MEASURING EFFECTIVENESS OF OMNI-CHANNEL RETAILING IN INDIA: A COMPETITIVE STRATEGY FOR ORGANIZED PHYSICAL RETAIL STORES

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ABSTRACT

Changing consumer behaviour, habit, preference and expectation make it essential for retailers to reach out consumer in every possible way. Shopping in the physical stores is still liked by consumers, but the modern consumers have more expectation for better shopping experience from both online and offline mode. In todays' scenario goods and services are not enough for sale but a memorable experience is more important in order to enrich consumer's daily lives. This fact give rise to new technology for retail market and omni-channel retailing is something emerges out of it. Omni-channel retailing means using all channels to reach out customers. This study aims to find out the need of omni-channel retailing strategy for physical retailers on the demand of consumers. How effectively contemporary retailers used omni-channel strategy for their business as a new competitive strategy? The data are collected form 50 organized physical retailers those are using omni-channel strategy for their business in the NCR (Delhi) region. A judgmental and convenience sampling has been used to draw sample from the total population. Well-organized omni-channel strategies make it possible for retailers that they can serve their consumer anytime and anywhere. Results reveal that in Indian retail market omni-channel strategy positively influence the firm performance.

Key words: Omnichannel, Physical, Retailers, Competitive, Strategy.

INTRODUCTION

Consumer journey started from searching information, screening, analyzing, comparing than create actual purchasing and post purchasing evaluation about the information transmission. Therefore, retail channels are more close to information channels. Development of information technology and usage of internet provide all information about the products and retailer to the consumers at their mobile apps, tablets and social media. The model of retailing continue to change and nowadays it has entered in a new era where retailers place there consumer in the center of strategy, understood their need and requirement and contribute to create seamless consumer experience available at anytime and anywhere. This new model is calledomni-channel retailing. According to a study conducted by MIT, 80% consumers use their mobile for checking price and availability of product before actual purchasing. A retail survey conducted by PWC reported that 59% consumers use social networking for searching their favorite retailers and brands, 58% search new brands through social media, 55% consumers use internet to provide feedback, and 48% use them to make it purchase. Consumers expect fast and convenience buying experience. Omni-channel instead to eliminate silos and ensure a seamless consumer experience by all channels. A cross channel study in 2013 RIS/EKN shows that Omni-channel shopper get better deal as compare to single channel and serving such consumers can increase profitability and brand loyalty.

Many well-known retail companies have develop successful new approach of omni-channel to new way of shopping. Tata Croma for example merged its online and offline division in 2012 so that the same team can make planning and marketing for its physical stores and e-commerce, according to a report presented by Business standard, 2015.Retailers are using different channel to reach the omni-channel consumers. Omni-channel shopper are tapping different channel for their shopping journey so the retailers have to be present wherever their shoppers are. According to a survey conducted by Oracle retail 2014, 70% respondent used website for searching and sharing the information about the products. Omni-channel strategy delivers valuable results for retailers and improves loyalty.

OMNI-CHANNEL EXPLOSION &CONSUMER EXPECTATION

In recent year,due to increasedcustomers'expectations throughout their purchasing process explosion of Omni-channel took place.Use of internet in daily life, consumer journey switch to many channels for shopping. This is a fundamental change in the retail market and due to this consumer interacts with brands through many channels. They expect from retailers to provide their good and services by multiple channels.

TIME FOR ADOPTING CHANGE

This is high time for change and adopting new technology in daily life of consumers. Competition is constantly increase and need to create seamless experience that consumer expect throughout the whole purchasing process. Retailers need to move towards single channel to omni-channel that fulfills consumers expectation and current demand of competition. Retailers should useomni-channel strategy to support the consumer experience and allowing consumers to navigate channel easily. If retailers successfully apply omni-channel approach in their business, it will help in increasing their sales volume. According to a survey conducted by the Rockpool digital, 2016 found that companies with weak Omni-channel strategy retain 33% consumer with very low retention rate and companies with strong Omni-channel strategy retain 89% consumer with high retention rate.

EFFECTIVENESS OF OMNI-CHANNEL RETAILING

There are many benefit of effective omni-channel strategy used by the retailers for retaining consumers. This is not wrong if we call the omni-channel strategy a retention strategy. Omni-channel strategy delivers following benefits:

• It create more convenience in consumer's life and helpful for consumer interaction with brand by many channel and support for making purchase decision.

• A retailer can manage competition by providing seamless channels for shopping to consumers.

• It helps in providing relevant information to consumers and personalized moments that build engagement and loyalty between a consumer and brand.

• Consumer loyalty is a symbol of consumer retention and it is possible by use of omni-channel strategy for business.

REVIEW OF LITERATURE

There is a long marketing tradition of studying that arises from selling across many channel of retailing. Some studies focus on multi-channel competition and distribution strategy, branding, advertising and pricing strategies of retailing. Researchers have examined a variety of issues for channel management and some are the part of this study as a review of literature that helpful to providing right direction to current study.

MULTI-CHANNEL RETAILING

Xubing, (2009) focused on the strategic effect of price advertising and the impact of differences in advertising on the adoption of multi-channel of retailing. The result of the studies showed that multi-channel retailing and price advertising create different effect, depending on competitive market condition, nature of products, cost of retailers and competitor's strategies. Multi-channel retailers advertise their products in store price by online than the consumer back to physical store purchasing when online sales are low. The finding of the study suggests that local retailers need to use internet for adopting multi-channel to connect with national level and to improve the profitability of business. Yan R. (2010) studied the multiple channel design problem to develop a theoretical game model to determine the market structure and branding strategy. They showed that branding strategy and market structure exists for the dual channel stores of a multi-channel retailer. Multi-channel strategy is more effective for brand positioning and differentiation and the market structure is strong if the consumers give more preference to brands. Muzellec et al. (2014) modeled competition in a multi-channel environment from a strategic perceptive and found that the channel integration and configuration of retailers showed a diversity of approach leading to eight different retail channel strategies for marketing.Eleonora& Milena, (2015) the studied focused on integrated environmental factors and consumer behaviour towards multi-channel of retailing by a behavioral model of S-O-R. It showed that store atmosphere based on both technological and traditional factors supporting shopping. The combinations of these factors influence consumer behaviour for purchase decision and measuring the consumer perception about the retail environment and different channel for purchasing.

Fornari E. et al. (2016)studied the multi-channel retailing in the context of measuring consumer behaviour when pure online retailer also open physical store. They focused on pure online model of retailing to multi-channel to open with a physical store. It found that long term synergy between the two channels depends on brands available in the stores rather than the experience of shopping. Paul&Enrico, (2016) studied on multi-channel of retailing and its impact on role of sales forces. It shows that sales forces give less focus on sale of product and more focus on order taking and giving advising to their client in the context of B2B. The result of the study indicated that multi-channel strategy helpful in

reformulation of distribution strategy and effective sales forces management policies.

Table 1 : Review Summary

Author	Focus of Research
Xubing, (2009)	Studied the price advertising strategies in the multi-channel competition
Yan R. (2010)	Studied to design the multi-channel model to determine market structure and branding strategy
Muzellec et al. (2014)	Showed that channel integration and configuration of retailers in multi-channel competition environment
Eleonora& Milena, (2015)	Showed the relationship between integrated environmental factors and behavioural factors of consumers for adopting multi-channel shopping
Fornari E. et al. (2016)	Showed the best distribution strategy for retail format
Paul&Enrico(2016)	Multi-channel strategy also effective for B2B for managing sales forces

Omni-channel Retailing

Some of the studies focused on Omni-channel of retailing. Omni-channel marketing strategy is new for the retailers for beating channel competition and retains their consumers. (See table 2 for summary)

Verhoef, Khanna& Inman (2015) showed through a conceptual study that the omni-channel retailing is broader approach on channels and how consumers are influence and move towards channels in their buying process.

Ishfaq et.al. (2016) studied how the physical stores retailers shift towards online retailing and shows that multi attributes of physical retailers introducing online channel model in retailing process through omnichannel method. This was a qualitative study of 50 retails executive of large retailers. Tree analysis method was used to found the relationship between stores attributes, distribution channel and delivery option. The finding of the study shows that retailers need to evaluate their strategy and identify the need of change in distribution channel and also give suggestion for better understanding on omnichannel retailing. Alexander, Heinrich &wollenburg (2016) studied the effect of online sales on traditional retailing and opportunity to use of new distribution model for traditional retailing. They found that grocery retailers give preference to omni-channel logistic planning for back end fulfillment and last mile distribution concept. This was a country specific and retailers specific study for measuring consumer behaviour (e.g possibility of attend and unattended home delivery). Alexander, Johannes, &Holzapfel(2016) investigate the new model of retailing (Omni-channel) is effective in place of multi-channel model of retailing. Online retailing is a force to think about the change in distribution channel of physical retailers and omni-channel retailing is seamless interaction between online and physical retailers.The finding of the study is development of advance logistic option with omni-channel distribution model. Peltier& Dixon (2016) this was a review based study to find out the importance of omnichannel strategy in the context on sale and sales management.Verhoef, Khanna& Inman (2015)showed through a conceptual study that the omni-channel retailing is broader approach on channels and how consumers are influence and move towards channels in their buying process.

Table2: Review summary

Authors	Focus of Research
Verhoef, Khanna& Inman (2015)	Compared the multichannel distribution strategy with omni-channel strategy
Ishfaq et.al. (2016)	Showed the channel competition between online retailing and physical stores retailing.
Alexander, Heinrich &wollenburg (2016)	This is also one of the big reasons for developing new model of retailing (Omni-channel retailing)
Peltier& Dixon (2016)	Studied the Omni-channel retailing as new model of retailing Studied the effect of omni-channel retailing in the context of sales and sales management

OBJECTIVE OF THE STUDY

1. To examine the determents of omni-channel retailing strategy for measuring their effectiveness in organized retail sector.

2. To measure the impact of omni-channel retailing on firms' performance.

HYPOTHESIS FORMULATION

H1 : There is significant relationship between promoting factors and retailers' performance

H2 : There is significant relationship between valuable factors and retailers performance

H3 : There is significant relationship between Inventory fulfillment option and retailers performance

H4 : There is a positive relationship between combined effect of omni-channel retailing and organized physical retailers'
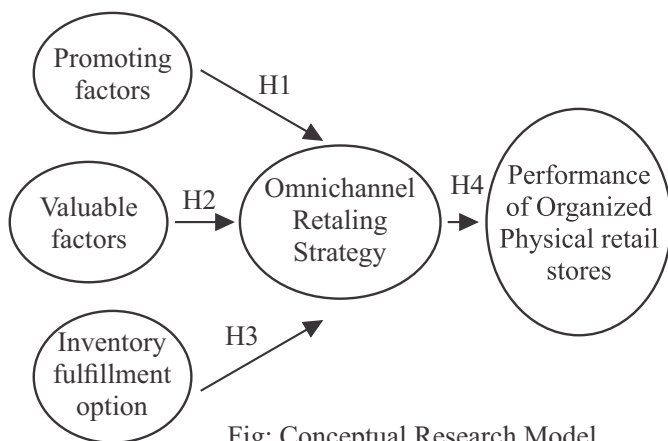

Fig: Conceptual Research Model

RESEARCH METHODOLOGY

This study has measure the effectiveness of Omni-channel retailing and strategic behavior of retailers about omni-channel and response of consumers towards omni-channel retailing method. The total numbers of respondents are 50 organized retailers form NCR, Delhi. Convenient and judgmental sampling method is using for drawing the sample from the total population. Data is collected through a questionnaire with some additional factors. Reliability of scale is measured by Cronbach's Alpha value that is more than 0.07. Present questionnaire is based on five point Likert scale where, 1=strongly disagree to 5 =strongly agree.

DATA INTERPRETATION

The result of data interpretation was accumulated by IBM SPSS 21 package. In the first part of result we discussed the reliability of scale by using Cronbach's Alpha coefficients. The result of reliability is shown in table 3. As per the result and findings of this study, the scales are reliable because the Cronbach's Alpha values are .839, .775 and .815 which is more than 0.07 indicates the high reliability of scale. This result is indicates the high reliability of promoting factors, valuable factors and inventory fulfillment option. These are the independent variables of omni-channel retailing strategy.

Table 3: Reliability analysis

Variables	Cronch's Alpha value	Mean value	S.D value	No of Item
Promoting factors	.839	3.43	.711	10
Valuable factors	.775	3.51	.718	10
Inventroy fulfillment option	.815	3.19	.916	8

Source: Author survey (2017)

CORRELATION ANALYSIS

Pearson product moment correlation coefficient has been used to test the linear relationship between the variable. The correlation coefficient (r) is calculated to measure the quantify strength of the relationship. Its numerical value ranges from +1.0 to -1.0. $r > 0$ indicates positive linear relationship, $r < 0$ indicates negative linear relationship while $r = 0$ indicates no linear relationship.

Table 4: Correlation analysis

Pearson product moment correlation coefficient has been used to test the linear relationship between the variable. The correlation coefficient (r) is calculated to measure the quantify strength of the relationship. Its numerical value ranges from +1.0 to -1.0. $r > 0$ indicates positive linear relationship, $r < 0$ indicates negative linear relationship while $r = 0$ indicates no linear relationship.

	Promoting factors	Valuable factors	Inventory fulfillment	firms Performance
Promoting factors	1.000	.294*	.258	.990**
Valuable factors	.294 **	1.000	.245	.258
inventory fulfillment	.487**	.245	1.000	.499**
firms performance	.990**	.258	.499**	1.000

Source: By author 2017
(** Correlation is significant at the level 0.01 and * correlation is significant at the level 0.05)

Correlation of firms performance with itself (r=1) and the number of non-missing observation of firms performance is 50. Correlation of firms' performance and promotion factors of omni-channel strategy (r=.990) shows significant correlation at the level 0.01 because p< 0.05 with 50 non missing respondent. Correlation of firms performance and valuable factors of omni-channel retailing strategy (r=.258) shows that p>0.05 and accept the null hypothesis, there may be no significant relationship between firms performance and valuable factors of omni-channel strategy. Correlation of firms' performance and inventory fulfillment option (r=.499) shows that a strong positive correlation because p<0.05 and reject the null hypothesis. There is a strong positive relationship between firms' performance and inventory fulfillment option at the significant level 0.01.

REGRESSION ANALYSIS

Linear regression is a model with dependent and independent variables. The variables their values is predicted known as dependent variables and independents are the variables their value is known value and use for the prediction. The two regression line are Y on X and X on Y. the line of Y on X is Y= a+ bX here, a and b are unknown constant known as intercept and slop of equation. This is use when Y is unknown and X is known. Second regression line is X=c+dY that is used to predict unknown value of X variable using the known value of variable. The coefficient of X line on Y on X is called regression coefficient of Y on X. It show that change in the value of Y (dependent variable) related to unit change in the value of X (independent variable).

Table: 5 Model summary

Model	R	R square	Adjusted	R square SE
1	.991a*	.982	.981	.099

*a Predictors: (constant), Valuable factors, promoting factors and inventory fulfillment option

From the summary table of the model, coefficients of determination R square is equal to .982 (98% dependent variable in this model explained by independent variable-omni-channel strategy). This is a satisfactory result and show that a significant proportion of the variance of the dependent variable selling performance of the organized physical retailers is explained by the regression in the model namely onmi-channel retailing strategy with the determinant of valuable factors, inventory factors and promoting factors. R square is a general indicator of goodness of fit with the variable in the model.

Table 6: ANOVA

Model	Sum of square	df	mean square	F	Sig
1					
Regression	25.313	3	8.438	849.369	.000b
Residual	.457	46	.01		
Total	25.770	49			

a   Dependent variable, firms performance

b   Predictors (constant) Valuable factors, promoting factors and inventory fulfillment option

The separate relation between the variable explained by the ANOVA and coefficient (see table 5 and 6) to know about the validity of regression model. The result of ANOVA analysis show that the model is statistically significant because the F value 849.369 is much greater than critical value 2.79 (F, 3, 49) and 0.05 significant level (p=.000<0.05). So, the independent variables are able to explain the variation in the dependent variable.

Model	Unstandardized Coefficients		Standardized Coefficients	t	sig.	Collinearity Statistics	
						Tolerance e>0.01	VIF<10
	B	SE	Beta				
1 constant	-.006	.088		-.73	.942		
Inventory	.022	.018	.028	1.229	.225	.752	1.330
Promoting	1.008	.023	.988	43.023	.000	.731	1.368
Valuable	-.039	.021	-.039	-1.887	.065	.900	1.111

a Dependent variable: firms performance

As seen the table 6, all the standardized coefficients are different from zero. Only promoting factors have a significant impact on firm performance in the context of selling because the p value is lower than significant level (sig. < 0.05). Which means hypothesis H1 and H4 is accepted and H2 and H3 are rejected.

CONCLUSION

Indian retail market is growing rapidly but also facing competition from different type of retailers, now the online retailers are big competitor for organizedphysical retail sectors. Omni-channel retailing strategy is a seamless technique to beat the online competition in the market place. This is most popular in developed countries but new for the Indian retail market. It is adopted by big retailers those are more capable to sale their products through any mode of shopping. After analysis it is observed that omni-channel strategy positively influence the firms' performance in the

context of consumer behaviour and sales records.The current competitive situation among the retailershas led to adopt new ways to serve customers. Some questions are arising towards competitiveness: How does retail business compete in the market? How do they plan their strategies against competition?This research focuses on studying effectiveness of omni-channel strategy and its impact on firms'performance.

Firstly, the result of the study shows that positive relationship between omni-channel strategy and firms' performance. Second, promoting factors are more effective to attract the consumers. It is suggested through this research study that organized retailers are successful when the priority is towards promoting factors of omni-channel strategy.11.

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