

Chapter 1

Future Challenges of Marketing Online-to-Offline (O2O)

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ABSTRACT

The online and offline environment have come to coexist in the business environment, so the big question is to understand how we should integrate these two environments into marketing strategies. It is clear that online marketing strategies do not need to replace offline marketing strategies and vice versa. The big challenge will be how both will remain complementary to solving each other's shortcomings in view of a marketing strategy. It becomes evident that the techniques complement each other, forming a more robust and complete marketing strategy, bringing more attention to the brand, and increasing the visibility of the company. Therefore, the online-to-offline (O2O) and customer-centric approach will be able to build a stronger reputation, which will generate customer loyalty. In this context, a systematic review of the bibliometric literature on the basis of SCOPUS indexation was carried out. This study aims to understand what are the future designs of O2O Marketing and how they will coexist in a marketing strategy.

INTRODUCTION

As the world increasingly transitions and embraces the internet, the line between offline and online activities is blurring. Tasks that were primarily done in person in traditional business settings, such as shopping and education, are now happening online. Consequently, businesses and institutions with strong physical and online visibility dominate various industries (Chiang et al., 2018). For example, Amazon's online and offline dominance can be attributed to its effective integration of physical retail locations and retailer websites, enhancing purchase and search convenience, information availability, and product variety (Kao et al., 2020). The hybrid of physical and online shops has led to the emergence of Online-to-Offline Marketing (O2O), which is facilitated by advancements in mobile devices and information and communication technology. O2O refers to integrating online and offline service processes through

DOI: 10.4018/978-1-6684-5844-0.ch001

advanced technologies and devices, allowing providers to engage, interact with, and attract customers (Ryu et al., 2020). The acronym O2O is used in digital marketing to demonstrate how companies in this digital era manage their customers both on the internet and in the physical world. It is primarily used to describe strategies that allure customers in digital environments to make purchases from physical shops (Kao et al., 2020). O2O aims to address consumer needs for safe shopping by allowing them to engage in various online and offline processes, including allowing customers to pick or return items purchased online to physical stores and providing home delivery services for online purchases.

The O2O integration has transformed modern business models. Traditionally, offline and online marketing strategies were used independently to achieve varying goals. However, under O2O, these strategies and processes are used together to achieve shared marketing goals and objectives (Leung et al., 2016). For example, companies such as Amazon and Alibaba, primarily online stores, are increasing their brick-and-mortar investments to enhance consumer experiences by allowing them to touch and try on multiple products before purchase (Ryu et al., 2020). This aspect is impossible to achieve in online shopping. On the contrary, Starbucks and IKEA, primarily offline, are increasing their online presence through apps and websites to increase the personalization of orders and service delivery and efficiency. Besides, the data collected in both online and offline transactions can be used to develop marketing campaigns and attractive promotions based on consumer needs and expectations (Pan et al., 2017). While O2O is associated with multiple advantages and opportunities, research has identified potential challenges such as determining the impact of the model on online and offline sales and traffic (Pan et al., 2019). While numerous studies have been conducted on O2O, there is limited research on O2O challenges and how they impact current and future business performance. Thus, this research essay aims to bridge this knowledge gap through a systematic bibliometric literature review (LRSB) of relevant literature.

METHODOLOGICAL APPROACH

A systematic bibliometric literature review (LRSB) was conducted to identify and explain potential future challenges of Online-to-Offline Marketing (O2O). According to Ruiz-Real et al. (2018), an LRSB is a systematic bibliographical analysis of the publications related to the main study theme. Donthu et al. (2021) further define it as a rigorous research methodology used to “unpack the evolutionary nuances of a specific field, while shedding light on the emerging areas in that field” (p.285). From these definitions, the methodology was selected to enable the researcher to understand the emergence and evolution of the O2O model and emerging issues and opportunities to help identify potential challenges. Bibliometric analysis can be conducted for multiple reasons, including identifying emerging trends in research, collaboration patterns, and exploring the conceptual analysis of the research topic in related literature (Ellegaard & Wallin, 2015). Consequently, the methodology can be used to decipher and map cumulative scientific knowledge and emerging variations of a well-established topic, in this case, O2O (Rosário, 2021, Raimundo & Rosário, 2021, Rosário et al., 2021, Rosário & Dias, 2022). O2O is a new business model facilitated by advances in information technology and e-commerce. Thus, the use of bibliometric analysis can help understand its development and adoption in businesses to identify potential challenges that can undermine its progress.

The methodology used can build knowledge about the Future Challenges of Marketing Online-to-Offline. The use of the LRSB review process is divided into 3 phases and 6 steps (Table 1), as proposed by Rosário, (2021), Raimundo & Rosário, (2021), Rosário et al., (2021), Rosario and Dias, (2022).

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