

Chapter 16

Omnichannel Fashion Retail and Channel Integration: The Case of Department Stores

Anthony Kent

Nottingham Trent University, UK

Marta Blazquez Cano

University of Manchester, UK

Marco Vianello

Tomorrow Ltd, Italy

Eva Helberger

University of the Arts, UK

ABSTRACT

The evolution from single channel to multichannel retailing is explained by the need to overcome existing format limitations such as the size of store, expansion in new markets through electronic channels, increasing sales by cross-channel interactions and gaining valuable insight into consumer behaviour through the Internet. The aim of this chapter is to explain the development and implementation of omnichannel retailing and to demonstrate its experiential touchpoints in department stores. Case study approach is adopted to look at the development of omichannel integration and retail touchpoints in two iconic department stores: Harrods and Selfridges. Different strategies are identified and implications of each are discussed with relevant recommendations for retail practitioners.

INTRODUCTION

The aim of this chapter is to explain the development and implementation of omnichannel retailing and to demonstrate its experiential touchpoints in department stores. The evolution of retailing from a single channel is explained by the need to overcome existing format limitations such as the size of store, expansion in new markets through electronic channels, increasing sales by cross-channel interactions and gaining valuable insights into consumer behavior through the Internet (Duffy, 2004). Retailers increasingly engage with consumers through a diversity of touchpoints including advertising, peer-to-peer encounters and instore communications (Baxendale, Macdonald & Wilson, 2015). The rapid growth in social media has created new forms of interaction with consumers whilst disrupting conventional models of marketing communication (Edelman, 2010). Social networks are perhaps the largest and most

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reported part of new media (Griffiths & Howard, 2008), and the changing relationship between retailers and their customers has stimulated the co-creation of many brands. Consequently by using a combination of channels, retailers can better satisfy their customers through the provision of information and services (Kim & Park, 2005; Levy, Weitz & Grewel, 2014; Zhang et. al. 2010). With the advent of the mobile channel and the integration of these new channels in online and offline retailing, the retail landscape continues to change (Verhoef, Kannan & Inman, 2015). This presents a challenge to department stores, which have typically maintained customer touchpoints in rich and complex store environments through their retail mix. While the mid-market department store sector has experienced competitive problems (Wood, 2011), the luxury end has created and maintained successful market positions with their focus on design, fashion and customer experience (Johnson & Kim, 2009, Verdict 2014). These have proved less open to channel development and new forms of engagement and interaction with consumers.

BACKGROUND

Central to the development of omnichannel retailing is the definition of a channel as a customer contact point, or a medium through which the firm and the customer interact and where interaction involves two-way communication between retailer and customer, rather than a traditional one-way communication process (Neslin et al, 2006). They define opportunities for the communication and distribution of products and services, the acquisition of information and building of personal relationships with consumers. The types of channels, broadly defined by offline, online and catalogue (Verhoef, Kannan & Inman, 2015) are assessed below:

- **Store:** The physical store is a well-established offline channel. It remains the primary point of contact with the consumer (Chu & Puglucia, 2002), the place where most sales are made and can satisfy consumer purchasing behavior by providing immediate accessibility to the consumption of merchandise. It has increasingly become a place for entertainment and socializing, enabling consumers to interact with friends and family, providing opportunities for both personal information gathering and informal word of mouth (WoM) (Kent & Brown, 2009). Moreover, the installation of Wi-Fi and interactive touchscreens provide opportunities for instore communication and increasing influence on consumer behaviour, satisfaction and interaction with the retailer (Pantano, 2010). The location of 'house of brands' department stores, and the ubiquity of fashion stores in general, in central locations and shopping malls, demonstrate their enduring significance as points of reference in fashion communication.
- **Catalogue:** A non-store retail channel, traditionally used for direct marketing. It can communicate an offer to shoppers, and deliver it in a physical form delivered to home, and provide benefits that are not available over through other channels (Mathwick, Malhotra & Rigdon, 2002). As with all non-store formats, the medium offers the possibility to shop anytime and the development of "magalogs", catalogues with editorial content has led consumers to keep catalogues easily available (Levy, Weitz, & Grewal, 2014). While printed catalogue sales have rapidly diminished, often migrating to an online medium, they continue to provide a channel role as a brand image builder and driver of traffic to the online and offline, physical stores.

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