

# Chapter 13

## Omnichannel Retailing

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### ABSTRACT

*Tremendous growth of information technology led to the rise of a new form of retailing, the digital retailing, (includes e-commerce and m-commerce), which offers value, convenience and tons of information. Mostly, customers experience digital and conventional retailing distinctly. For a customer to appreciate 'The brand', it is necessary for him to experience it, no matter through which channel he interacts with 'The brand'. Here, Omnichannel strategy, which uses digital media as its backbone, is an integrated sales experience that melds the advantages of physical stores with the information rich-experience of online shopping. An Omnichannel strategy enables the customer to get what he wants anyhow, anytime and anywhere through options like Click and Collect Store, order from a public space, browse in store-order online, browse online-get at store and in-store GPS, information centre etc. From a retailer's perspective, it offers him a single customer view (SCV) that helps in understanding what the customers want. An effective integration of field intelligence and digital media data facilitates excellent control over the stocking of products. Integration of channels enables a retail store to fulfil an online order, thus the volume of products going into decline stage is reduced. Also it becomes easy to either risk pool the inventory and deliver from one point or reduce warehousing and deliver from the store. As a result, capital investment is optimised. To adopt omnichannel, it is necessary to understand the psychology of digital shoppers, customer touch points and actionable channels preferred by the customers. The SCV offered by omnichannel ensures that the brand makes its customers appreciate, enjoy and remain connected to the brand.*

### INTRODUCTION

In the modern era governed by consumers, the retailers constantly innovate themselves to meet the consumers' demands. Due to digitalisation, it can be seen a lot of retailers operating through brick and mortar stores, making their products available online through third party e-commerce retailers or themselves going online. Despite the booming e-tailing sector, retailers are able to get only less than

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5% of their overall sales through e-commerce (“Why is omnichannel,” 2015). Thus it’s a necessity to develop an edge over the competitors in providing service to the consumers and achieving operational efficiency. Also it is inevitable that the consumer should embrace the brand rather than the channels currently he is experiencing. Omnichannel retailing, which is at the nascent stage, integrates the online and the brick and mortar channel to give the customer a jaw-dropping shopping experience. On the other hand, the company gets a single customer view to facilitate achieving operational excellence. In order to establish omnichannel, it is quintessential to understand the consumers. This chapter aims to provide a background on omnichannel retailing, modes of omnichannel, its benefits and challenges to implement. Understanding the customers being the primary step towards omnichannel, the chapter also incorporates a brief account of Indian online shoppers as a result of the study undertaken.

## **BACKGROUND**

According to A.T. Kearney Ltd, 2014 a multi-channel shopper is more loyal and spends more than a single-channel shopper. More the channels a retailer offers, more the customer uses the channels and more loyal the customer is to the retailer. For traditional retailers, presence in multiple channels has become a necessity in order to maximise the ‘affective memory potential’ of the brand’s show rooming, visual display, advertisement, marketing campaigns, Web rooming and Screen stacking (Taylor Nelson Sofres (TNS), 2014). As it stands, Presence in multiple channels was the answer of traditional retailers to fast growing online pure plays. In the competition against online pure plays, the ability to get orders to customer quickly is a vital tool. Thus integration across channels facilitates the retailers to fulfil the order swiftly from the stores located geographically proximate to the customer. According to Baker. H. Jay, 2012 by integrating, a retailer can also leverage stores as distribution centres and pick up points for online orders, point of purchase returns and also as experience centres for e-commerce platform. A study by L2.Inc, 2015 has shown that a return of product purchased online to stores lead to increase in value capture as customers tend to purchase on impulse in-store.

## **OMNICHANNEL RETAILING**

Is Omnichannel an e-commerce ecosystem supported by the stores or a store environment that is assisted by the online channel? It is neither of the above as, Omnichannel retailing is a retail environment built by integrating both online and offline channels to improve customer serviceability and enable the customer experience the brand. Omnichannel strategy, which uses digital media as its backbone, can be defined as *an integrated sales experience that melds the advantages of physical stores with the information rich-experience of online shopping* (Rigby. D, 2011). An Omnichannel strategy enables the customer to get what he wants *anyhow, anytime and anywhere* through options like Click and Collect Store, order from a public space, browse in store-order online, browse online-get at store etc.

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