A Study on the Omni-Channel

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Abstract
This study deals with Omni-Channel newly appeared in distribution market. Consumers go through a process of searching for and purchasing information about products using various distribution channels. With the development of ICT, there have been a lot of changes in the distribution market, and Omni-Channel is a distribution channel suitable for this flow and has a reciprocal function between consumers and sellers. The barrier that consumers face when using Omni-Channel is Information and Communication Technology (ICT). Omni-Channel should be equipped with the knowledge and use of smart phones and tablet PCs that act as links between channels. Omni-Channel is a transitional channel that new approaches and initiatives are being conducted. Future research on consumer lifestyle related to the use of Omni-Channel is needed.

Keywords: Brand Extensions, Brand Similarity, Consumer Behaviour, Innovativeness.

1. Introduction
Facebook, Google, Twitter, Instagram, Amazon, eBay, Wal-Mart and many more have a variety of platforms which consumers get information and purchase products by the expansion of platforms. Various channels can be defined as Omni-Channel, and a reasonable distribution channel has appeared for consumers in harmony with online and offline [7]. In order for Omni-Channel to be successful, it is necessary to have an idea that can merge the interests of each channel into one. With the development of technology, a big data has expanded the use of data to non-structural areas such as consumer videos and social networks. With a big data, you can analyze consumer behavior in a new dimension and make more sophisticated purchasing and planning. The key to big data is not technology, but how to use various data as meaningful business information is important. It has become an important factor of national competitiveness as well as the competitiveness of companies [2].

The rapid development of networks has resulted in many new media channels such as blogs and social networks. The world that was dominated by a handful of large media companies collapses, and the media was fragmented with rapid channel growth. As consumers have more information channels, purchasing channels such as Amazon and eBay have increased rapidly. The growing number of online and offline purchasing channels is confusing customers.

2. Theoretical Background

2.1 Concept of Omni-Channel

Omni-Channel is a word that combines "Omni" of Latin, which means everything, and "Channel," which means a product's distribution channel. It is one of distribution channels which consumer offers the same price and promotions for both offline and online, exchange and refunds are available anywhere, and searches for...
and buys products across multiple channels including online, offline, and mobile. It is a shopping environment that makes you feel like you are using the same store. Omni-Channel is a concept that provides a more comfortable purchase experience for consumers by providing a collaborative system for win-win, away from competition system, with various distribution channels such as offline shops, online shops, and mobile shops [3].

2.2 Barriers to Omni-Channel

The barrier that consumers face when using Omni-Channel is Information and Communication Technology (ICT). Consumers should have the knowledge and use of smart phones and tablet PCs that play a role as links between channels in Omni-Channel. Users who are untrained in the ICT environment may have lower access to or use of Omni-Channel than experienced users, so consumers need some understanding of ICT technology to take advantage of Omni-Channel.

As Omni-Channel provides consumers with more reasonable and convenient than conventional Multi-Channel, so user benefits that consumers can feel are expected. User benefit is a beneficial outcome of using any product. Omni-Channel is characterized by its ability to provide consumers with beneficial results above existing channels [6]. As shown in Figure 1, Omni-Channel is made up of mobile, online, product experts, and stores [9].

3. Examples of Omni-Channel

3.1 Domestic-Foreign Omni-Channel

As shown in Table 1, John Lewis, a UK department store, has opted for an Omni-Channel strategy to provide digital stores applied interactive technology and actively attract showroaming customers. Online sales continue to increase after offering service. Best Buy, an offline electronics retailer that has been struggling with competition from online shopping malls like Amazon, has seen a substantial performance increase since it uses an Omni-Channel strategy. Wal-Mart drove customers to the store to spend more by "Scan & Go" method that scans scan bar codes or QR codes and pays using "Wal-Mart app". It also supports 'In-store Navigation' function, which can locate the goods in the store [5].

| John Lewis | Interactive technology  
| Digital store  
| Increase in on-line sales |
| Best Buy | Geek Squad operation for PC  
| Use direct consumer insight  
| Angels - evil strategy development depending on whether profit is given to the enterprise  
| Significant sales performance record |
| Wal Mart | Scan & Go method  
| In-store Navigation  
| Connect with sales with more visits and more consumption |

Table 1. Case of Omni-Channel
Lotte

- Utilize Big data
- Providing Smart Beacon Service
- IT based marketing and sales
- Build online delivery service
- Increase sales

Shinsegae

- IT technology integration into stores
- On-line of store
- Integration of on-off line products and services
- Sales expansion strategy

Lotte provided 'Smart Beacon' service for the first time in Korea, crossing offline and online such as department stores and outlets. When a customer enters a store equipped with a beacon, which is a wireless communication device for a short distance, it transmits a coupon containing various shopping information and benefits to a customer's smart phone, thereby enabling the customer to use the coupon at the store. It is a representative model of Omni-Channel that utilizes on-off-line and mobile distribution channel in an organic way. Shinsegae has developed a '3rd Generation Shinsegae Department Store App' in order to strengthen communication with customers and to respond to the rapidly changing distribution environment, and to allow customers to be able to confirm electronic receipts with the same form of the existing paper receipts at anytime, anywhere in all Shinsegae Department Stores.

As the online and offline channels converge, a new commerce convergence market is being created. As the convergence of online networks and off-line sites became commonplace, it became possible to upgrade the quality of customer service as a result of the convergence of online e-commerce, offline stores, logistics systems and motion recognition sensors such as Beacon because the distribution revolution started from Omni-Channel is spreading.

3.2 Case Study of Omni-Channel Strategy

As shown in Table 2, iBeacon technology is a positioning technology using Bluetooth low energy (BLE). It locates the user’s position by calculating the distance between the beacon sending this signal and the smart phone serving as a signal receiver [11].

<table>
<thead>
<tr>
<th>Estimote - Beacon</th>
<th>Shopkick - Shopbeacon</th>
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<tbody>
<tr>
<td>• Developed Estimote Beacon equipped with BLE in various places</td>
<td>• Implement automatic check-in through beacon signals</td>
</tr>
<tr>
<td>• Released Estimote Virtual Beacon to allow individuals to utilize iOS devices as beacons</td>
<td>• Mobile rewards service provides reward points for various forms of consumer behavior</td>
</tr>
<tr>
<td>• Special service and guidance for specific customers only</td>
<td>• Visit-inducing marketing with the concept of ‘walk-in’ which is an automatic check-in</td>
</tr>
<tr>
<td></td>
<td>• It is characterized by the transmission of smart customized information by grasping precise location information of the user, interest information, and purchase pattern</td>
</tr>
</tbody>
</table>
Roximity

- Can be used in conjunction with Apple’s iBeacon
- Location-based store information services such as shops
- Attract attention with IoT case working in cooperation with Ford Motor Company
  - Alert the driver through the vibration of the steering wheel when departing the lane by monitoring the lower part of the road while driving

Coin

- Develop a product that can use multiple credit cards on one device
- Transmit a ‘push message’ automatically when the users who hold a smart phone move away from the coin with IoT technology installed

Based on the signal using BLE instead of GPS, Beacon developed by Estimote, can recognize each mobile terminal and send appropriate information. Shopbeacon developed by Shopkick has been providing iBeacon-enabled services at Macy Department Stores in New York and San Francisco, USA, and is expanding its stores since the end of 2013. Roximity provides location-based store guidance services such as shops, and in particular has been attracting attention as an example of IoT in cooperation with Ford Motor Company. Coin is equipped with IoT technology and has a feature that automatically transmits a ‘push message’ when a user with a smart phone moves away from the coin [4].

4. Trends of Omni-Channel

4.1 Trends in Consumption Patterns

Omni-Channels are complicated to purchase as many channels as possible. However, you should not think of strategy as a channel center even though there are many channels. You have to judge focusing on behaviors, how consumers move among the many channels and buy their products. There are various purchase scenarios including consumers who look at product information on smart phones and buy in stores, those who buy only in stores, consumers who look at product information on smart phones and buy the product from PCs, consumers who look at the products at the stores and buy them from PCs, and consumers who look at the products at the stores and buy them on smart phone. There is a need for an Omni-Channel convergence law that will provide the same service for every purchase scenario. The boundaries of smart commerce by the internet mobile platform using IT Convergence Technology have been broken down and several distribution channels have been combined and expanded. With the shopping patterns of Omni-Channel, the traditional channel method, which consumers and sellers face directly, has been changing to the channel method, which identifies products through on-off line and purchases using smart devices [1].

4.2 Trends and Strategies of Companies

As shown in Table 3, Walgreen, the largest pharmacy chain in the US, provides services through channel convergence ideas. Generally, a patient who is prescribed by a doctor should visit the pharmacy and wait while the medicine is being dispensed again. Walgreen solved the customer inconvenience through channel convergence ideas. The doctor’s prescription was scanned with a smart phone app and sent it to Walgreen directly. Customers who sent their prescriptions with their smart phones can go to Walgreen to pick up the drug. Walgreen added a service that allows users to send photos taken on their smart phones and receive prints in the store.

Consumers want to get the same service on any channel they want. To meet this changing consumer desire, Amazon has developed a service called Amazon Pickup Locker. Amazon Pickup Lockers have installed lockers in convenience stores or subways, allowing consumers to pick up things in Amazon pickup lockers, not at home.
Table 3. Trends and Strategies of Omni-Channel Industry Trends

<table>
<thead>
<tr>
<th>Company</th>
<th>Strategies</th>
</tr>
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<tbody>
<tr>
<td>Walgreen</td>
<td>• Sent a doctor's prescription using a smart phone</td>
</tr>
<tr>
<td></td>
<td>• Provide services to pick up the drugs without waiting time</td>
</tr>
<tr>
<td></td>
<td>• Strategies to provide various services to receive printed photos in stores</td>
</tr>
<tr>
<td>Amazon</td>
<td>• Developed an Amazon Pickup Locker service that allows picking up things from Locker in convenience stores or subways</td>
</tr>
<tr>
<td></td>
<td>• Opening Amazon Exclusives stores expanding offline</td>
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<tr>
<td></td>
<td>• The same service providing strategy</td>
</tr>
<tr>
<td>Urban Outfitters</td>
<td>• Attract customers by the advantages of various channels</td>
</tr>
<tr>
<td></td>
<td>• Strengthening online malls</td>
</tr>
<tr>
<td></td>
<td>• Strategies to merge the benefits of online channels with the advantages of offline stores</td>
</tr>
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In addition, they opened Amazon Exclusives, an offline store. Amazon Exclusive displays a collection of long tail niche products from unknown startups that only Amazon can offer. Online-oriented Amazon tries to expand offline because it knows that consumers want to receive the same service on multiple channels.

In order for the Omni-Channel convergence strategy to be successful, a detailed knowledge of the channel movement of the consumer is needed. Richard Hayne, founder of Urban Outfitters, a well-known apparel brand in the United States, claims that "people who use more than three multichannels stay on the channels more than six times as long as a consumer who uses only one channel." Urban Outfitters is implementing a strategy to consolidate the advantages of online channels with the advantages of offline stores while strengthening online malls. Omni-Channel ideas are becoming more important because consumers are increasingly diversifying their purchase channels and increasing their total channel usage time. Omni-Channel convergence law, which takes into account consumers' purchasing behavior, is a strategy that must be considered to enhance a company's competitiveness [8].

5. Conclusion

With the development of ICT, there have been a lot of changes in the distribution market, and Omni-Channel is a distribution channel suitable for this flow and has a reciprocal function between consumers and sellers. As information acquisition and purchasing processes appear in different ways, various strategic approaches for convenience and rational consumption are also emerging. Lotte, Wal Mart, and others are seeking new growth by organically combining independent channels such as internet, mobile, department store, and mart.

Omni-Channel, by the development of information and communication technology, enables companies to provide creative and innovative commerce services, but the performance is not high due to the lack of consumers' understanding about Omni-Channel and low service utilization. In order to have an effect on Omni-Channel, a variety of research is needed on potential consumers, and managers who are promoting or considering Omni-Channel should try various ways to solve these problems.

Omni-Channel is not a complete distribution channel, but a transitional distribution channel in which new approaches and attempts are being made. Therefore, it is necessary to continue to study in many sides on the diversity of consumers' lifestyle related to the use of Omni-Channel.
References


