



To study the benefits of Omni Channel Retailing

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Abstract: The most significant takeaway witnessed in the retail space since last few years has been the admission of the fact that both online and offline channels will co-exist and collaborate and not compete with each other. In this context, the lines are getting blurred between online and offline channels. This phenomenon has led to the emergence of omni channel retail strategy being adopted by many organizations. Omnichannel retailing refers to a multi-channel approach that allows customers not only to shop across channels, but also to interact with the brand. It provides them with a unique, complete and seamless shopping experience, breaking down barriers between virtual and physical stores, and offering exactly what they need, the moment they need it. The omnichannel strategy (Online + Offline) is expected to help in optimizing inventory holding costs, operating costs and real estate costs, while increasing brand visibility and consumer base across various regions in the country. Adopting an omnichannel strategy offers a 360-degree view of the buying behaviour of the customers which enables the retailers/ brands to improve the insights and understanding of their customers. Diving into the omni-channel approach demands a lot of investment in terms of building a holistic approach to offer a seamless experience to the customers but it surely has its long-term payout.

Keywords: Retail, Omnichannel, Retail Industry, Omnichannel Retail

INTRODUCTION:

Omnichannel retailing refers to an integrated shopper experience that merges the physical store with the information rich digital environment, with the aim of providing excellent shopper experiences across all the touch points. It is essentially an integrated sales experience that melds the advantages of physical stores with the information rich experience of online shopping. The basic premise of omnichannel retail is to serve the customer however, whenever and wherever they wish to purchase and return merchandise. It involves the integration of various channels in order to serve the customers in a customized fashion through the channel of their choice. An omnichannel strategy enables consumers to use channels seamlessly and interchangeably and experience the channels uniquely.

While the classical brick and mortar stores allow the customers to touch and feel the products with immediate satisfaction, the online channels lure the customer with more information, price comparisons and user generated content such as ratings and reviews. Omnichannel management represents an evolutionary step of the multichannel and cross channel concept. Compared with the brick and mortar and online concepts, the barriers between all channels and touchpoints vanish completely. This channel integration allows a seamless customer experience, a unique brand image, data sharing and overall management. To summarize, omnichannel management can be described as the synergetic management of the numerous available channels and customer touchpoints in such a way that the customer experience across channels and the channel performance is seamless and optimized.

SOURCES OF DATA AND RESEARCH METHODOLOGY:

The research is based on Secondary Data. The data has been collected from journals, research articles, newspaper articles and relevant websites from the internet.

COMPARATIVE STUDY OF VARIOUS CHANNELS:

Before we move on to appreciate the benefits of omnichannel strategy, it is crucial to understand the differentiation between the various channel management concepts. Broadly there are 3 channel management concepts namely Multichannel, Cross channel and Omni channel.

Characteristics	Multichannel	Cross channel	Omnichannel
Delivery path	Channels	Channels and Touch points	Channels and Touch points
Integration	No switching is possible between the channels	Switching is possible between certain channels and touch points	Seamless switching is possible between all the channels and touch points
Management	Management is separate for each channel	Separate or connected for certain related channels and / or touch points	Common management for all channels and touch points
Goals	Goals are channel based	Goals are channels and/or touch points based	Goals are based across all channels and touch points
Interaction	Two way	Any way	Any way
Data	No data sharing between channels	Partial sharing of data between channels	Complete data sharing between channels

DRIVING FACTORS:

There are multiple drivers for this channel transformation, some of them being technological development, changing customer needs, mobile devices, location-based devices and social media. It is imperative for companies to focus on changes in technology infrastructure and organizational practices to successfully transform towards an omnichannel strategy. Digital change is the largest disruption that has changed the entire retail industry outcome in the last five decades. This has greatly created an impact due to the omnichannel concept of marketing, by online shopping, using mobile devices, social networking and that has completely revolutionized the way consumers shop, what they need and expect, and how consumers operate. In India, around 33 million additional smartphones started functioning in the last two years. Therefore, the consumers have started researching and sourcing new products, started reading reviews to compare product prices online.

Research has shown that consumers employ all channels and want to experience a seamless integration. Besides, shoppers like features that assist them in multichannel shopping for e.g., searching online before purchasing in physical stores or shopping online and picking up the product in a physical store. A seamless shopping experience leads to customer satisfaction and retention which can be achieved by providing the same information in the same style across the channels. Consumers evaluate the available information from several channels to actively assess the best purchasing option. Consumers in a multichannel environment use the channel of one retailer merely to obtain information and assess products and then switch to another channel to make their purchase. Research has also found that retailers should use this change in consumer behavior to furnish unique cross-channel benefits and take advantage of channel integration strategies to manage and retain good customer relationships.

Online channels can be used to induce consumer engagement in offline channels to increase in-store consumption.

INITIATIVES TO BE TAKEN FROM ORGANIZATION'S SIDE:

Firms must manage both offline and online channels concurrently to ensure seamless and clear channel integration and thus increase customer loyalty. They should also clarify the role and meaning of each channel and connect these channels appropriately. For an organization, it is prudent to keep in mind the investments and pitfalls if any of adopting an omni channel approach and every brand needs to do a cost benefit analysis to understand whether it makes sense to remain a offline only or an online only or an omnichannel brand. There are many investments that go into making a brand omni channel namely technology, infrastructure, inventory, pick-up centres, dark stores, customer care centre, return, and refurbishment costs. IT (internet connectivity, data warehousing and CRM) in providing "a seamless flow of synchronized information across channels" and the salespeople who should "enhance customer experiences at various touchpoints" is crucial. Based on the Return on Investment and the impact on the company's Profit and Loss statement, brands and companies need to make a choice while adopting this strategy.

Some of the areas in which the organizations can take initiatives are education and training of their in-store employees, adoption of state of the art omnichannel technologies and applications both for the business operations and for the instore employees, invest in customer buying behaviour studies for a better mapping of the customer preferences and the services offered by the organization, adoption of omnichannel strategy in the organizational strategy, adopt a multidisciplinary approach, ensure that all the online and offline channels are seamlessly integrated, carry out analysis of data generated from all the channels and last but not the least focus on consumer data protection and permission. To stay ahead of the curve, firms must not just reduce expenses but also solve the problems of hyper connectivity and last mile reach.

Enabling a seamless brand experience needs the synchronization of supply chain strategies, inventory transparency, technological infrastructure and marketing efforts. Adopting an omnichannel supply chain is challenging, but firms that respond to the changing market scenario will stay competitive. Some of the ways are:

Full visibility of inventory: Decentralized inventory is key to an omnichannel approach. Most single-channel and multichannel models work in silos and have virtually no cross-channel inventory visibility. This impedes fulfilment when orders come in through various channels. To solve this problem, retailers need a warehouse management system that syncs with their sales platforms, makes stock levels transparent, and reduces the risk of accepting wrong orders.

Inventory accuracy: Most omnichannel retailers use physical stores as distribution centres for faster order fulfilment. While this approach solves the problem of speed, it lowers the inventory accuracy level. Warehouses have an 89-90% higher inventory accuracy rate than stores. An automated inventory management system, RFID tags, cycle counting, designated bins and pallets, and regular inventory audits are some of the ways to increase efficiency.

Speed of delivery: The speed of delivery is both a strength and a weakness for omnichannel companies. Most physical stores double up as dark stores for omnichannel fulfilment, which means orders can actually be delivered within the same day or next. The problem is that most brick-and-mortar stores are not equipped for fulfilment. These are not large and shop employees are trained to sell, not fulfill, and they don't have the technology to back up the complicated process. The solution to this problem is that retailers need to identify the segments where speed matters the most and they should invest in network expansion to get closer to their target audience, and, finally, rely on automated logistical solutions for increased speed and efficiency.

Ease of return: According to marketing intelligence, 89% of customers consider the ease of return a considerable influence on their shopping preferences. Customers who buy products from an online store would like to return or exchange them from the convenience of their homes, at drop-off centres, or at a physical store. Choice in how to return products goes a long way in building trust and boosting conversion rates. Investing in a good returns-management system can ensure seamless returns across channels. Customers can use a self-serve portal to choose their return method, share photos of items for assessment and provide feedback and return reasons.

Customer centric supply chain: Retailers need to create a consumer-centric supply chain where the demands of customers are met across channels. This is possible only if retailers have a deep understanding of consumer behaviour. An omnichannel supply chain must be complemented with a complete omnichannel-retail strategy that includes marketing, data synchronization, tracking of user intent and mapping of customer engagement. Brands must rethink their distribution model because a faster delivery system means information should travel quickly across the entire value chain. If the relaying of information is not consistent throughout all segments, the end customer will suffer and so will your bottom line.



BENEFITS OF OMNICHANNEL RETAIL STRATEGY:

The retail industry has witnessed a sea change in the last few years. To satisfy the needs of today's customers, brands must embrace the omni channel approach. According to International Data Corporation, omnichannel brands typically witness a 15–35% increase in average transaction size, a 5–10% increase in profitability and a 30% higher lifetime value than single-channel sellers. Let's look at how an omnichannel approach benefits the customers in today's times.

According to a study conducted by MIT, 80% consumers use their mobile for checking price and availability of product before actual purchasing. A retail survey conducted by PWC reported that 59% consumers use social networking for searching their favorite retailers and brands, 58% search new brands through social media, 55% consumers use internet to provide feedback, and 48% use them to make it purchase. According to a survey conducted by Oracle retail 2014, 70% respondent used website for searching and sharing the information about the products. Omni-channel strategy delivers valuable results for retailers and improves loyalty. According to a survey conducted by the Rockpool digital, 2016 found that companies with weak Omni-channel strategy retain 33% consumer with very low retention rate and companies with strong Omni-channel strategy retain 89% consumer with high retention rate. Let's say, a customer named Anu, aged 37, needs to buy food for her pet dog. A few years ago, she would have headed straight for the mall to shop from an offline pet food store. Today, she starts shopping from her couch by chatting with her personal concierge at Heads Up for Tails (HUFT), a retailer she's been buying dog-care essentials from. The concierge greets her by name and recommends items based on dietary preferences and restrictions. Anu rejects some products and toggles to the next tab to check reviews and prices, finds better offers for some of the items at another retailer, and orders them immediately. She orders two items from HUFT and opts for in-store pick-up because the items are available at her nearest local store. Many leading brands like Nykaa, Carat lane, Pepperfry, Lenskart, etc have implemented omnichannel strategies to merge the offline and online shopping experiences like augmented reality, guided selling, free try at home services and appropriate user communication at all the touch points. Immersive retail experiences are clearly the way ahead

for the retail industry as today's customers move swiftly between both online and offline platforms. Today's customers want brands to support them in their omnichannel journeys. Hybrid experiences offer greater opportunities for customer satisfaction.

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