

## Chapter 6

# Omni-Channel Retailing: The Risks, Challenges, and Opportunities

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### ABSTRACT

*Technological developments, changes in consumer behavior and intense competition are the most important threats of today, affecting many sectors as well as the retail industry. Innovative retailers, in the face of with these threats, have embraced and implemented the omni-channel retailing approach, which is the next step in multi-channel. However, other players in the retail industry lag behind this change. The aim of this chapter is to establish the experiences of innovative retailers that have adopted omni-channel retailing in the context of risks, challenges and opportunities. The research data were obtained using questionnaire method from the retailers in Turkey, one of the developing countries. As a result of the study, it was found that retailers who would adopt the omni-channel retailing would have the opportunities to be able to dominate all channels, provide better services to the customers, increase customer satisfaction and loyalty, keep in constant contact with the customers, get better customer recognition and increase sales volume.*

### INTRODUCTION

The rapid developments in the technological field have affected the field of retailing considerably, as well as many other fields. In the face of the increasing changes in the consumer behavior towards the use of digital technologies, retailers have had to reconsider the purchasing process of the consumers. It is because customers of today have begun to increasingly combine real life and digital activities (Lazaris & Vrechopoulos, 2014). Factors such as assessing many different product options, having products and/or services in a shorter period of time, lower price and convenience have shaped today's consumer behaviors. Moreover, the fact that the new generation begins to use digital technologies at an earlier age

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and do not mind using these technologies in comparison to the previous generations, in other words the lower risk perception for digital technologies, creates both a threat and an opportunity for the retailers. At this point, the retailers that can redesign the management of their retail processes according to the needs of their consumer will take advantage of this opportunity. However, the retailers that fail to redesign their processes or miss this opportunity will fall behind in this competition battle.

With the development of the internet, the fact that consumers use both the digital channels and stores in real life has led the retailers to use the multi-channel. Multi-channel formed by the addition of different digital media over time with the aim of facilitating and accelerating the purchasing process of consumers, is utilized by many retailers today. Multi-channel retailing has become a standard business model in which almost all big companies today have developed online operations to complement their existing stores (Dorman, 2013). However, this model ignores the fact that the consumers do not prefer a single channel to buy products and/or services. Indeed, the consumers of today do not limit themselves to a single purchasing channel in the purchasing process- even if the retailers fail to develop a system-, but use different channels simultaneously in the purchasing process. This consumer behavior has led to the emergence of the concept of omni-channel retailing.

*Omni-channel retailing* is a retail medium that brings together both online and offline channels in an attempt to improve customer services and provide brand experience to the customers (Gulnaz & Gokulakannan, 2016, p. 245). The omni-channel model assumes that consumers can contact a company through many different channels before making the purchase. This current situation is different from the traditional multi-channel concept. It is because there is no channel A and channel B customer here. Instead, there is a large consumer base that gets in touch with the retailers through all possible channels (Dorman, 2013). Another important difference in the *omni-channel retailing* is that the barriers regarding the consumers' geographical distances and consumer ignorance is eliminated (Verhoef, Kannan & Inman, 2015). Therefore, it is now a necessity for the retailers to redesign the retailing process and competitive strategies.

Omni-channel retail sales in the world amounted to \$ 1.8 trillion in 2016. This trend is expected to grow rapidly and reach \$ 7 trillion by 2025. In order for them to be profitable in this competition, these businesses will need to make sure that they have factors such as variety, suitability, price, low cost, flexible delivery options and achieve it in one piece product delivery. While the developed countries compete to integrate the stores and online channels, the developing countries, on the other hand, work for financial and logistical infrastructure. In this case, adoption of the omni-channel structure will be important for retailers (Kumar & Hu, 2015, p. 76).

Successful application examples of the omni-channel retailing as a new concept and application have started to emerge over time. At this point, many companies in the omni-channel retailing process face different risks and challenges as well as opportunities. The aim of this chapter, after reviewing the literature on omni-channel, is to investigate the experience of retailers in the process of implementing omni-channel retailing in the Turkish sample, one of the emerging countries. In addition to the contribution it will make to the creation and management of the omni-channel retailing, this chapter will also make significant contributions to the avoidance of the potential risks to be faced by the retailers wishing to implement these processes in their organizations and to take advantage of the opportunities.

The remainder of the chapter is structured as follows: Firstly, the relevant literature on multi-channel and omni-channel will be addressed in the background section and the obstacles and risks that retailers will face in the omni-channel retailing process will be revealed. Next, the methodology used in the research to identify the omni-channel applications of innovative retailers will be described. The find-

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