

# Why Multi-Channel Retailing

## Evolution of Multi-Channel Retailing

To understand the impact of new media, you may want to evaluate the time you spend on reading a newspaper, watching series of live news or soaps on your TV and getting entertained by the radio while you drive? Compare that to the time that you spend with your mobile phone/devices or surfing across the Internet. The dependency of today's consumers on these two digital media is huge and is still growing. Today's consumers are moving away from traditional media and becoming attached to new digital media. These are not mere technology advancements but also cultural, market and behavioral changes among consumers as mobile and Internet have evolved as two of the most influential media in recent times.

According to a recent survey by Google it is evident that more than 50% of the technology & lifestyle products are researched online but purchased offline. This growing phenomenon is the major growth driver for multi-channel retailing practices in India. Right from providing comprehensive catalogues to managing customer relationships, each stage of shopping and brand experience can be enriched to improve in-store sales as well as online sales.

## Who is a multi-channel retailer?

A **multichannel retailer** is the one who sells directly to the customers via more than one distribution channel. Typically, a multi-channel retailer begins with a traditional retail storefront and then powers his sales and service with virtual channels to yield better ROI on each rupee invested in real estate, merchandise, people and supply chains. 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.

## Benefits

A strong multichannel retailing strategy offers benefits that can extend beyond Internet & mobile sales to streamlining in-store ordering processes and increasing sales through cross-selling & up-selling. Multi-Channel retailing helps in fostering customer engagement and thus empowering the retailer to communicate an extensive variety of product and promotional information to remain competitive. Few of the many envisaged benefits of MCR are:

- Overcome the limitations of existing format
- Expanding market presence
- On-demand self service storefront means 24/7 virtual salesman
- Ability to capture and analyze the insights into customer shopping behaviour
- Testing products before stocking them

- Cross-channel strategies increase sales conversion
- Enhance overall experience to foster loyalty

## **Integrated Shopping Experience is the Key**

Multi-channel retailers need to provide features and services that enhance the customer's experience across cross channels. Some of the enlisted practices make all the difference to stand out from competition:

- Product return policy in which your physical store accepts products purchased online
- Online stores should feature seasonal and timely promotions
- Flexibility to order online but pick-up from the store
- Availability of information kiosk enabling customers to access and explore online store
- Real-time inventory information drives the artificial demand for niche and seasonal products
- Online store offer the ability to prepare wish list and print the same for store visit
- Free or discounted shipping for online buyers
- Offline payment channels for online orders at the nearest comfortable location of buyer
- Exclusive coupons and offers for online purchases

## **How to Succeed?**

Providing a seamless experience across channels is very challenging for multi-channel retailers. Meeting the customer's expectations will require the development and use of customer databases and integrated systems. To ensure success in multi-channel retailing, retailers should focus on:

- Developing merchandise and assortment suitable for cross-shoppers of your retail category.
- Own or outsource the activities of internet channel, while seamlessly integrating its operation with your traditional channels.
- Rich product experience with detailed product information to complement the "touch & feel" aspect of physical retailing.
- Personalized merchandise offerings while unleashing the interactive nature of virtual channels.
- Differentiated pricing strategy based on geographic and demographic variables of your target segment.
- Efficient order management and timely deliver with reliable and cost-effective logistics partner in place.

Internet has and will continue to have a substantial influence on consumer store choice and purchase decisions. Indian retail & digital media penetration are at an inflection point and it's time for every high-street retailers and speciality retailers to add internet as a complimentary channel to win more wallet share.