increased engagement</td>
<td>Hoskins &amp; Brown, 2018</td>
</tr>
</tbody>
</table>

Understanding customer and his needs is a keystone concept in online business. Pure online players face harsh competition because competitors are just one click away (Ghazali et al., 2016). Companies have to adapt and focus on customer...
satisfaction because in the online world where negative reputation of product or entire company can be formed and spread out in seconds no mistakes can be done. Customer satisfaction received extant attention in academic research. Table 4 shows main attributes which are connected with customer satisfaction.

Customer satisfaction leads into loyal behaviour which turns into increased financial outcome. But customer satisfaction does not automatically predict loyalty (Ghazali et al., 2016). Satisfaction might be lower but loyalty to product or brand would remain (Pomirleanu et al., 2016).

2.7. The concept of online sales approach and performance outcome relationship evaluation

In decision making level sales channel choice is important for several reasons. Firstly, this decision is connected to the way how organization is going to reach its customers. Secondly, the channel choice determines organizational performance because not all online channels are equal and they generate different results. Channel integration can present both opportunities and threats, namely, channel integration can be performance enhancing and performance destroying (Herhausen et al., 2015).

Performance measurement is a multidisciplinary topic that is highly studied by both the management and business process management domains (Van Looy & Shafagatova, 2016). For profit oriented companies performance is typically calculated objectively through measures of profitability (Hull & Lio, 2006). Using different online channels or their integration (omnichannel retail) is in the topic for finding the best way to achieve this goal. The concept of online sales approach and performance relationship measurement is based on financial and customer satisfaction criteria. We are going to investigate three financial aspects – increased revenues, decreased costs and increased sales (see Table 3) in this research. Increased sales lead to increased revenues but it is important to pay attention to received order change (in order units) too. This performance measurement can be used for each online sales channel or for their integrated omnichannel model. Indicators describing financial criteria are shown in Table 5.

Online sales performance in social media is affected by s-commerce environment and depends on online customers reviews (Cui et al., 2012; Wang et al., 2015; Chong et al., 2016; Hoskins & Brown, 2018; Li & Shimizu, 2018). Online customer reviews are described by review valence and review volume.

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Formula</th>
<th>Used by</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales performance</td>
<td>Achieved total sales/planned sales * 100</td>
<td>Balaban et al., 2011</td>
</tr>
<tr>
<td>Return on sales (ROS)</td>
<td>Average Net Profit/Average Sales</td>
<td>Awang et al., 2010</td>
</tr>
<tr>
<td>Average order value</td>
<td>Aggregated monthly sales/monthly no. of orders</td>
<td>Balaban et al., 2011</td>
</tr>
<tr>
<td>Net profit margin</td>
<td>After-tax profit or loss/total operating revenue</td>
<td>Bosilj-Vuksic et al., 2008; Wu, 2012; Sun &amp; Kim, 2013</td>
</tr>
<tr>
<td>Profit per customer</td>
<td>After-tax earnings/total no. of customers (or specific channel no. of customers)</td>
<td>Wu, 2012</td>
</tr>
<tr>
<td>Revenue growth</td>
<td>Revenue from new sources/total revenue * 100</td>
<td>Bosilj-Vuksic et al., 2008</td>
</tr>
<tr>
<td>Return on investment (ROI)</td>
<td>Revenue − cost/cost</td>
<td>Goel et al., 2010; Wu, 2012</td>
</tr>
<tr>
<td>Return on assets (ROA)</td>
<td>After-tax profit or loss/average total assets</td>
<td>Bosilj-Vuksic et al., 2008; Wu, 2012; Sun &amp; Kim, 2013; Eklof et al., 2018</td>
</tr>
</tbody>
</table>

Service quality in particular has repeatedly proven to be a key indicator of customer satisfaction, which in turn has a positive impact on customer loyalty (Brusch et al., 2019). The SERVQUAL (Parasuraman et al., 1985) model is known as a generic instrument for service quality measurement but in e-commerce environment configured model is needed. Two scales are used to examine online customer satisfaction and online customer loyalty – multiple-item scale called E-SQUAL (Parasuraman et al., 2005) and second multiple-item scale called E-RecS-QUAL (Parasuraman et al., 2005). These scales (see Figure 2) are used to measure the quality of electronic services of online shops. Four dimensions (efficiency, fulfillment, system availability, privacy) are covered by E-SQUAL scale. The E-RecS-Qual scale, which is used to measure experiences of users who are new to online shopping, consists of three dimensions: responsiveness, compensation and contact (Brusch et al., 2019).
2.8. The concept of niche product

A growth in people’s interest for niche products – more individualized products tailored to the needs of a very specific target group rather than to the mass market – has been observed for the past years and has received widespread attention (Simonson, 2005; Schaefer, 2014; Keskin et al., 2017).

Niche product has several distinctive attributes which are shown in Table 6. These attributes are grouped into 4 groups: customer oriented, market oriented, product oriented, IT oriented. This classification helps to investigate niche product from different angles and see full difference if compared to mainstream products.

Table 6. Attributes about niche product (source: created by authors)

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Orientation</th>
<th>Author</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low market share, limited market</td>
<td>Market</td>
<td>Dalgic &amp; Leeuw, 1994; Jarvis &amp; Goodman, 2005; Oberholzer-Gee &amp; Strumpf, 2007; Toffen &amp; Hammervoll, 2009; Son et al., 2017</td>
</tr>
<tr>
<td>Very specific target group, customer focused</td>
<td>Customer</td>
<td>Dalgic &amp; Leeuw, 1994; Jarvis &amp; Goodman, 2005; Simonson, 2005; Toffen &amp; Hammervoll, 2010; Schaefer, 2014; Keskin et al., 2017; Aiolfi &amp; Sabbadin, 2019</td>
</tr>
<tr>
<td>High product quality</td>
<td>Product</td>
<td>Toffen &amp; Hammervoll, 2010</td>
</tr>
<tr>
<td>Faultless reputation</td>
<td>Product</td>
<td>Toffen &amp; Hammervoll, 2010</td>
</tr>
<tr>
<td>More profitable</td>
<td>Product/market</td>
<td>Dalgic &amp; Leeuw, 1994; Jarvis &amp; Goodman, 2005</td>
</tr>
<tr>
<td>Higher price</td>
<td>Product</td>
<td>Dalgic &amp; Leeuw, 1994; Jarvis &amp; Goodman, 2005; Darban, 2019</td>
</tr>
<tr>
<td>Less competition</td>
<td>Market</td>
<td>Darban, 2019</td>
</tr>
<tr>
<td>Discovery through both active (sampling) and passive (recommender systems – hyperlinks, co-purchase, free trials) search or mix of both options – user generated content (customer’s product reviews, online communities, comments in social media)</td>
<td>IT</td>
<td>Brynjolfsson et al., 2006; Chevalier &amp; Mayzlin, 2006; Venkatesh et al., 2012; Meiseberg, 2016</td>
</tr>
<tr>
<td>Second order, positive feedback effect</td>
<td>Customer</td>
<td>Brynjolfsson et al., 2006</td>
</tr>
<tr>
<td>Increased product variety market</td>
<td>Market</td>
<td>Brynjolfsson et al., 2006; Brynjolfsson et al., 2011; Venkatesh et al., 2012</td>
</tr>
<tr>
<td>Increased information about product</td>
<td>IT</td>
<td>Brynjolfsson et al., 2006</td>
</tr>
<tr>
<td>Surplus gains from increased product variety rather than from lower prices.</td>
<td>Product</td>
<td>Brynjolfsson et al., 2006</td>
</tr>
<tr>
<td>IT enabled tools for search (Web 2.0, information sharing and social networking)</td>
<td>IT</td>
<td>Brynjolfsson et al., 2006</td>
</tr>
<tr>
<td>Unavailable through conventional channels</td>
<td>Product</td>
<td>Brynjolfsson et al., 2011</td>
</tr>
<tr>
<td>Online market</td>
<td>Market</td>
<td>Brynjolfsson et al., 2011</td>
</tr>
<tr>
<td>Higher customer loyalty</td>
<td>Customer</td>
<td>Jarvis &amp; Goodman, 2005; Meiseberg, 2016</td>
</tr>
<tr>
<td>Low purchase frequency</td>
<td>Market</td>
<td>Jarvis &amp; Goodman, 2005; Meiseberg, 2016</td>
</tr>
<tr>
<td>Difficult for competitors to copy</td>
<td>Product</td>
<td>Toffen &amp; Hammervoll, 2010</td>
</tr>
<tr>
<td>Building long-term and strong relationships</td>
<td>Customer</td>
<td>Dalgic &amp; Leeuw, 1994</td>
</tr>
<tr>
<td>Customization</td>
<td>Customer</td>
<td>Toffen &amp; Hammervoll, 2010</td>
</tr>
<tr>
<td>Decreased search cost</td>
<td>IT</td>
<td>Meiseberg, 2016</td>
</tr>
</tbody>
</table>

Figure 2. Online customer satisfactions and online customer loyalty measurement scales (source: created by authors based on Parasuraman et al., 2005)
In general, customers tend to be more interested in mainstream products but internet channel is able to change this situation by several means. First of all, internet channel opens wider market which is not limited by region. Online seller can offer niche products globally for customers with different needs compared to mainstream mass. Niche companies are targeting smaller mass of users and markets (Darban, 2019). Having in mind saturated and difficult to enter mature markets, wider market gives more opportunities. Online channel also eliminates physical restriction for product quantities to be held on the shelves. Second, offering niche products means knowing as much as possible about your customer. Schaefers (2014) declared importance of identifying customers who are prone to purchase niche products as a vital activity. Customization, long term relationships with customers, additional attention and information provided before and after sales transaction, splendid product quality help to create user experience which leads to customer loyalty, customer satisfaction, creates willingness to write positive online reviews on the selling platforms and positive comments throughout social media networks. These aspects turn to repeated purchases and positively increased financial performance. And on contrary, lack of understanding your customer’s profile and average or even poor product quality lead to destruction of reputation, negative online reviews or comments.

Word of mouth in online niche market is more valuable compared to traditional retailing of mainstream products because online user reviews have become an important source of information to consumers, substituting and complementing other forms of communication about product quality (Chevalier & Mayzlin, 2006).

Niche products providing organizations generally experience higher customer satisfaction and loyalty rates than the average organization within their industry setting (Brynjolfsson et al., 2011) because of closer contact and deeper customer engagement. However, due to their small size of operations, niche organizations are notoriously cost inefficient and are thus unable to competitively position themselves in the marketplace to win on lower prices (Noy, 2010). This is why positive word of mouth on the internet plays even more important role.

2.9. Framework for evaluating the relationship between the omnichannel online sales approach and the performance outcome in the case of niche products

Systematic analysis of academic literature helped to identify online sales approach as a specific action workflow combined with digital interaction and the use of knowledge about customer’s preferences alongside different selling channels in order to reach customer and create value together while completing sales process on the internet. Online sales approach can be understood as a specific channel which converts leads into closed sales in a value creating way. To simplify, online sales channel can be described as a way which connects seller and buyer. Integrated use of different channels is called omnichannel sales approach. In online omnichannel environment all channels are integrated together and offer holistic customer experience which leads to customer satisfaction and loyalty. Later these customer based performance results are converted into financial results.

In the case of niche products manufacturer is usually a retailer and wholesaler (if wholesale option is provided) at the same time. Manufacturer directly reaches end customer through online sales channel. This connection is displayed at the top section of the proposed framework (see Figure 3).

The selection of online sales approach is shown below and together with manufacturer-end customer connection forms a part of online sales process which is under investigation in this research.

Further systematic analysis of academic literature helped to identify financial and non-financial criteria which are used for performance outcome measurement. Financial outcome (revenues, costs, sales) and non-financial outcome (customer satisfaction and loyalty) are distinguished into two dotted blocks and characterized by relevant indicators. Financial and non-financial outcomes have a direct impact on performance outcome evaluation. Moreover, financial outcome is affected by non-financial outcome, so non-financial outcome has to be evaluated carefully. Performance outcome evaluation results are gathered after complex investigation of financial and non-financial outcome and their impact is done. These results have to be used in decision making process when deciding which online sales channel has to be chosen. Online sales channel cannibalization effect may occur. This effect can be found during performance evaluation process and needs to be eliminated in order to
achieve better customer satisfaction and financial performance results. Created and proposed theoretical framework can be used unlimited number of times, for each online sales channel or their integration.

**Figure 3.** Framework for evaluating the relationship between the omnichannel online sales approach and the performance outcome in the case of niche products (source: Neely et al., 2000; Burnham et al., 2003; Wangenheim & Bayón, 2004; Parasuraman et al., 2005; Kaplan & Haenlein, 2010; Cui et al., 2012; Albert et al., 2014; Chong et al., 2016; Li et al., 2016; Eklof et al., 2018; Hoskins & Brown, 2018)
3. Conclusions

After systematic academic literature analysis about online sales approaches in the case of niche products three different channels (single brand web shop, selling platform, social media sales) and their integration called omnichannel sales approach were explored. The following conclusions can be presented.

First, each online sales approach proposed in this framework was accurately described. Single brand web shop is defined as online retail channel where a customer can order a product via a web-based portal. Online selling platform (P2P) is described as two-sided platform connecting two different parties and charging one or more of them a fee for this facilitation. Especially suitable for niche products. Social media sales – engagement with customers through non-transactional customer activities such as review writing. Omnichannel sales approach – synergetic integration of channels related to a holistic brand experience. In the case of niche product manufacturer directly connects with end customer through online sales channels.

Second, created framework presents how online sales approach can be evaluated by financial (revenues, costs, sales) and non-financial (customer satisfaction and loyalty) criteria. These both types of criteria are important for the final evaluation of results. What is more, non-financial evaluation criteria have directly impact on financial outcome and have to be evaluated carefully. This aspect has an extremely important impact for niche products offering companies due to specifics of this segment.

Third, the concept of online sales approach and performance relationship evaluation in the case of niche products is based on financial and customer satisfaction criteria. Three financial aspects – increased revenues, decreased costs and increased sales are investigated in this concept. The above mentioned aspects are characterized by these indicators: sales performance, return on sales (ROS), average order value, net profit margin, profit per customer, revenue growth, return on investment (ROI) and return on assets (ROA). E-SQUAL and E-RecS-QUAL scales together with online customer reviews volume and online customer reviews valence, number of complaints, number of repurchased orders are integrated in non-financial outcome evaluation. This performance evaluation can be used for each online sales channel or for their integrated omnichannel online sales approach. After online sales approach and performance relationship evaluation results are received they are used in decision making process while reconsidering sales channel if it is necessary or if cannibalization effect occurs.

Finally, the framework for evaluating the relationship between the omnichannel online sales approach and performance outcome in the case of niche products is proposed. This model shows through which channel or their integration (omnichannel) seller can reach his end customer. In the case of niche product manufacturer contacts with his customer directly through online sales channels. This theoretical framework combines financial and non-financial evaluation criteria. The complexity of the theoretical framework shows direct impact of financial criteria on online sales approach and performance relationship evaluation results and also indicates non-financial criteria impact on financial outcome. Performance outcome evaluation results are used in decision making process when deciding which online sales channel or their integration has to be chosen, has to be replaced due to occurred effect of channel cannibalization or has to be eliminated.

Limitations and future research

The proposed framework for evaluating the relationship between omnichannel online sales approach and performance outcome in the case of niche products can be discussed as a starting point for further analysis. Notwithstanding, we declare several limitations connected to our proposed framework.

First, this is a theoretical model which was created after systematic analysis of recent academic literature; however, it has not been tested empirically yet.

Second, the financial outcome could be investigated in a broader perspective by incorporating a wider number of criteria than those which have been used. Three different aspects of financial outcome have been chosen having in mind that companies which are offering niche products usually pay attention mainly to these aspects; however, the framework can be expanded without creating any disadvantage.

The third limitation refers to the cannibalization effect which could be investigated as a separate topic in future research.

We strongly believe that this model is detailed enough and can be easily interpreted or implemented if needed; however, an additional opportunity for future research would be to refine the framework for a wider range of cases.
Managerial implications

The most important aspect of our framework is the ability to use it at the managerial level for decision making. These decisions are connected to the appropriate choice of channel selection or its full integration into omnichannel online sales approach which leads to a holistic customer experience (Mosquera, Olarte Pascual and Juaneda Ayensa, 2017), targeted customer groups with tailored offers (Hernant & Rosengren, 2017) or decreased customer retention rate (Boehm, 2008). Managers of niche products can use this framework while adapting financial or/and non-financial outcome evaluation criteria as key performance indicators. After receiving conclusions about channel performance, the cannibalization effect can be discovered straightforward.

References


Huang, Z. et al. (2016). Brand co-creation through social commerce information sharing: The role of


