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What omnichannel really means?

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ABSTRACT

It is hard to overlook the concept of omnichannel within the retail and service landscape nowadays. Current customers make purchase decisions using several channels at the same time. Ordering online but picking up in-store, searching for a better price online through mobile phones while in-store, switching from one channel to another in search of better value etc., are common practices among consumers. The longstanding line between online store and offline store is becoming blurred. Therefore, instead of managing websites, mobile apps and physical stores separately, companies need to rethink their multichannel marketing strategy by creating one holistic approach, an omnichannel approach. Indeed, the way managers act upon or implement this concept will differ, but having a clear understanding of what omnichannel really means will allow managers to interpret the ways it can be leveraged to create and capture better value.

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1. Introduction

Customers today are more demanding. They look for speed, convenience, and flexibility with every purchase they make. A seamless experience, whether shopping in-store or online, is essential (Verhoef et al., 2015). Customers demand store pick-ups of their online orders, possibly after hours as well (Hossain et al., 2019). The concept of showrooming is becoming common as customers search for a better price online through mobile phones while checking the products in-store (Verhoef et al., 2015). Additionally, customers search for faster delivery of their online orders. Businesses have to do better as 'express delivery' or even 'on the day delivery' is not enough for customers (Ecker et al., 2020). To meet such demands, retailers need to change their multichannel approach. The UK retail giant Tesco, for example, offers a one-hour delivery option on orders of eligible products via its mobile app (Lomas, 2017). Likewise, Frankfurt airport in Germany offers 'at the gate delivery' for major brands that are available from an airport shopping mall when ordered through the Frankfurt airport app or even through Lufthansa airlines in-air entertainment system (Gould, 2019). However, apart from a selected few retailers, the current shopping sphere has become more complicated and challenging for managers.

To tackle these challenges, managers should comprehend the concept of omnichannel marketing. Omnichannel marketing is when managers rethink their service delivery to

cater for the needs of a 'connected' customer. Connected customers often interact with several channels at the same time to make purchase decisions (Picot-Coupey et al., 2016). Omnichannel marketing synchronizes this full range of channels, ensuring a seamless and consistent customer experience throughout the whole purchase process (Rigby, 2011).

Omnichannel is more than the traditional multichannel marketing system. The scope of conventional multichannel management is limited to physical channels, websites and catalogs only, while omnichannel marketing involves all the touchpoints of the company (Verhoef et al., 2015). Literally, it is multi-everything. For instance, social media, direct mail and catalogs, call centers, mobile devices, gaming consoles, kiosks, televisions, home services, networked appliances, location-based marketing, and so on, are incorporated with traditional online and offline channels (Verhoef et al., 2015).

Omnichannel is not just simultaneous use of channels; rather it is the integration of all available channels within a firm. Integration or seamless experience is the cornerstone of omnichannel definition (Hossain et al., 2020; Rigby, 2011). Traditionally firms have managed channels separately with little or no integration (Banerjee, 2014). However, in an omnichannel context, all available touchpoints of the company are integrated and works simultaneously in a seamless manner. Pricing information, promotional offers, product details, delivery details, customer transaction details even company logo, image and service features are updated simultaneously in all the channels to deliver a uniform experience (Hossain et al., 2020). A purchase made through Commonwealth Bank of Australia's credit card is instantly updated in the system and pushed in all the service delivery channels, including merchant names; a service which banks with weaker channel integration may take hours or even days to update.

Lastly, in omnichannel management, the notion of two-way communication and one-way communication is becoming less apparent (Verhoef et al., 2015). Customers can interact with advertisers through mobile apps while watching advertisements on television. On the other hand, in-store face-to-face customer service is now possible through digital touch-screen kiosks installed within the store. Customers make purchase decisions while they interact with all the available touchpoints of the company. Hence, communication media such as social media, C2C communication, mass media channels (e.g., TV, radio, print, etc.), which were kept separate in multichannel management, are all integrated with traditional channels within omnichannel management (Verhoef et al., 2015).

2. Omnichannel in creating value

Multichannel marketing has become a norm for most companies. Dominant land-based retailers such as Walmart or Best Buy have created engaging and interactive websites to compete with purely online retailers (BestBuy, 2021; Walmart, 2021). Even online retailers utilize the support of physical stores to provide customers with a click, collect and return options. Additionally, most retailers in the market are leveraging the capabilities of mobile apps.

The question is how omnichannel marketing fits into this overall scenario. As omnichannel involves all the touchpoints of the company, it is essential to ensure consistency within these touchpoints. Making omnichannel happen requires consistency around four core capabilities as follows:

2.1. Information consistency

Information delivered through different channels of the company needs to be consistent (Banerjee, 2014; Hossain et al., 2019; Lee et al., 2019; Oh & Teo, 2010). Information regarding price, promotion, business address, service hours, product assortments, delivery details, and so forth should be synchronized within all the channels the company utilizes. Inconsistent information will create confusion and dissatisfaction among customers, and consequently, customers will switch to other competitors in such a scenario (Hossain et al., 2020; Wu & Chang, 2016). For example, H&M reported a decline in its share price in late 2017, which was mainly because of the lack of online-offline integration and customer dissatisfaction resulting from inconsistent information between channels (Sharma, 2017).

2.2. Service level consistency

Customers expect the same level of service from all channels. Service elements need to be consistent within all the channels of the company (Banerjee, 2014; Shen et al., 2018; Sousa & Voss, 2006). Customers want all channels to be self-sufficient regarding completing a service so that they have the freedom to choose the most appropriate channel according to their preferences. As one of the biggest bank in the industry, Bank of America has moved from providing its services in the physical branch to omnichannels by integrating several services within all its channels (Cui et al., 2021). Services such as cheque depositing, bill payment, downloading statement, applying for a credit card, appointment scheduling, etc., can be handled by the company's mobile app and website, as well as in the physical branch. However, there are services such as applying for loans or other complex activities which are not yet integrated. Nevertheless, Bank of America is somewhat ahead in terms of providing an omnichannel experience by allowing customers to conduct most of their banking activities in any channel of their choice.

2.3. Transaction and interaction data integration

Omnichannel system enables managers to store and use customer transaction and interaction data within all the channels (Hossain et al., 2020; Oh & Teo, 2010; Sousa & Voss, 2012). Companies somewhat have been successful in integrating customer transaction information. Using customer purchase preferences and transaction data, many retailers provide personalized offers according to customers' need (Godfrey et al., 2011; Piotrowicz & Cuthbertson, 2014).

However, the integration of interaction data remains a challenge for many companies. A customer who has provided information through one channel does not want to repeat the whole process when they are directed to another channel. Companies with adequate omnichannel capabilities will be able to capture customer interaction data from one channel and use it within all other channels to ensure customer contentment (Hossain et al., 2020; Oh & Teo, 2010). A strategy that helped TBC bank (Tbilisi Business Centre) in Georgia to win the 2016 Customer Onboarding and Management award (Frank et al., 2020). The bank is the first to implement an omnichannel strategy in its country where

TBC customers can start their onboarding process through a call center and finish them in an ATM or branch, ensuring definitive convenience and efficiency.

Companies should also integrate customer feedback provided through different channels. As omnichannel strategy involves the integration of communication channels, it is essential for companies to consider social media, blog sites, and review sites as potential sources for customer information.

2.4. Business support

Last but not the least, omnichannel retailers should provide support for one channel through another channel (Lee & Kim, 2010; Oh & Teo, 2010; Wu & Chang, 2016). Customers who will order online should be able to collect the product in-store, even better if this service is offered after the traditional operating hours of the store. Domino's pizza in different countries is enabling customers to order online from wherever they are for pick-up at the nearest Domino's location (Sealey, 2014). Customers can also use their official mobile app, where they can create their own pizza through an easy customization option.

Returns and exchanges should also be facilitated by physical stores for products bought online. Furthermore, retailers can install web kiosks in-store so that customers can check product availability and location through an online database while in-store.

3. Omnichannel in capturing value

3.1. Capturing value through relationships and equity

What does omnichannel marketing do that traditional disintegrated multichannel system misses out? First and foremost, omnichannel marketing is linked with satisfaction and reducing confusion (Lee et al., 2019). By providing consistent information through all the channels, companies ensure that there is no confusion within customers, thus leading to customer satisfaction.

However, omnichannel marketing is more than customer satisfaction. Omnichannel strategy creates customer equity which involves relationship equity, value equity, and brand equity (Hossain et al., 2020). Having consistency ensured in all the channels, the omnichannel strategy builds up trust within customers. In the long run, it helps to create a long-term relationship with the customers. As customers use different channels of a specific retailer, they get used to the channel system. Customers may order something through the website today, but on some other days, they may browse product assortment through mobile apps, and occasionally the same customers may visit the physical stores of the same retailer at different locations. If these channels are appropriately integrated, and the customers are offered a seamless experience within all these channels, they will be more habituated to purchase from the retailer's various channels and continue their relationship with the retailer.

As omnichannel combines communication channels, the brand building becomes more specific to omnichannel strategy (Verhoef et al., 2015). A company can push communication message through its mobile apps and websites while creating more visually appealing advertisements and trade marketing materials in their physical stores. However, it does not stop there. As retailers are able to capture customers' transaction

and interaction data through all touchpoints, retailers can send more personalized offers, dynamic pricing, location-based promotions and one to one marketing techniques (Piotrowicz & Cuthbertson, 2014).

The 'Museum of Feeling' is an extraordinary example of utilizing the power of omnichannel management in creating brand and customer equity. The world-renowned fragrance company, Glade, built a 5,300-square-foot pop-up store in the heart of New York's Manhattan district, featuring several rooms that used touch, sound, visuals, and smell to stimulate emotions in its visitors. Glade integrated information from social media information, weather reports, and stock data to reflect changing colors and scent within the store as if to illustrate the mood of the city. Biometrics and facial recognition cameras captured visitors' emotions and created personalized visual and sensory feeling with specially curated Glade fragrances which provided an immersive interactive experience. The campaign won a Gold Lion for Live Brand Experience, Silver Lion for Omni Channel Experience, Bronze Lion for Spatial Brand Installation and Experience and Bronze Lion for Creative Data in 2016 Cannes Lions Festival of Creativity. As such, a successful omnichannel strategy will facilitate in building a more extended relationship, increasing customer value and improving brand equity, all-in-all contributing to customer equity for the business (SC Johnson, 2016).

3.2. Capturing value through firm performance

Companies can enjoy the return on investing in omnichannel management. Return on investment (ROI), compound annual growth rate (CAGR), cross-selling and up-selling and overall customer lifetime value (CLV) is impacted through the implementation of an omnichannel system (Mason & Knights, 2019). Value City, an American furniture store, reported an immense 283% increase in revenue compared to their previous programs by incorporating an automated, personalized shopping cart abandonment strategy, which utilizes the strength of omnichannel marketing and creates a seamless shopping experience for its customers (Virgillito, 2017). Sephora has incorporated an integrated system where customers can shop, see their favorite list, past purchases, reward points, store location, and so on through Sephora's mobile app, desktop site and also get several of these benefits in stores. Their successful omnichannel implementation now boasts 11 million members who spent 15 times more money on Sephora products than their average customers (Kang, 2018).

4. Conclusions

Overall, Omnichannel marketing is no more a buzz word in today's competitive marketplace. To cater to the needs of ever-demanding and more connected customers, incorporating omnichannel strategies within company's own channel system should not be viewed as an added service but as the core of channel management.

Disclosure statement

No potential conflict of interest was reported by the author(s).

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