IMPACT OF OMNI-CHANNEL RETAILING ON STORE CHOICE

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ABSTRACT

Purpose: In this competitive environment everything is changing with a greater pace at every second because of the new technology, current trends. So as the changes can be seen in the retail industry as to stand out and attract more customers it also keeps updating itself with the new trends, technology, and innovations. E-commerce businesses are creating a major challenge for the retail store business because of their better offerings and a more convenient way of shopping experience for the customers. Therefore, as a new trend, retail outlets are now coming up with different innovative channels offering like multi- channel, Omni-channel retailing (where offline & online everything is linked with each other) for a better and convenient shopping experience for the customers. Hence, this study has been conducted to provide a view to retailers how the Omni-channel retailing (different factors)- offered by stores impact the customers to choose a store. **Statement of the problem:** As per the current scenario, the market keeps on changing   and on one or the other day some new things will be coming in the market. This happens because of the better technology advancement coming in the market with much better convenient features as well as with cost effectiveness. To survive in this competitive environment, the retail sector also keeps on updating itself with the latest technology to provide the customers a better shopping experience as per their convenience. From offline channel to online then multichannel and finally the integration of all channels i.e. Omni-channel to create a hassle-free shopping experience. To face the competition offered by e-commerce, physical retail store keeps on updating its channel as per customer's convenience to offer a better shopping experience. This paper aims to study how Omni-channel retailing offered by different retail stores impact the customers to choose a store. A total of 7 research papers have been reviewed based on which a conceptual framework has been designed, the study has been performed using qualitative approach and using exploratory research technique.

Keywords: Omni-Channel Retailing, Integrated Promotion, Trust, Information Access, Product, Price, Order Delivery and Store Choice.

INTRODUCTION

In this competitive world, everything needs to be updated with the current trends, technology to survive. We see many changes are happening in the retail sector to retain and attract more customers. With the increasing growth of e-commerce and the emergence of new digital technologies, more and more platforms are now being used to carry out retailer-consumer transactions including websites, physical shops, catalogues, Internet kiosks, mobile applications, and call centers. Many retailers have attempted to build an Omni-channel retail environment through channel convergence to fulfill customer demands for reliable, standardized, seamless offerings & a convenient way to shop through multiple retail channels. Omni-channel is the integration of all the channels, keeping in mind the more convenient shopping experience with no conflict between different channels offered to the customers. All platforms can be leveraged to serve Omni-channel retailers to all their customers, irrespective of what, when and where they want to make a purchase. All channels support the same goal of satisfying product customers by making them satisfied. Consumers should be able to get services from any source and still be able to use their exclusive customer identity. And they should not have to perform the same account set-up so search activities they had previously conducted on other networks. For instance, if a customer has experienced the product and consulted the price in a physical store, he/she can directly make an online order without again consulting the physical store. This practice is known as show-rooming visiting the store to examine the merchandise firstly then ordering it online. Similarly, for customers who buy online, they have an option to go to an offline store and can directly deal with

any problems related to products like after-sales service, return or exchange. This practice is basically done to create a hassle- free shopping experience by serving all the touch points as per customer's convenience. It also provides customers with consistent, uniform, integrated services, and experiences without any conflict between different channels offered by the retailers. Many retailers such as Wal-Mart, Spar Hypermarket, and Zivame have implemented Omni-channel retailing strategies through the incorporation of all the channels they provide to consumers. While the definition of Omni-channel retailing was created or derived from multi-channel retailing, there are several variations on different dimensions that include strategic execution, operational style, and user experience.

The purpose of conducting the research is to understand the impact of Omni-channel retailing on store choice. These study focuses-

- To identify the major factors influencing Omni-channel retailing.

LITERATURE REVIEW

Zhang *et al.*, (2018) said that most retailers have sought to build a channel-convergence Omni-channel shopping ecosystem to satisfy customer demands for consistent, streamlined, standardized offerings and services across multiple retail chains. We focus on customer confidence, which not only affects their shopping experience's perceived trust and happiness of customers, but also impacts their purchasing intention. Using the Stimulus-Organism-Response (SOR) model, we suggest that channel convergence promote consumer control, resulting in enhanced morale and loyalty, and brand sponsorship intent strengthened. The outcome demonstrates the important mediating effect of customer ownership and shows customer favorable reactions to channel integration. Such findings are also helpful for retailers in implementing and analyzing their channel incorporation strategy.

Bendoly (2005) claimed that two ways of channel integration exist: (1) integration of internet content or information in offline shops (integration of offline channels); and (2) integration of offline data or online shop awareness (integration of offline channels). The effect of 3 online-offline convergence on customers has been studied by many researchers. Customers have been shown to perceive less risk if they first search for product information through non-availability of the online terminal product self-service. Be that as it may, there might be cooperative energy among various types

of combination. Buyer shopping conduct incorporates a progression of exercises at the pre-buy, buy and after-buy stages, including points of view on the entirety of the channels.

Glushko (2009) stated that this paper envisages a methodology for designing service systems that synthesizes user-centered (front-stage-oriented) design techniques with (back-stage) approaches for designing information-intensive applications. As a result, customers reported enjoying better service experience. However, if physical employees have access to online portals, they can provide customers with better services.

Herhausen *et al.*, (2015) discussed that not quite the same as online- disconnected channel mix, in any case, a few retailers give disconnected store data in their Internet stores. IKEA and John Lewis, for example, are distributing the areas, open hours, and item classifications of their physical stores on their sites. The data is expected to reduce the apparent hazard of buyers regarding the online store. The creators additionally found that customers who shopped with retailers who gave physical store data on their Internet store sites accomplished better apparent help quality and fewer hazards from purchasers about their e-stores.

Mcgoldrick & Collins (2007) argued that due to increase in the number of channels, it is important to study and analyse how different channels can be run simultaneously along with providing competitive service to the customers. The retailers have analysed the value offered by channel integration along with seamless shopping experience.

Gallino & Moreno (2014) stated that implementing this project is correlated with a decrease in online sales and increased sales and traffic in stores. These effects can be explained by two parallel phenomena: (1) increased consumer store sales using the BOPS feature and purchasing additional products in the stores (cross-selling effect) and (2) the transfer of some consumers from the online to the brick-and-mortar channel and the migration of non-customers to store customers (channel-shifting effect). We understand these channel-shift patterns as an improvement in the "online testing, offline purchasing" behavior allowed by BOPS implementation, and we support this interpretation with evidence of the change in cart abandonment and conversion rates of the brick-and-mortar and online networks.

Gallino & Moreno (2014) analyzed the effect of the "buy-online, pick-up-in store" project implementation.

It was found that offline sales got boosted but online sales decreased. An integrated order fulfilment system is very important, in case of multichannel shopping behaviour of consumers.

Huang & Van Mieghem (2014) stated that it has been accounted for that physical stores can settle on better stock choices dependent on clickstream information gathered from their sites. Given customers' multichannel shopping conduct, an incorporated request satisfaction framework is likewise essential. Integrated order fulfilment system.

Ofek, Katona & Sarvary, M (2014) stated that online channel provides potential advantages in marketing to consumer groups that prioritize online shopping comfort, but it also raises new challenges. These include the greater likelihood of expensive product returns when assessing fit is crucial for the willingness of consumers to "touch and feel" goods. A main finding, we obtain is that if the distinction between rival retailers is not too high, having an online platform will actually increase investment in rates of store assistance (e.g. higher shelf display, more skilled sales staff, floor samples) and decrease income. Consequently, when the decision to open an Internet channel is endogenized, an asymmetric equilibrium will occur in which only one retailer elects to operate an online arm but receives lower profits than its competitor brick-only competitor.

Neslin & Shankar (2009) stated that discussed that the goal of this paper is to provide a customer management framework that defines the mechanism by which an organization can develop and implement a multi-channel strategy and to use the framework to identify key customer management issues that need to be addressed. This Multichannel Customer Management Decision (MCMD) structure defines five tasks for managers: (1) client analysis, (2) multichannel strategy development, (3) design platforms, (4) execution, and (5) evaluation. The result shows that customer retention is the most significant factor throughout the multichannel strategy development and implementation process. With an efficient, channel wide price differentiation strategy; retailers can influence the customers shopping behaviour and draw customers to their channels. It shows negative price consistency.

Wolk & Ebling (2008) stated that price differentiation has long been recognized as a technique that businesses can use to increase profits when the preferences and valuations of a product are different from those of customers. The existence of various distribution channels (e.g. offline and online stores) which have varying degrees of flexibility and are valued differently by customers gives companies the opportunity to apply differentiated pricing in these different contexts. Many research concentrates on a specific aspect of channel integration, such as price integration, integration of assortments, integration of inventories, integration of order-performance and integration of services. In this paper, we research channel-based price differentiation and empirically determine the extent to which it occurs among multichannel retailers. Retailer pricing strategy is perceived to be a crucial issue that affects customer purchasing decisions.

Vogel & Paul (2008) discuss that each multichannel retailer must choose whether and how to apply channel-based value separation. This examination distinguishes channel-related value separation instruments and considers their impacts on client maintenance. It experimentally tests theories utilizing a research facility analyze and scientifically explores achievability conditions. Results show that channel-based value separation emphatically influences clients through saw esteem yet hurts maintenance through value injustice and restricted self-assurance. The versatile correspondences retailer in this investigation would require 5.1% lower working expenses online to guarantee its productivity. These outcomes show that multichannel retailers with channel-based value separation ought to painstakingly choose their value instruments and meet the attainability conditions.

Mitchell & Papavassiliou (2009) stated that this article discusses the idea of consumer confusion; what causes the confusion; how consumers respond to it and how advertisers can manipulate it. The proposed emphasis varies from previous work by incorporating the notions of excess of stimulus and similarity of stimulus as well as considering conscious and unconscious uncertainty. The confusion marketing determinants are listed and an array of methods for confusion reduction is addressed. The paper discusses the marketing and policy consequences of uncertainty, provides a checklist to be used by brand managers while performing a confusion audit, and outlines areas for future research, on concept calculation.

Saghiri *et al.*, (2017) stated that the world also allows customers to behave as self-motivated knowledge and services integrators. For example, consumers can go to online and offline retailers to compare goods and costs. Multiple accounts may be available to the same user and store their purchase information for the different channels. The Omni-channel strategy works differently

from the viewpoints of the seller and the customer relative to multichannel retailing. The channel is no longer concerned with customer retention on its own, but uses its advantages to represent the customer, regardless of which channel is selected, to support a final order.

Verhoef, Kannan & Inman (2015) stated that the retail world has changed significantly during the past decade. The advent of the internet channel and extra digital channels such as mobile networks and social media have altered retail business models, execution of product blends, and actions by shopper. While over the past decade multi-channel retailing has been in vogue, we now see a shift to so-called Omni-channel retailing. Omni-channel retailing takes a broader view of the networks and how consumers are influenced and pass through the channels in their search and buying process. It has been focused on exploring this growth conceptually in this multi-channel retailing, and then discussing current studies.

Grewal, Roggeveen & Nordfält (2017) stated that the retailers have adopted a range of techniques to engage their customers. This paper focuses on "The Future of Retailing" by highlighting five main fields: (1) technology and instruments for decision making, (2) options for visual display and merchandise, (3) consumption and commitment, (4) large collection and use of information, and (5) analytics and profitability. They have also suggested the countless issues that warrant further study and incorporate significant areas of emerging applicability: The Internet of Things, Virtual Reality, Augmented Reality, Artificial Intelligence, Robots, Drones, and Driverless Vehicles.

Juaneda-Ayensa, Mosquera & Murillo (2016) stated that the growth of the Internet and new techniques has changed the retail panorama over the past century. There are more and more outlets that lead consumers to change their habits and act in shopping. An omni-channel approach is a kind of retailing that allows customers to shop across channels anywhere and at any time by allowing for true interaction, thus offering them a distinctive, comprehensive and seamless shopping experience that breaks down channel obstacles. This paper aims to describe the factors influencing omnichannel customer behaviour by embracing and planning to use fresh innovations during the shopping process. To this end, it produced an initial model.

Piotrowicz & Cuthbertson (2014) stated that the expanded use of new technologies, such as smart mobile devices and social networks, and the growing

value of in-store technical alternatives create fresh opportunities and distributor difficulties. A fresh channel convergence strategy is evolving as the distinction between internet and physical networks is blurred - the Omni channel that aims to provide a seamless client experience regardless of platform. This presentation presents the findings of focus group discussions on its role as e-commerce progresses in retail, fresh business models, and conventional stores ' future role. Key issues that arose from the discussion include the need for channel convergence, the influence of emerging technology, the position of social media, the evolving role of traditional brick-and-mortar stores, the need to adapt to different customer needs, the balance between personalization and privacy and, finally, the restructuring of the supply chain.

Cook (2014) stated that this topic is largely about the essence of the Omni-channel consumers and how this affects the physical retail space shifts. This recognizes the need for new technologies to support staff in the store and new measures to measure performance in the store. Omni-channel customers show different behaviours compared to traditional retail customers. They are better educated; they use technology and they require more demand from the retailers they are doing business with. Once they find a dealer that provides the best service they want, these clients become very loyal and productive. Serving the Omni-channel consumer allows the retailer to use insightful information and technology. To serve the Omni-channel customer, the company has to use intelligent technology to provide information and data not only to consumers but also to the employees / staff servicing those customers.

Omni-channel retailing can be understood as a tool to bring about an ease of accessibility or information about the product/service being dealt. In this expanding market the consumer has become very much aware of the expectations the product is required to meet in accordance with the money being spent. This establishes customer satisfaction as the most valuable key for the business holders to stand the market competition. Now various levels of the market chain beginning from various producers to the physical store holders have started devising ways to draw in consumer attraction and have an edge over their competitors. Omni-Channel retailing in such a scenario has gained popularity.

This technique of marketing intends to basically integrate all the channels in producer consumer market. If a customer finds a product to be of use to his/her needs on an online platform but still has a hesitant mind

whether to buy it or not, can visit a store of the respective brand to clear the doubts. Now, in this situation if the consumer again needs to explain his needs and the product details at the showroom it creates an unnecessary piece of work on the consumers side and thus degrades consumer experience. An attempt to create a link within the entire brand as to what a customer is interested in and refer it with unique identity can save unnecessary work to customers thus providing seamless shopping experience.

Therefore Omni-Channel retailing is effective in ensuring empowerment, transparency, and value of money to the consumer.

RESEARCH METHODOLOGY

Research Methodology: It refers to the systematic procedures, methods, and technique applied in business research for identifying problem, designing research, collecting and analysing data to take decision, to solve any problem or to develop a new concept and explore existing ideas.

Research Approach: Qualitative Research

Design: Exploratory Research

Source of Information Used: Secondary Information which is collected from the literature reviews.

Data Source: The research is based on secondary sources. Vast level of literature is reviewed for this purpose.

RESULTS & DISCUSSION

The major findings from the study include the following (refer to figure 1):

- Trust has the highest influencing power on the dependent variable store choice. Hence, Trust is the most significant factor.
- Attractive User centered pages of E-websites make customers to enjoy a better experience in service.
- Integrated ordered fulfillment is negatively impacting on the dependent variable i.e. store choice. Therefore, integrated ordered fulfillment is not a significant factor.
- Customer retention is the most significant factor throughout the multichannel strategy development and implementation process.
- Integrated pricing strategy is perceived to be a crucial issue that affects customer purchasing decisions.
- Advanced technology and integrated promotion

are also the most significant factor throughout the multichannel retailing.

- Innovation is necessary during time to time for offering seamless experience to customers.
- Automated customer information is not a significant consideration, the balance between customization and privacy and, ultimately, the supply chain transformation is more significant.
- Integrated customer service is positively impacting the store choice.
- Integrated order and delivery are positively impacting the store choice.

Integrated Promotion-

Integrated promotion is the alignment and incorporation of all marketing communications resources, channels, and outlets within an organization into a cohesive system that maximizes effect at minimal cost on customers and other end users.

Trust-

It means the person whom you trust they are reliable; you have faith in that person. It is something that two persons build together when they are with each other and agree to trust each other. In this context it means when a customer believes that a retailer is trustworthy that means retailer is reliable and will not cheat the customers.

Integrated Information Access-

It means that retailer offers customers to get information related to price, features, and stocks of their products offerings online (website) as well as offline (physical store).

Integrated Product and Price-

It means whatever products the retailers offer there is consistency for the product information, features, and price on both the channels online and offline.

Integrated Transaction and Information-

It means retailer offers their customers to access for any purchase transaction information made in the past on both the channels offline as well as online and recommend for future purchase based on customer's purchase pattern.

Integrated Order and Delivery-

It means a customer who went to the physical store and he/she likes any product but the stock is not there, he/she can do the transaction procedure and can get the product online which will be get delivered to their place and vice-versa.

Integrated Customer Service-

It means if a customer buys something online but did not like the product or there is some defect in the product, he/she can exchange the product in the physical retail store and vice-versa.

Variables Under Investigation-

The variables that have been considered in the research are:

Independent Variables:

1. Omni channel retailing
   - Integrated promotion
   - Trust
   - Integrated information access
   - Integrated product and price
   - Integrated transaction information
   - Integrated order and delivery/fulfillment
   - Integrated customer service

Dependent Variable-

1. Store Choice

Figure 1: Conceptual Model
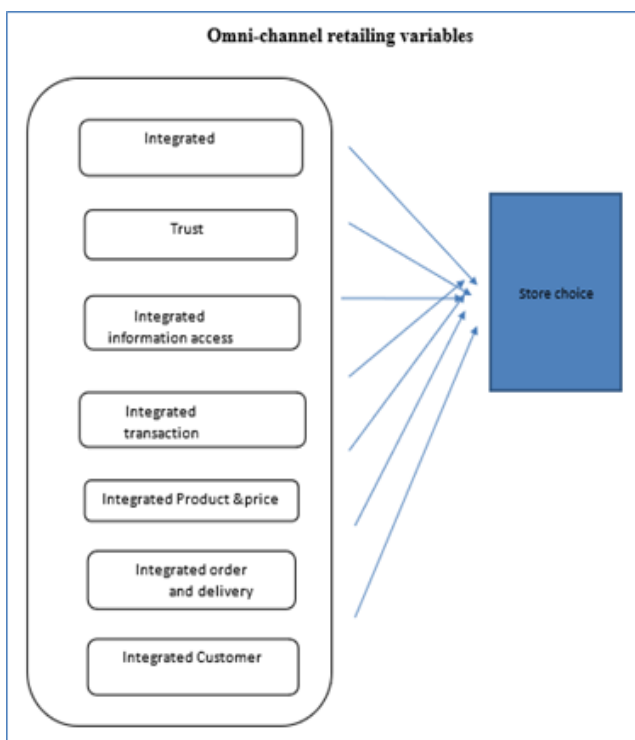
CONCLUSION

Today, in this competitive and dynamic environment everything keeps on changing. In the retail sector, major changes can be seen because of advanced technology.

E-commerce businesses are giving a major challenge to brick and mortar retail business. The retail outlets came up with different innovative channels offering like multi-channel, Omni-channel retailing for a better and convenient shopping experience for the customers. Omni-channel retailing is in developing phase and still emerging in India. Proper variables were taken to do the study. Research articles have been reviewed to identify the major Omni-channel retailing variables and then to study the impact of these variables on store choice. Basically, brick and mortar retail stores are losing out their business because of ecommerce business. This study will help the retailers to identify the significant Omni-channel retailing variables that will help them to attract customers and to gain sustainable competitive advantage over the competitors.

Limitations

- The research work is largely limited to gathering data online.
- Exploratory work offers qualitative and theoretically difficult to analyse results. Qualitative data analysis may be skewed and/or judgmental.
- Some of the secondary data gathered could be obsolete and incomplete.

This study has been done to identify and study the significant factors related to Omni-channel retailing variables and finally how these variables impact in choosing a particular store. It will help basically brick and mortar retailers to focus on these significant factors to attract more customers and make their customers' shopping experience better. Because it will give more flexibility to the customers with the convenient shopping experience. It will help retailers to know what customers basically focus while choosing a store for shopping which will help them to gain sustainable competitive advantage over their competitors.

Conflict of Interests- The authors declare that they have no conflict of interest.

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