
UNIT 17 OMNI CHANNEL RETAIL MANAGEMENT

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17.0 OBJECTIVES

After studying this unit, you will be able to:

- Define omni-channel retailing
- Distinguish between Multi- channel and omni channel
- Create strategy for omni-channel retail management
- Benefits of omni-channel
- Draw the trends in omni-channel retailing

17.1 INTRODUCTION

In this chapter we are going to discuss omni-channel retailing management. Let us first describe what is omni-channel? It refers to retailing by multi-platform to meet the customer's demand. Omni-channel is a future of retail therefore we, have discussed the various benefits of omni-channel in detail. To be successful in omni-channel retail, one needs an effective omni-channel strategy. This has been discussed below in the chapter as well, as we know that omni-channel is the future of retailing, hence it is very important to talk about omni-channel trends in 2022.

17.2 WHAT IS OMNI-CHANNEL IN RETAIL?

Omni is Latin prefix means “All or in all ways or places”, therefore omni-channels refers to all the possible places or platforms to sell in retail. In traditional retailing a retailer used to sell from his shop physically located in a particular location. Customers had to visit the place to purchase the product of services they required. The products are delivered from the same place, in case of return or exchange, or customer complaint, customers had to only travel the distance all the way to the shop/ store. It consumed an ample amount of consumer’s time, money and efforts for all this.

Omnichannel refers to the use of all channels or platforms by the retailers to market, sell and maintain a customer relationship, no matter what, when and where. Thanks to the Internet revolution, which has changed the entire dynamics of retailing. Omni-channel may include the channels like mobile phone, computers, social media, physical shop or store, tele-phone. With the availability of omnichannel retailing options customers can purchase, return or exchange, lodge a complaint from any time anywhere.

Omni-channels provide a great flexibility to both the customers and retailers. Nowadays online shopping has become the trend where you can browse in your mobile phone and place an order from the unlimited no. of option for the product and services. The most of renowned retail players have their omni-channel presence be it shoppersstop, Lifestyle, pantaloon,

These retailers have their e-commerce site, have strong social media presence like face-book page, whatsapp, Twitter, Instagram etc. as well a chain of physical stores across pan India.

17.3 DIFFERENCE BETWEEN SINGLE, MULTIPLE AND OMNI-CHANNEL

By now it is quite clear, what is omni-channel? Let us draw the difference between the single, multiple and omni-channel one by one

17.3.1 Single Channel

As the name suggests single channel refers to the solo channel or platform of retailing. This was the only model of business in traditional retailing prior to the invention of the internet and digital world. The only point of shopping were the physical stores located in different geographical locations. But in modern retail there are companies still using this form of retailing such as Amazon and Instagram, they have their online platform and do not have any physical stores or shops like other retailers e.g. Shoppersstop, Pantaloon etc.

17.3.2 Multiple Channels

Unlike single channel, multiple channels consist of no. of different channels to serve the customers. Means a retailer may promote his/or product through

various different channels. But there is no coordination or integration among these channels. Each of the channel operates individually and separated from each other:

17.3.3 Omni-Channel

All the omni channel are multiple channels but all the multi-channel is not omni channel. No omni channel can be thought of without multi-channel. The main difference is that all the channels of the omni -channel are integrated with each other in a close loop. The customer can have seem-less experience. A customer can buy a product from one platform and can easily exchange the same on another platform. But the same is not possible in-case of multi-channel

17.4 BENEFITS OF OMNI-CHANNEL IN RETAILING

There are so many advantages of Omni-channel let us discuss these one by one

- **Competitive Advantage:** - A retailer has on omni-channel presence and gets a competitive edge over the competitors. Consumers before buying any product brows in the internet first, check the price, product quality, options, and the different promos available. Your omni-channel presence ensures that the customer navigates through your channels first than your competitors before making up their mind for the final buying decision. In the absence of this you lose the opportunity to sell and the customer switches to your competitors. Every retailer cannot afford the omni-channel platform to promote their product or services as this requires huge investment. Due to this high investment, it restricts the entry of the competitors.
- **Higher Customer Retention:** - Unlike traditional retailing, omnichannel retailing serves the greater flexibility in shopping to the customer in terms of accessibility. The customer can access the channels as per their own convenience 24x7 do the shopping at any time, anything and from anywhere. On the other hand, payment gateway made it further easier for the payment without any hassle. The return or exchange of products are also very convenient. These all add-up to the excellent customer experience and customer satisfaction which in turn increase the customer loyalty and retention.
- **Increase in Revenue:** It is obvious that a retailer needs to incur an additional cost for every additional platform to serve the customer. But this additional cost will pay you back in the long run. A study conducted on 46000 customers in Harvard business review proved that a customer spends more with each additional channel provided by the company. In simple terms with the increased no. of channels or platforms the retailers are able to sell more and generate more revenue.

- **Reduce Cost and Improve Business Performance:** Transforming from single channel to omni-channel will help you in a great way to manage your business efficiently and thus save money. An integrated channel gives you a better result as compared to an excellent marketing promotion. Thus, one can easily save on marketing expenditure, a better customer interaction with the help of an omni- channel will serve as an advertisement and word of mouth will get more new customers without having incurred advertising expenditure.
- **Better Inventory Management:** Poor inventory management accounts for huge financial losses. The omni-channel business model gives you the scope for better inventory integration and control. When you put together all the inventory data and you get a more realistic figure about what you have or what you don't in the inventory. It becomes quite easier for you to locate and find your dead and non-moving inventory. With a better liquidation plan and can comfortably get rid of those inventories. At the time of inventory forecasting you get a clear picture of what is selling more or less.

17.5 HOW TO CREATE OMNI-CHANNEL RETAIL STRATEGY

- Instruct your team to learn maximum about every single customer involved with you.
- Try to get the insight of the customer such as their likes, behavior, taste and preferences of the target segments. You can do this by using your touch points and social network.
- Select the appropriate combination of channels. Discover the most preferred channel that your customer likes to use and spend time and what basically they do there.
- Integrate all the channels and the platform using the best technology to offer seamless customer experience. A well-integrated platform will meet the customer expectation.
- Connect with your customers on social media and it should be your top priority. Most of the time customers like to purchase what they like on social media networking sites.

Provide a link of your product page or category in the social media platforms.

- Even after the adoption of omni channel, it is not feasible to open 24 hours a day. But ensure that your customer service is available 24x7, so that your customer can connect with you when-ever they want it.
- “Customer is the king” and customer satisfaction and experience are important part of your business. Therefore should take all efforts to manage all your platforms and channels according to the requirements of the customer and it should favor them in all aspects.

17.6 OMNI-CHANNEL TRENDS IN 2022

- **Brands Only Have Digital Presence Now, Entering Into the Brick-and-Mortar Store Also:** This has been noticed that many brands only have, digital presence and are also spreading their foots in brick-and-mortar stores.
- **More and More Consumers are Switching to Omnichannel:** Just few years back, shopping on-line and off-line were separate game altogether, but the scenario has changed drastically in recent times. Now customers expect more options or platform to execute their shopping activities, such as they may buy a product online and exchange it to the physical store or vice versa. A customer may find it quite convenient to browse the website of a retailer and end up shopping in the physical store. Due to seamless shopping experience the majority of shoppers are switching to omni-channel.
- **Up-Ward Trend in the Growth of no. of Physical Stores:** There is a phenomenal growth in online business with the increase in population and easy internet accessibility. In-spite of this growth, we noticed an upward trend in the number of retail physical stores. The reason behind this growth is the customer's expectation of in-person shopping Experience, and want to try, touch and feel the products. Hence, they need to visit a physical retail store which in turn increases the foot-fall of the store, now the responsibility lies with the store to convert these visitors into buyers. With the increased conversion, the sale of the store also goes up therefore there is a need for the retailers to increase the no. of retail stores to manage this increased footfall.
- **Selling in Social Media Platform Through Video Content:** We all know that social media platform has become the call of the hour for almost every retailer to sell and market their product and service. So, in what form? Either it should be textual or video content. A study says that 50 to 60 % of the customers who purchased products or services are influenced by the video content on social media. This encouraged the retailers to focus more to promote their offering through video content on social media. Promoting or selling through video content is expensive, but still retailers are adopting this method as it is more appealing to the customer in many terms and helps in achieving better sales numbers.
- **Customer Data Acquired On-line, Being Applied Off-line:** The technology used in retail is capable enough to capture the behavior of the customers relating to the shopping and their data. These captured data can be utilized to understand the offline business model. A study proved that 70% to 80% customers use multiple channels in their entire buying journey. Applying customer data to the offline business simply acknowledges this fact.

In another study it is again proved that more than, 90% of the customer prefer buying in omni-channel now a days. Not only this, today a customer browses through internet before making their buying decision. This is also the result of applying data off-line.

- **Contactless Transaction:** Due to covid-19 Pandemic, it has become mandatory for the retail business to facilitate the contact less transaction. There is wide spread fear among customers specially the elderly people of getting infected with the deadly disease and hence they avoid contacting any kind of surface. This gives rise to the contactless shopping; the respective customer browses online select the product and make the payment on-line. The retailers deliver the product at the doorstep of the customer. The delivery boy takes due care while handing over the product to the customer and must be in PPE kit.

17.7 LET US SUM-UP

In this chapter we are going to discuss omni-channel retailing management. Let us first describe what is omni-channel? It refers to retailing by multi-platform to meet the customer's demand. Omni is Latin prefix means "All or in all ways or places", therefore omni-channels refers to all the possible places or platforms to sell in retail. In traditional retailing a retailer used to sell from his shop physically located in a particular location. There are three types of channels in retailing, single, multiple and omni-channel. We discussed the various advantages of omni-channel retailing such as Competitive advantage, Higher customer retention, increase in revenue, reduce cost and improve business performance, better inventory management. In the omni channel retail strategy we explained that a retailer should have a strategy in which he can easily accommodate all the feasible channels of retailing to facilitate the customer a seamless shopping experience by integrating the maximum channels. Finally, we have discussed some the top trends in omni-channels like Brands only have digital presence now, entering into the brick-and-mortar store also, More and more consumers are switching to omni channel, Up-ward trend in the growth of no. of physical stores, selling in social media platform through video content, Customer data acquired on-line, being applied off-line, and Contact less transaction.

17.8 KEYWORDS

Omni-Channel: Omni-channels refers to all the possible places or platforms to sell in retail.

Single Channel: As the name suggests single channel refers to the solo channel or platform of retailing.

Brick-and-Mortar Store: Retail physical stores small in size are called brick and mortar stores.

Social Media Platform: Social-media like FB, Twitter, Instagram etc.

Activity

1) Fill-in the Blanks:

- a) Amazon is the example of..... channel retail platform (Multi/ single)
- b) Omni-channel requires Of all the available channel(isolation/integration)
- c) Traditional retailing is the example of (Omni-channel/ single channel)
- d) Social media is For omni-channel (essential/irrelevant)
- e) One must include channels to serve the customer better (limited/ all.

2) True or False.

- a) There is no difference between multi and omni- channels.
- b) Omni-channel help boost your revenue.
- c) Retailers get competitive advantage with the use of multi-channel.
- d) Omni-channel promotes contact-less transactions.
- e) Single channel help promote physical store

17.9 END TERM QUESTIONS

- 1) Explain Omni-channel?
- 2) Draw a distinction among single, multi, and omni-channel.
- 3) Briefly explain five trends in omni-channel
- 4) What are the advantages of omni-channels?