Omni-channel Retail in India: An Overview

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Abstract

Think of a scenario where you notice a dress on the Facebook page of a retailer, order it from your phone and pick up through an offline store. As a customer, it sounds interesting, but is it a reality. Yes, the 'Omni-channel' is the latest strategic trend which is gaining popularity in the Indian retail industry. Broadly, this term signifies the convergence of all platforms, be it online, offline or through mobile phones. Omni-channel provides retailers with a single view of customer and creates a seamless shopping experience for customers across all possible platforms. This research article is an attempt to understand the concept and significance of *Omni-channel Retail*. The paper also covers the evolution of Omni-channel Retail in India.

Keywords: Omni-channel Retail, Indian Retail Industry

Research Methodology: The research is based on Secondary Data. The data has been collected from Textbooks, library journals, articles from newspapers and relevant websites from the internet.

What is Omni-channel Retail?

Omni-channel retail is a fully-integrated approach to commerce that provides shoppers a unified experience across online and offline channels. It tries to provide customers with a seamless shopping experience, whether they are shopping online from a desktop or mobile device, by telephone, or at a brick-and-mortar store.

An Omni-channel Retailing approach means there is an integration between distribution, promotion and communication channels on the back end. For instance, a customer service representative interacting with a customer in a store can immediately refer the customer's previous purchases and preferences as easily as a customer representative on the phone or a customer webchat representative.

Omni-channel Retailing allows the customer to check inventory by store on the company's website using desktop computer or laptop, buy the item later with a smartphone or tablet, and pick it up at a chosen location. True Omni-channel shopping extends from brick-and-mortar locations to mobile-browsing, e-commerce marketplaces, social media and everything in between.

Why Omni-channel Retail?

In today's world, retail is split into two discrete categories—brick and mortar and e-commerce. Each of these worlds has its own strengths and is very good at delivering value in its own way. Brick-and-mortar retail gives

customers the touch and feel of products and the feel-good experience of living the brand. E-commerce offers greater choice, convenience and value. While each of them is pitching to its own strengths, they both fall short of rendering the complete customer experience. Physical retail does not give you the personal touch that a one-to-one customized page on your favourite portal can, while buying online still puts you through the hassle of returns and size mismatches. This is where omni-channel plays an important role. Omni-channel Retailing combines the best of both the mediums (offline & online) to offer a truly seamless brand experience to customers. That is the world of tomorrow.

Retailers have begun to understand that regardless of whether shopping is done online or in offline stores the brand experience, merchandise, and promotions should be uniform across all retail channels. The Omni-channel strategy is based on the idea that providing a seamless shopping experience in offline stores and through a variety of digital channels not only segregates retailers from their peers, but also gives them a competitive edge over online-only retailers by leveraging their store assets.

Currently, most of the Indian retailers do not consider how one channel affects the other. They provide an isolated customer experience that is mainly channel driven not capability and customer driven. But with Omni-channel, retailers are now embracing new strategies to ensure its success by integrating all the channels. Omni-channel strategies can help retailers to offer tailored promotions or rebates, drive loyalty and increase revenues. A study conducted by Retail Systems Research on Omni-Channel points out that 47% of retailers believe that multi-channel customers are substantially more profitable than single-channel customers. Major retailers in India have begun to build their Omni-channel capabilities by keeping the customer at the focal point.

According to a recent study by Hansa Cequity, more than 65% of consumers search online before walking into an offline store. Also, about 55% tend to look at consumer reviews and about 47% of them tend to check company websites. So, there is a lot of movement happening between offline and online.
Consumers today are getting used to 'hybrid' shopping behaviour. Also, what is noteworthy is that some of these brands are either not present or have a limited presence in tier II and III cities. The online platform, according to experts, helps these brands to tap these markets as well as give a seamless experience to their customers.

The Emergence of Omni-channel Retail in India
It seems to be an exciting time in the Indian retail industry as retailers are realising the growth opportunities by upgrading omni-channel capabilities. While the rollout of GST did have an impact on consumption at retail

stores, the biggest trend in the Indian retail industry is inarguably the emergence of the omni-channel business model.

Physical retail brands, over time, have realised that the new digital world is something they need to be a part of. Apart from joining hands with e-commerce majors like Amazon or Flipkart, many have unveiled their online presence as well - a step that is important to survive as today customers don't distinguish between channels.

Tata Group's retail arm Infinity Retail has started converging its online and offline stores by allowing customers to pick up, return or exchange the products in the stores which are purchased online. In June 2017 the group bought Gurgaon-based GrocerMax to enter the online grocery business. Reliance Retail has also entered into the omni-channel retailing across all verticals. It has already forayed into online channel through reliancefreshdirect.com.

The country's most valuable retailer, D'Mart, has also set out on its omni-channel journey. It has set up small D'Mart Ready stores across Mumbai, from where customers can pick up the products they have ordered online. Today, Shoppers Stop has 80 physical stores, an online shopping website as well as a mobile app. So far, it has invested Rs 60 crore in its omni-channel journey and aims to achieve 10% of sales from online by 2020.

Adidas, one of the leading footwear brands in India has introduced endless-aisle technology at one of their stores. This endless-aisle technology allows consumers to browse, research and pick up their products with convenience. In addition to that, it also allows the retailer to sell products that are not available in stores. Arvind Internet, the e-commerce arm of textile major Arvind, is expanding its omni-channel services for offline retailers and brands and going global. By investing in a tech stack that helps digitize retail stores and connect them to the online world, Arvind Internet is already India's largest transacting omni-channel platform.

The omni-channel model is not restricted to the physical retailers alone, but the large online stores too saw merit in having a physical presence. Amazon India has picked up a 5% stake in Shoppers Stop. Thus, while Shoppers Stop will sell its 400-odd brands on Amazon, the latter will get space to set up experience centres at Shoppers Stop outlets to promote its fashion brands. By selling through Amazon, Shoppers Stop can now reach to far-flung areas of the country where setting up stores would not have been economically viable for the country.

Online fashion retailer Myntra is planning to expand its offline presence from the existing 12 stores to 200 within the next two years to strengthen its private label business. By March 2020, Myntra will open 50 stores for its biggest-selling brand, Roadster, besides expanding its offline presence with HRX.

The Road Ahead

The Indian Retail Industry – one of the most dynamic in the world – is growing at a pace faster than ever before. It accounts for over 10 percent of the country's GDP and around 8 percent of the employment, making India, the world's fifth-largest global destination in the retail space. The sheer size of the Indian market, penetration of the Internet, rapid urbanization and an affluent middle class leading to booming consumption rates has shown immense potential for Indian retailers, international brands and e-commerce portals alike.

Today, India's hyper-connected consumers are rapidly entering an era where they expect retailers to provide consistent and unparalleled service across all touch points. From choosing between various channels to being channel agnostic, the Indian consumer has come a long way and is now fast moving towards the omni-channel way of life.

As more and more businesses adopt the omni-channel strategy, there will be no competition between channels in the future since all mediums of sale will converge. There will be no such thing as online v/s offline experience. There will be a single touch point, focusing on the consumer. Offline stores will become extensions of online businesses and vice versa.

For retailers, the key to keeping the consumer entertained is to integrate physical and digital experiences to provide an interactive and all inclusive in-store experience that is combined with excellent service. It is retailers who understand the significance of, and adapt to channel-agnostic and seamless commerce to better serve the consumer who will thrive and be the future of retail – nationally and internationally.

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