

# Transforming Brick and Mortar to Omnichannel: Customer and Entrepreneurs Perception, Opportunities and Threats

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## ABSTRACT

Digital transition is no longer a choice for most of the businesses, but a necessity for survival. Most of the brick and mortar entrepreneurs has changed their mindset to omnichannel. Brick and Mortar means carrying the business activities through traditional ways like physical stores. Omnichannel refers to offering a wide variety of distribution channels to the customers, means both physical and virtual. In this technologically upgraded competitive world brick and mortar businesses faces lot of challenges. But most of the people don't trust online Business completely. What they prefer is a hybrid mode of physical and virtual. This calls for the importance of omnichannel Businesses. The paper explores challenges and opportunities for omnichannel management and also studies the perception of customers on the transformation of physical businesses to omnichannel. The changes after adopting this strategy and its impact on business performance is studied through the data collected from the entrepreneurs. Data collected from the customers in the form of questionnaires is analyzed using statistical tools. This paper is a contribution to on-going research on the business model transition to include digital channels in traditional ways of business.

**Key Words:** Strategy, Omnichannel, Entrepreneurs, Consumers

## I. INTRODUCTION

Profit-driven firms now have access to more efficient marketing communication channels because of the advancement of information technology (Demangeot and Broderick, 2007). Another element that makes social media platforms more appealing as marketing tools is their rising consumer popularity. As a result, there has been a noticeable tendency towards switching from traditional retail to online shopping (Colla and Lapoule, 2012). The last two decades have been instrumental in the transformation of the retail industry which was largely driven by the internet (Verhoef et al., 2015) and the emergence of other mobile technologies. Consumer use of electronic gadgets has expanded as mobile devices and internet bandwidth have become more powerful and more affordable. Electronic commerce, especially mobile commerce, is expanding as a result of people's newfound preference for carrying around portable supercomputers. In the current generation, online buying is growing more and more popular. Consumers are converting from conventional to modern methods of shopping. Yet, not all groups are open to the change. It has been seen that responses from the public on the adoption of novel

shopping methods have been divided (Hitmi Khalifa, 2020). This highlights the significance of an integrated marketing strategy. Omni channel refers to using a variety of channels for conducting business. The prefix "omni" indicates "all". The word "channel" refers to the variety of ways that customers may engage with a brand, including in-person, online, on social media, through emails, apps, SMS, and other digital channels. Omnichannel marketing creates a cohesive consumer experience across all channels. This marketing strategy mixes in-person interactions with digital connections, such as those made through social media and online transactions. These in-person interactions involve both sales and customer success managers for B2B companies as well as in-store staff for B2C brands. Large corporations have already made investments in technologies that improve the customer experience as well as physical presence to meet this need. As a result, they have already captured a sizable portion of the global retail sector. Traditional SME's in the retail sector, however, face significant difficulties in keeping up with these quick market developments as well as an ever-increasing level of competition. This paper tries to analyze the opportunities and challenges of omnichannel marketing. The customers attitude towards the business doing omni channel marketing strategy is also studied. The changes after adopting this strategy and its impact on business performance is studied through the data collected from the entrepreneurs.

## II. OBJECTIVES

1. To examine the factors affecting customer satisfaction in omnichannel business.
2. To identify the opportunities and threats in transforming brick and mortar models to omnichannel marketing.
3. To understand the attitude of customers towards omnichannel marketing.
4. To explore entrepreneurs' perception towards omnichannel marketing strategies.

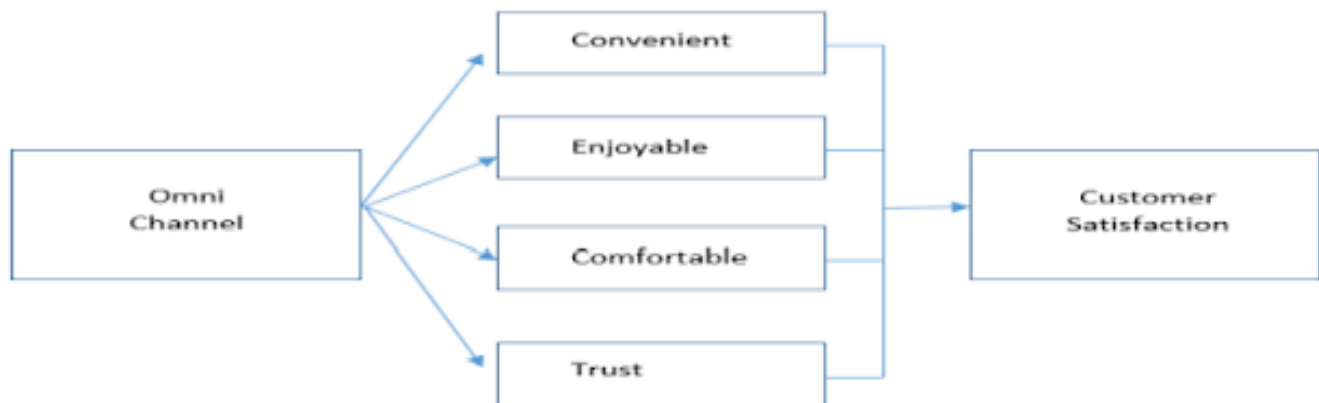
## III. ANALYSIS

### **Omnichannel and Customer Satisfaction**

One of the keys to the success of many retailers is being able to please customers. Retailers have introduced various new and disruptive retail methods as a result of the widespread adoption of smartphones. The digitalization of the retail industry, which has dramatically and rapidly benefited the company's business plan. Retailers strive to provide customers with a straightforward, practical, easy, enjoyable, and unhurried purchasing experience. The ability of a retailer to be profitable and sustainable is crucial to the success of the firm. To increase consumer happiness, many well-known international shops are competing to meet and exceed expectations. Consumer satisfaction is the experience of having pleasure, being entertained, enjoying oneself, and being pleasant while buying. According to Azhari and Benett (2015), customer happiness is a function of the complete purchasing experience, including the searching for products, doing research, choosing a product, and getting assistance from the shops after the sale. A consumer's comprehensive assessment of whether a product or service has met and surpassed their expectations is known as customer satisfaction. Retailers have made various attempts to increase consumer satisfaction through the use of an omnichannel retailing strategy. The adoption of digital technology and practices has recently improved customers' purchasing experiences. Advancements in blockchain, virtual reality, augmented reality, and artificial intelligence, technology elevates the consumer shopping experience (Cai and Lo, 2020).

### Factors Affecting Customer Satisfaction in Omni Channel Retailing

1. **Convenience:** A beneficial, cozy, and easy way to use anything is considered practical. A product or service that is most able to meet the needs or expectations of clients (Cook, 2014; Grewal et al., 2017; Sopadjleva, 2017; Zhang, 2018). Consumers that use omnichannel demand that shops offer them high-quality goods and/or services in addition to providing them with the information they require about the products in a highly simple manner (Cook, 2014).
2. **Enjoyable:** By providing games, amusing, engaging, and pleasant components, retailers give their customers a pleasurable shopping experience. A favorable shopping experience is a crucial element that contributes to client happiness. (Herhausena et al., 2015; Verhoef et al., 2015).
3. **Comfortable:** When shopping at the stores, customers desire a calmer, pleasant, and relaxed state of mind. Customers have access to various technologies during the shopping season compared to the previous generation (Cook, 2014). They can use mobile devices to purchase goods from the convenience of their homes and during their free time (Azhari, 2015).
4. **Trust:** Trust is defined as customers' firm belief and confidence in a product or person. It refers to the customers' trust in the merchants and the goods they offer in this context. The development of omnichannel retailing technology provides a platform for businesses to interact with customers. (Grewel et al., 2017).



(Source: Chopra 2015; Cook 2017; Grewal 2017; Jamila 2015; Sengupta 2014; Sopadjleva 2017; Zhang 2018)

**Figure 1: Factors affecting customer satisfaction in Omni Channel Retailing**

The transition from brick and mortar was less effective due to a number of internal and external causes (Nazir et al., 2012). For instance, external hurdles to the market might be blamed for the lack of perceived security, customers' prior experiences, and the inability to test items conversion of physical storefronts to internet retailers (Colla & Lapoule, 2012).

While doing so, the most significant internal impediments to this change are typically reported as being poor customer service, a lack of knowledge and resources, and a hazy product description. Consumer purchase habits in the online context were thoroughly categorised by Changet al. in 2005. The first category of factors includes a wide range of different web selling outlets features such as the buying experience, service quality, benefit, level of trust, and risk (Demangeot and Broderick, 2007). The following group of factors comprise risk mitigation measurements, website characteristics (such as design, usability, navigation, and attractiveness), and aspects of the products and services. The third group includes consumer-related characteristics such as shopping preferences, perceptions, knowledge, and attitudes (Tan and Thoen, 2001).

The Chang et al. (2005) model is remarkable because it considers both internal and external factors that influence consumers' purchasing behaviours. However, Chang et al. neglected to take into account a wide range of additional parameters (2005). For instance, marketing stimuli (such as price, promotion, local, and product) and post-purchase analysis also significantly influence consumers' purchasing decisions (Uzun and Poturak, 2014). Although the black box concept sheds light on consumers' buying patterns, its relevance to the internet space is still not fully understood (Colla and Lapoule, 2012).

Researchers discovered that among the most important problems preventing consumers from making purchases of goods and services in the online environment were poor perceptions of security, a lack of trust, and insufficient product information (Vasquez and Xu, 2009). The primary determinants of Sinha and Kim (2012) found that consumers' attitudes regarding online buying were influenced by perceived risks such as financial risk, product risk, and convenience risk. The online retail sector was shaped and created by these attitudes. their online shopping habits. Uzun and Poturak (2014) found that views towards online shoppers were influenced by perceived risks as well as infrastructure and service quality elements including refund policies and delivery issues.

### **Opportunities of omnichannel marketing**

**Long-term loyalty:** You may stay in the customer's thoughts and build a long-lasting relationship with him by assisting him through every step of the purchasing process on every channel available.

**Designing a customer-centric strategy:** It is important because we are aware that a self-referential sales strategy, which emphasizes solely its offer and engages customers aggressively, does not produce the intended outcomes. You must keep the customer, his requirements, and his desires front and centre. You can concentrate on his direct interaction with your business and answer to his expectations by using an omnichannel strategy.

Decisions that are **well-informed** and backed by data are made possible by the interactions that customers and potential customers have with your business. There are those who contact you for information, those who follow your social media accounts, and those who attempted to shop on your e-commerce site but abandoned the basket just before checking out. All of these individuals leave data and tracks of their movements, and they can serve as the focal point of your Omnichannel strategy.

**Redefining your digital brand** will help you better define who you are in the online world. Omni-channel business strategies can completely redesign your brand identification with a few technology and design improvements.

**Digital communications to close the gap:** Responsive technology can close gaps and help you improve your online, mobile, and offline strategy while also making sure your cloud and ERP technologies are current. All of these elements effortlessly enable you to achieve your goals, which ultimately results in increased sales.

**Improve user experience:** It is common knowledge that when user experience is improved through technical or other means, users are more likely to return. This not only helps you operate your business and rapidly get rid of inventory without creating unneeded delays, but it also helps clients make quick judgements without becoming sidetracked.

**Boost sales:** It enables users of your website or app to proceed and carry out their wishes. Also, it fosters a sense of community, which leads to customers making more purchases than they would under any other company model.

### Challenges of omnichannel marketing

**Large-scale technical investments:** Managing online and offline markets, newsletters, apps, and, most importantly, maintaining control of everything to prevent stock shortages and product shortages for clients. Thus, a successful back-end and front-end management of your sales channels is essential for an omnichannel strategy.

**New business structure:** Whether your e-commerce business is tiny or expanding quickly, you need to structure it such that every division, from sales to customer support, works together.

**An emphasis on mobile trade:** Many millions of individual's shop using their smartphones. In reality, an increasing number of customers verify a product's availability in-store or scan a QR code to get comprehensive information about an item they want to purchase. Consider the significance of smartphones throughout the purchasing process and optimize, for instance, the mobile version of your site if you truly want to invest in the Omnichannel model.

**Upkeep of Inventory:** The inventory may occasionally be available or unavailable. This requires a lot of work since consumers who buy at a physical shop can discover that what they need is no longer offered, even if they have double-checked before leaving home.

**Maintaining viability in a dynamic market:** Marketing strategies, consumer preferences, technology, and other factors are constantly evolving. To be genuinely omni-channel, one must also keep up with changes and implement them seamlessly across corporate processes.

**Staff education:** The personnel must also help and support omni-channel efforts. Staff members will need to receive training on the difficulties and unique procedures involved in handling an omni-channel approach. Although this may not seem like much, educating the employees involves additional spending and is likely to include making an investment to alter an existing HRMS so that training models may be offered through it.

## IV. METHODOLOGY

This study is both descriptive and analytical in nature. Both primary data and secondary data are collected for the research. Secondary data are collected from the existing reviews of literatures and e-resources. Primary data is collected from customers and from the entrepreneurs who are adopting omnichannel marketing strategy. Sample of 60 customers and sample of 18 entrepreneurs are collected as per convenience. The entrepreneurs running restaurants, medical shops, Bakery, grocery shops, Vehicle washing and servicing, Textiles shops were selected from Ernakulam. Data was collected in the form of questionnaires.

## V. RESULTS AND DISCUSSION

Primary Data was collected from both Customers and Entrepreneurs using omnichannel marketing strategies in the form of questionnaires and analyzed using simple Percentage method. Data was collected from 60 customers as per convenience. The major findings are

1. 80% of the customers prefer to do shopping with the business who has omnichannel marketing strategies.
2. 90% of the respondents use their smartphones as a platform to get product information.
3. 67% of the respondents get aware of the product through social media marketing.
4. 50% of the customers make a social media interaction before making the purchase decision.
5. 58% of the buyers check prices through online sites or retailer's apps before making purchases at the physical stores.

6. 70% of the customers believe that omnichannel marketing has increased their purchasing frequency.
7. 75% of the customers agree to the point that omnichannel marketing Strategy helps to create loyalty to the business.
8. 90% of the customers agree that omnichannel marketing strategies have increased their satisfaction.
9. 67% of the customers believe that the business needs to put more effort to bring a seamless experience to the customers.

Data collected from the Eighteen entrepreneurs who are using omnichannel marketing strategies in the Ernakulam district in Kerala reveals the following information. The data were collected in the form of questionnaires. The entrepreneurs running restaurants, medical shops, Bakery, grocery shops, Vehicle washing and servicing, Textiles shops were selected as per convenience.

1. All entrepreneurs use social media marketing as the major marketing strategy apart from physical stores.
2. 90% of the entrepreneurs believe that businesses that employ omnichannel have a higher customer satisfaction rate.
3. It has helped to create bigger customer engagement.
4. 80 % of the entrepreneurs are grateful that omnichannel marketing has succeeded in creating loyal customers.
5. 67 % of the respondents agree that businesses with less effective omnichannel customer engagement strategies lose their customers.
6. Companies with omnichannel customer engagement experience an increase in annual revenue.
7. 75 % of entrepreneurs believe that the omnichannel strategy is essential for their business in the present and future.
8. Using more than one channel instead of one for a marketing campaign results in a higher purchase rate.
9. 85 % of the respondents believe that creating a cohesive customer journey across different channels is important for the success of omnichannel marketing.
10. 60% of the entrepreneurs are ready to spend more money for introducing new customer service channels.

## VI. CONCLUSION

The focus of the study is on increasing customers satisfaction using omnichannel retailing. The various factors contributing to the customer satisfaction is analyzed. Adopting omnichannel marketing strategy is a sustainable solution for many of the enterprises ,especially for SMEs. There are various challenges and opportunities for adopting the omnichannel. This study also gave importance to that area. The internal and external factors in obtaining customer satisfaction need to be considered . The data collected from the customers and entrepreneurs reveals that omnichannel helps to create loyal customers who help to sustain the business by increasing the sales and brand image.

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