

Omni-Channel Retailing A New Strategy Of Retail

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I. Introduction

The latest buzz in retail is ecommerce or etailing as many call it has reached most cities in India even the smaller ones. Online retailing or ecommerce is catching in India while it is less than 1% of overall Indian retail, it is already 10% of the organized retail and many predict it will be 8% of the total retail market by 2020.

The Indian ecommerce market has grown rapidly over last couple of years. Customers look excited, investors are bullish and competition is very very serious. What was once considered the little brother of Indian retail now seems a lot bigger, accounting for nearly 10% of organized retail in fragmented market.

The fundamentals of doing business online are not radically different from offline. Offline and the laws of economics will catch up with the former as well. With many offline retailers looking to bridge the online gap, there emerges a viability of Omni-channel strategy which is deployed successfully in developed countries.

The competition to offline is real big and serious and so business models will evolve. The online retailer's product may be delivered in a day, but a winner may not emerge so quickly out of the roller coaster ride of discounts, mega sales and promotions, Omni-channel retailing has emerged as a business model that is unique.

"The main reason why consumers continue to flock online is the range of products and the convenience of not having to step out of the home and buying everything under one roof apart from discounts, free delivery, cash on delivery (COD) and easy returns" says Mr. Bawankule of Google.

While for a consumer in developed markets, convenience and range are most important, for the Indian consumer what is important is its price and range.

Online stores especially market places literally being the stores to the consumers desktop or mobile. The variety and categories on offer at a click or touch are unparalleled. And to top it all there are Apps. and websites which guides the consumer on best pricing of the product for eg. Mysmartprice.com the website actually aggregates the best prices of products and sorts the websites retailing the product in ascending order of prices.

Since march 2014 nearly US \$ 4bn of private equity money has been invested in just three players: Fipkart, Amazon and Snapdeal if any one of these find its way to customers in form of discounts, there would be another US \$ 58bn of discounted sales coming to the customers way and so offline retailers will have to gear up, adapt and more importantly adopt unconventional and possibly untested strategies to counter the disruptions caused by Ecommerce. There are over 30 active e commerce sites all eying for consumers' wallets. The market is big, un-tapped and more importantly open. Amazon was nowhere in picture till 2013 and has rapidly scaled up operations in India, adopting a market place model access to smart phones bridges the gap to of internet availability to Indians so business have to be Ecommerce ready. Competition for offline is only going to intensify and therefore a necessity driven by competition is building on Omni channel.

This Paper deals with commerce technology every Innovative Retail Chain needs and opportunities of the offline retailers

II. Omni Channel Retailing

Before understanding what is meant by Omnichannel let us first understand multichannel and distribution channel

Investopedia defines distribution channel as "The chain of business or intermediaries through which a good or service passes until it reaches the end consumer. A distribution channel can include wholesalers, retailers, distributors and even the internet"

Multichannel experience refers to the reality of what's going on within each individual channel. In Multichannel design, the customers interact and complete their transactions in discrete channels i.e. they operate in silo, The channel do not talk to each other.

Omnichannel refers to the corporate goal of delivering a branded, consistent, and interdependent experience that transcends individual channel activity. Omnichannel is viewing the experience through the eyes of the customer. It provides the customer a consistent shopping experience across multiple channels.

“**Omni-channel** is a multichannel touch points it combines brick and mortar virtual channels be it the website or mobile” says Sanjay Chakravarty CEO of shoppers stop both formats that is brick and mortar and virtual are synchronised in only omni-channel retailing. If the customer doesn’t get a particular product in the store he or she can browse for it on kiosk or on the websites/app and complete the order

Omni-channel– this key concept takes retailers beyond the *multi-channel* concept of ‘store-and-a-website’. It’s not just ‘bricks-and-clicks’ any more. Successful omni-channel retailer offers a rich shopping journey which blends online and offline. They understand that shoppers are much more discerning and informed, and have done their research online, and will frequently be interacting using their mobile to research a product while in-store. They give the shopper the opportunity to purchase both online (often using the store as an optional pick-up and try-on point) and in-store. They use intelligence from social technology to enhance the shopping journey – offering options via a range of channels (in-store staff, online or even via mobile as people enter the store) based not only on their own purchasing history, but their friends’ histories and choices. The key goal is to leverage customer management technology and supporting enterprise systems to offer a seamless interaction across all shopping channels, whether it is online/mobile or even in-store, giving the customer personalised, and consistent treatment.

Factors needed for the success in Omni channel retailing:

The Impact of Mobile: Consumers use their mobile devices continuously, and frequently while actually in-store to research and compare with the increase usage of smart phones retailers have thought of free apps for scanning a barcode to get instant quotes for home delivery and shopping walls

Smart phones have changed the way the consumers shop. This has forced the pure play retail companies and pure plays online companies to change the way they sell their products as well as re-design their customers’ experiences. Omnichannel is a challenge which is blurring the difference between online and offline. The digital world is becoming physical and the physical world is becoming digital. Every retailer is trying to fill the gap in the various channels available to them, so they are able to reach the customer in every possible way. As today most of the big retailers are trying to do online advertising, installing apps becoming to digital on the other hand Amazon, the online giant provides locker facilities in 11 locations in UK for receiving and returning packages. Customers can pick it up at their convenience that is digital becoming physical.

The Role of Social Media: Social media is playing an important role in retail business which may not be the source of direct sales but influencing sales and will continue to do in near future in a larger way.

The changing in-Store Experience: Retail business with new multichannel retailing is fighting back against the pure online treat where customer use the store (Offline) to try ,touch and feel the merchandise before actually placing a order online. The two best way to win customers are the in-store experience and value added services which are not possible a click of mouse and the touch and feel aspect and consumer loyalty programme and a multi channel approach which will change the behaviour of customer of looking online and deciding what to pick up at the store instead of trying at the store and then making an actual purchase on a click of mouse.

What is needed by the retailers today is an ability and willingness to change not only to survive but to succeed.

Impact of Supply chain: The major role in multichannel retailing would be played by the supply chain. A successful OMNI channel requires a highly aligned, fast-paced and highly responsive supply chain. Retailers will need to ensure that they are utilizing highly responsive inventory optimization technique. Serving the customer in-store will require high-quality order management systems that are fully integrated with mobile and social technology, coupled with other enterprise systems that serve the supply chain.

So in short a Retail business should recognise the importance of the customer in supply chain and cater for the shoppers’ requirements by offering a personalised shopping journey integrating online, mobile and the physical retail experience.

Here is a diagrammatic explanation of how this works.



A Customer wants a product, and path to that product must be short, readily available and consistently support of the brand promise. Customer loyalty and sales are the outcome of a holistic experience. So it is every retailer's interest to make sure that their Investment in technology center around giving that experience and still remaining profitable. Retail need to able to invest once in the core infrastructure in relation to customer facing technologies that enables to shop anywhere, buy in the way most convenient for them and still give retailers the flexibility to fulfil demand from virtually any available inventory in their network.

Apps from Retailers such as Wal-Mart, Target and Macy's allow consumers to search for products and prices available locally. By giving consumers more accurate information about product available in local stores. The enhanced search capabilities is especially helpful with niche products, which are not always available in local outlets

In the past brick and motor retail stores were unique in allowing consumers to touch and feel merchandise and provide instant gratification; Internet retailers, meanwhile, tried to woo shoppers with wide product selection, low prices and content such as product reviews and ratings, as the retailing industry evolves toward a seamless "Omni-channel retailing" experience, the distinctions between physical and online will vanish, turning the world into a showroom without walls. The retail Industry is shifting towards a model geared towards helping consumers, rather than focussing only on transactions and deliveries. For example, physical retail spaces will be augmented by virtual content accessible from smart phones and other devices such as Google Glass. (*Google Glass, , exposes consumers to a blend of offline and online information and lets them purchase products from either traditional or online channels.*) As the multichannel retailing experience breaks down old barriers such as geography and consumers ignorance, it will be critical for retailers and their supply-chain partners on other industries to rethink their competitive strategies.

III. Conclusion:

Investment in a core commerce technology is the most strategic decision an innovative retailer can make because it supports the enterprise ability to respond to ever-shifting preferences. A robust and extensible core infrastructure than is increasingly critical to succeeding in the digital commerce age, where commerce are exercising their preference in more ways than before with pure play online competitors capturing customers with low price and wider assortments omni-channel retailers must draw on their strength by leveraging intelligent core infrastructure technologies that enable channel convergence. The biggest challenge a brick and mortar retailers need to overcome is to remain competitive in the omni-channel market and close the gap with

online. The ultimate aim for the more forward thinking retailer out there is to have a joined up customer experience at every touch-point driven by innovative use of in-store technology and logistics. What is abundantly clear is that the shoppers who engage with a retailer across more than one channel are the most valuable type and retailer are going to great lengths in order to engage with these customers. If retailers don't develop and implement an effective omni-channel strategy then they will struggle to compete in today's market.

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