MULTI-CHANNEL AND OMNI-CHANNEL RETAILING- A DRIVE TOWARDS FUTURE RETAILING

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Abstract
Both Multichannel and Omni channel retailing is a marketing strategy that offers the customers a choice of ways to buy products and services in a seamless manner. A multi-channel retailing covers purchases from a store, purchases from a website, telephone ordering, mail orders, interactive television, catalogue ordering and comparison with shopping sites where as an Omni channel retailing is a seamless and effortless way of shopping that occurs with and between different contact channels. To study and understand more on this topic, the researcher explored the drivers of both multichannel and Omni channel retailing, the difference between them, the benefits, strategies and the ways through which the marketer can retain and provide experience to the customers.The research article also focusses on thechallenges,capabilities,trends and emerging experiences that are radically changing the customer's experience through both multi-channel and Omni channel.

Keywords: Multi-Channel, Omni-Channel, Experience, Customer, Seamless, Retailing.

Introduction

The retail industry today is experiencing an explosive transformations as foreign direct investments are rushing into this sector both in developed as well as developing markets across the world. Retailers including small kirana stores to huge retail giant chains, e-retailers to brick & mortar stores are embracing the latest trends in marketing, distribution, supply chain and technology in order to compete with each other and adapt to the changing consumer behaviour and sustainable growth. However the notion that the eventual fate or future of retailing lies with the e-retailers is no longer considered as a truth by the industry due to emergence of new trend known as multi-channel and Omni-channel retailing which is increasingly adopted by retailers across the globe in order to cater to the consumers who today wants to shop anytime and anywhere.

Multichannel and Omni retailing is a marketing concept that is always evolving. The bottom line is that most companies these days are expected to give customers a variety of ways to shop.The dependency of today's consumers on multiple channels is huge and is still growing. Today's consumers are moving away from traditional channel and media and becoming moreattached to new digital platforms for shopping. These are not mere technology advancements but also cultural, market and behavioral changes among consumers as mobile and Internet have evolved as the two of the most influential media in recent times.

Several research has proved and it is evident that more than 50% of the technology and lifestyle products are researched online but purchased offline. This growing phenomenon is the major growth driver for multi-channel an Omni channel retailing practices in India. Multi-channel retailing represents significant new revenue opportunities. Since virtual channels like Internet & Mobile have influential impact in terms of engagement and cost-effectiveness, they have emerged as powerful channels for the retailing community. The initiative is all about delivering cross channel experience to convert clicks & pre-shoppers to walk-ins and online sales. Researchers are particularly interested in dual marketing channels, which combine traditionaland electronic channels (Wilson 2008; Berman and Evans 2012).

Today as the competition is getting more intensified, traditional retailers are getting the heat as the number of customers visiting the stores has declined over a period of time. Online retail, on the other hand is thriving and the retail sales through digital channels is increasing day by day. Under these hostile conditions, retailers have staked their futures on multi and Omni channel retailing.The present study focuses on understanding the benefits of multichannel and Omni channel retailing and how it could provide a seamless shopping experience to the customers. It also focuses on the drivers, strategies and trends the retailers can focus upon.

Difference between Multi and Omni Channel
The terms multichannel and Omni channel are often used interchangeably. However, there is a clear difference between the two. While both solutions provide multiple interactive touch points to customers, such as social media, website, phone, in store and mobile, the Omni channel approach connects these channels, bridging technology communication gaps that may exist in multichannel solutions.
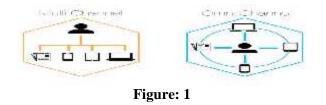
Companies using multichannel are adopting two or more channels to engage their customers, however, they are not necessarily focused on delivering a seamless / consistent message across multiple touch-points. While companies using Omni channel also use multiple channels to engage their customers they distinguish themselves through two additional factors; consistency and focus on devices involved within client interactions. The multichannel focuses on spreading the brand's message as quickly as possible via multiple channels whereas Omni channel is a holistic one. The goal here is to provide customers with what they need in the channel of their choice. The multichannel focuses on having a separate strategy for each channel.

The marketing message may not be consistent across all these channels whereas Omni channel, on the other hand, strives for consistency. A customer will be greeted with the same marketing message on different channels, whether it's social media or emails. This approach boosts the customer's sense of familiarity with the brand. It also ensures that a particular strategy receives full support in ensuring success. These businesses are diligent to ensure that their customers receive the same experience and message through different channels and devices involved within their interactions with the firm. The strategy hinges on the idea of providing a seamless shopping experience in brick-and-mortar stores and through a variety of digital channels not only to differentiate retailers from their peers, but also to give them a competitive advantage over online-only retailers by leveraging their store assets. Unlike a multi-channel strategy which stops-starts the customer's journey, an Omni-channel strategy allows the customer journey to flow between multiple channels, thereby ensuring the customer receives a more personalized experience.
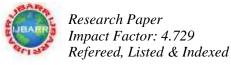
It is observed that both multichannel and Omni channel customers love using the retailer's various touch points, in all sorts of combinations and places. Not only did they use smartphone apps to compare prices or download a coupon, but they were also avid users of in-store digital tools such as an interactive catalog, a price-checker, or a tablet. They bought online and picked-up in store, or bought in the store and got their purchases shipped when they operate an Omni channel. (Ref Fig-1)

Omni channel retailing is similar to multi-channel retailing but generally entails a broader vision of the opportunity. Whereas multi-channel retailing is about increasing the number of supported channels, Omni channel retailing focuses on data- and infrastructure-readiness to deliver a holistic view of the customer relationship on any channel at any time. It allows retailers to integrate all the channels of retailing & reaching customers simultaneously so as to enable them to track down the consumers across all channels. Earlier Researchers on both Multichannel and Omni channel retailing revealed that the shoppers are more loyal when they use multiple channel which provides a seamless experience. After an Omni channel shopping experience, the customers had made more repeat shopping trips to the retailer's stores and were more likely to recommend the brand to family and friends than those who used a single channel.

In today's channel-rich environment, these channel capabilities drive the engagement of core shoppers with the retail brand and ultimately draw them to the physical store. Traditional retailers with physical stores will do better not only by leveraging the power of the online world, but by synchronizing the physical and the digital worlds to provide shoppers with a seamless, multi-channel experience that online pure plays simply cannot match.

Figure: 1

Multi-Channel Approach

Multichannel sales strategy of any company is to sell across different channels with the focus on maximizing the performance of each one. It is still being adopted by many retailers as their go-to ecommerce strategy with a primary purpose of creating a fast paced product placement and promotions across various platforms as a means of driving sales and meeting targets.Sears was one of the first companies to use a multichannel retailing model.

Earlier it was perceived as a single online and offline presence, but over a period of time it evolved to include different marketplace channels. More recently it has included the new selling feature of social media such as Facebook and Pinterest's 'Shop Now'. Today what we are seeing are a growing number of platforms consumers use aside from shopping. . These days, the multi-channel strategy has fast become the bare minimum an organization should look to achieve when devising an ecommerce strategy. Each channel does not look to work with the other channel as it works separately to   see who achieve the most sales in the shortest amount of time and with the least amount spent from the marketing budget. Those ecommerce business that sells very fast moving products or products that have a popular or "craze" reputation, a multi-channel strategy can be very successful.

Benefits of Multichannel Retailing

   a) Helps in streamlining ordering processes and operational efficiency: As real estate rentals are expensive and rental proportions are at 10-15% of revenue which negatively impact format breakeven, multichannel helps in bringing overall operational efficiency by operating in multiple channels that can reduce the overall operational cost. Internet sales are cheaper than renting or building expensive stores and require fewer employees.
   b) Increases sales through cross-selling & upselling: Multichannel retailing is a way to build a brand and reach a lot of consumers.It helps to increase the sales by offering a variety of engagement points for the customer to make a purchase, increases the convenience and ease of sales, thus boosting profit. Through multichannel there is an immediate increase in market potential there by it can catapult the brand to fame and can increase the revenue manifolds. It helps in increasing the sales by providing different assortments and choice to customers thereby increases sales through upselling and cross selling.
   c) Expanding the market presence and customer base: It helps the marketers to reach new markets quickly & efficiently and Non-store channels help reach new markets quickly, without the need to establish physical stores. By using more than one channel, retailers can reach consumers in local, national, and global markets that they could not reach through only one channel.
   d) Improve customer perception and customer engagement: Multichannel retailing helps in fostering customer engagementthat provide more opportunities to gather information about customers. It helps to communicate extensively of product and promotional information so that they get enough time to navigate and choose from various channels based on the offers. It provides additional chances to solicit and use consumer testimonials. A store that is perceived as responsive to customer needs and gives customers easy access to a variety of channels that can differentiate itself in a crowded field.
   e) Foster loyalty- It has the ability to capture and analyze the insights into customer shopping Behaviour by enhancing the overall experience to foster loyalty by providing 24-hour access to customers and provides flexibility for consumers when purchasing and paying for goods and services. It also helps to use improved analytics to help understand consumer behaviors.
   f) **Risk balance:** companies gain competitive advantage by using multichannel options because they can choose a channel to focus on. This is especially important in times of economic instability.
   g) **Greater level of sales customization:** A company can more easily adjust to their customers' requests if they have multiple channels available. For example, they can hire technical staff if they sell complex equipment or offer online support for consumers in distant locations.

Omni-Channel Approach

The essentials of Omni-channel have evolved from the multi-channel approach but with a change in focus. The Omni-channel strategy focuses on providing customers with a seamless and integrated shopping experience across all channels and devices. It takes into account a customer's ability to not only flick between sales channels simultaneously but also use online and offline channels that are intended for different purposes. Companies that

adopt Omni-channel are ones that have decided to put the customer at the centre of its strategy and not the sales objectives of each channel. Omni-channel has an 'outside looking in' approach and recognizes that customers engage with products and brands differently across multi-channels/platforms. Regardless of which channel the customer is using at the time, the purpose of Omni-channel is to create a singular interpersonal relationship with the customer based on how they perceive your brand or product.

Omni channel Retail Capabilities
- **Purchase anywhere and anytime across the channels:** It offers the customers the ability to make product reservation online and pick it later from the store.
- **Customer Information:** It enables companies to store customer information across various channels.
- **Personalization:** Enables companies to offer consistent personalized customers services across multiple channels.
- **Social Media:** It makes it possible for companies to use social media to serve customers.
- **Availability of the product:** Offers the customers the ability to check availability of products prior to visiting a store.

Benefits of Omni Channel Retailing
1) **Retaining Customers and Driving Sales:** The Omni channel retailing not only helps organisations in realigning their business operations and implementing infrastructure changes but also provides a pathway & vision to attract, retain customers and driving greater sales. It allows shoppers to make purchase from wherever they want and gives retailers' stock visibility and accessibility in the customers' favoured channel. Moreover it provides convenience to the costumers and substantially increases the buying opportunities for various products with wider selection and numerous ways of accessing and purchasing thereby enhancing sales.
2) **Tracking Customer Data:** Through Omni channel, the retailers can track their customer over different channels & comprehend their preferences and can serve their consumers better. Thus it allows business to additionally gain insights into creating offers that persuade customers to get out from behind their screens & engage themselves in shopping from physical stores, where the likelihood of impulsive buying is more noteworthy.
3) **Enhances Productivity and Greater impulsive Purchase:** Omni-channel retailing concept is offering a 360 degree view of all the purchases made by the customers in order to serve them better. It helps in transforming customer information into loyalty-building service so as to improve customer retention and increase productivity.When a retailer is equipped to track its customers over multiple channels while comprehending their preferences, it can serve them better. This means that Omni-channel retail allows businesses to also get ideas on how to create offers which may persuade their customers to come out and engage themselves while shopping at physical stores. It is here that the chance of impulsive purchasing is greater.
4) **Greater Efficiency**: Retailers are able to offer consistent experience to their already informed customers across all platforms. They become equipped to cater to the customers' needs with a common, central database of products, prices, offers etc. The consumer is able to experience the brand with products and promotions which are consistent across all the retail channels by bringing overall efficiency.
5) **Integrated Communication:** Integrated channels are constantly gathering critical information and service data about customers. This data helps to provide continuous insight into the customer journey, allowing businesses to enhance processes and identify inefficiencies at a faster rate. Improved business practices often result in higher customer satisfaction and loyalty.Omni-channel retail offers cross-channel capability and this means you can engage with consumer data irrespective of its point of generation. You can also do cross-referencing with other similar customer information across platforms. An overall benefit towards your online customer experience. With analytics, you are equipped to comprehend, quantify as well as review the communication with your customers.
6) **Optimizes Engagement:** Today's consumer is adept at finding the information they need on their own terms through a variety of channels. An Omni channel solution allows businesses to communicate with

customers via their preferred means, increasing engagement and targeting communication. Not only can businesses now reach a larger audience, they can also provide a consistent message across channels.

7) **Enables Better Service:** Omni channel strategies afford businesses the ability to engage and respond to customer inquiries in a timely manner through various channels. The communication between these channels allows the customer to end the conversation on one channel and seamlessly pick it up on another. Business representatives are better informed to service the customer and create an optimized experience.

8) **Meets High Customer Expectations:** The modern consumer expects a seamless, customer-focused experience. Any disconnect between information provided in-store versus online or inability to purchase through a preferred means creates uncertainty over the purchase and dissuades a customer from making a commitment. Integrated systems align these customer experiences and allow businesses to cater to varying demands.

Drivers of Multichannel and Omni Channel Retailing

a) **Internet and other Disruptive Technologies:** A greater number of retailers that have moved to multichannel retailing is because of the Internet. While initial speculation was that the Internet would lead to the demise of traditional bricks-and-mortar stores, in reality it has led to many bricks-and-mortar and other retailers adding an Internet channel as part of a multichannel retail strategy. Disruptive technologies including emerging channels such as Smart TVs, home shopping networks, kiosk /shopping etc. helps in the growth of multiple channels.

b) **Social Influence and better informed Customers:** Channel choice is impacted by the belief that people similar to them use that channel. Consumer shopping habits and expectations are also changing because of the various technologies. Today they are well informed about the channels and the ways to search and make purchase through various Medias. In addition, Omni channel consumers usually believe that they know more about a purchase than the salespeople and perceive themselves as having more control over the sales encounter

c) **Past adoption Behavior:** once a customer learns to adopt one new channel, she is more likely to adopt other new channels. Similarly, Venkatesan et al. (2007) find that customers who adopted a new channel in the past adopt a newer channel at a faster rate.

d) **The increased deployment of New Technologies such as Smart Mobile Devices and Social Networks:** The connected mobile customer can access information and buy anything, anywhere, anytime. This has resulted in responses from retailers, who need to remove barriers within the channels and provide cross-channel services such as "click and collect," "order in-store, deliver home," "order online, return to store," "showrooms," and other combinations of online and traditional retail activities.

Challenges of Multiple Channels Retailers

- **Sales Cannibalization:** Even though retailers commit about a unified customer experience, at many instances, ROI is turning out to be negative. Retailers' own online channels have been cannibalizing sales at their higher-margin, physical counterparts, adversely impacting overall gross profit.

- **Inconsistent Brand Experience:** While retailers have opened up multiple touch points as per the Omni-channel retailing consensus, they have struggled to ensure a seamless customer experience across various channels. Furthermore, technology glitches in relation to online channels can significantly dilute brand image, as customer tolerance for such slipups keeps getting lower every day.

- **Increased Costs:** The accelerating transition in ecommerce from desktop to mobile purchasing has prompted many retailers to make fresh, heavy capital expenditures, with the biggest firms spending at least 5% of revenues on scaling up and integrating their digital sales capabilities which in turn increases their overall cost.

- **Supply Chain Complexity impacts Profitability:** Omni-channel retailing has added to the complexity of the supply chain, as merchants spread themselves thin in their attempts to market and sell to customers across all touch points. Retailers' logistics value chains, spanning the entire distributed order management cycle, today face significant bandwidth squeeze, in turn impacting profitability.

Trends in Multi-Channel and Omni Channel Retailing
a) **Hand held Devices:** Mobile shopping, mobile payment, and customer grievances handling can be done through hand held device like mobile. Customers can even walk into the shop, browse, add to their mobile carts and pay through payment options available so that smoother the customer journey is on the mobile platform, the more gain retailer can achieve through its cross-channel retail strategy.
b) **Smart Shops:** Stores, kiosks and mPOS will become smarter and customer friendly and smart shelves, and AR (augmented reality) will act as a back bone of Brick-and-mortar store which is one of the most important aspects of Omni channel and multi-channel retail.
c) **Enhanced Customer Experience through Connected Devices:** More and more connected devices like smart fridges, smart washing machine which send alerts if the milk carton is empty and diagnose problem in washing machine and Omni channel retail solutions that connect the customer's grocery lists to shop's smart shelves which directs customers to the pay their shopping bills without standing in queues as the solution is connected to the POS and an e-bill is generated, which the customer can pay in whichever mode is convenient to them by making a more effortless customer journey.
d) **Personalization and Smarter Touch Points:** Customers are expecting retailers to catch up with the smart technology trends. Seamless integration of touch points becomes a necessity gradually. Providing targeted offers and personalized recommendations are among the inescapable Omni channel retail trends currently. Businesses will partner up with various service providers for better customer experience, order delivery and better tracking and personalization will get intensified and will have lesser scope for 'choice fatigue', offering only the best options.

Six Major Multi channel and Omni channel retailing Strategies for Future Success
1. Ensure to target theright segmented customer data and measure cross-device and online-to-store shopping behavior.
2. Focus on the type of audience each channel attracts and consider what features can be used with the platform.
3. Manage the products and channels and diversify the product range across various channels.
4. Identify the ways in which one can personalize the channels for a singular experience
5. Place emphasis on brand and customer experience over the bottom line and future proof online infrastructure for Omni-channel
6. Create an organizational structure that supports Omni channel marketing.

Conclusion
Today shoppers are becoming increasingly comfortable interacting with retailers across multiple channels, creating pressure for retailers to offer seamless integration across multiple touch points and giving rise to the notion of Omni-channel retailing.The future is definitely Omni-channel. Customers are interacting with retailers across many different platforms, both physical and digital. They expect a consistent experience across both. Whether it's offering 'click and collect' for your e Commerce customers, or prompting customers to access more product information online, you need to meet customer expectations at every level, and multi-channel is the way to achieve this.

Retailers who continue to invest in their Omni channel strategies will succeed; those that don't will fail. Understanding this, retailers worldwide are pushing their Omni channel strategies further than ever before in the pursuit of truly seamless shopping experiences. Moving forward, these Omni channel efforts will be the difference between the retailers who succeed and the ones who fail.

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