Literature Review on Omnichannel Retailing

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The rapid changes seen in retailing practices and consumer behavior models could be attributed to the extensive number of new technology applications. Therefore, these interesting change mechanisms should be explored from different viewpoints using various methods. This study synthesizes the findings of earlier studies in a literature review and provides some implications for future research and practice regarding retailing evolution, especially focusing on the shift from multichannel to omnichannel retailing. It is found that interdisciplinary research methods have been employed in marketing and electronic/mobile commerce to explore current business and consumer practices. This literature review reveals a time-series consistency between multichannel and omnichannel concepts to offer an integrated viewpoint of the available research insights. More specifically, this study attempts to explore and highlight relevant terminology definitions and concepts to underline the crucial issues in this topic derived from different disciplines and to discuss practical implications for future research.

Keywords: omnichannel retailing, omnichannel shopping, omnichannel marketing, literature review

JEL Classification: M31

1. Introduction

As technology has advanced, consumers shopping processes have changed and created some interesting research issues in the channel context. Until now, consumers have interacted with retailing channels utilizing different devices—like mobile phones, tablets, notebooks, desktop computers and televisions in virtual stores to search for product information and compare prices, sometimes even then purchasing these products in physical stores.

These retailing phenomena can be interpreted as having “omnichannel” characteristics, which are based on multichannel concepts from the World Wide Web. The term “omni” originates from business practitioners connected with academia. However, Parker and Hand (2009) and Ortis and Casoli (2009) claimed that “omnichannel” shoppers evolve from multichannel consumers by using all different channels simultaneously. Rigby (2011, p.65-76) first defined omnichannel retailing as “an integration of sales experience that melds the advantages of physical stores with the information and rich experience of online shopping”. For the purposes of our study, this term indicates not only the concurrent use of these channels but also their integrated use. Levy et al., (2013) proposed “omnietailing” as “a coordinated multichannel offering
that provides a seamless experience when using all of the retailers shopping channels”, which means consumers employ all channels, experiencing seamless integration. “Omni” concepts have appeared at several domains and research areas, especially in the e-commerce field. Furthermore, technologies such as applications (apps) with location-based services on mobile devices allow retailers to determine accurate locations for their target audiences. Using that information, retailers can upload coupons and advertisements for their target audiences in real time (Andrews et al., 2016, pp.15-24; Verhoef et al., 2017, pp.1-8).

This paper will focus on conducting a review of the extant literature on these emerging issues and suggesting some directions for future research. Specifically, this paper highlights the differences between multichannel and omnichannel retailing. This paper attempts to use systematic avenues for academic study to focus on the omnichannel retailing phenomenon. Additionally, this study depicts existing theoretical definitions to explore omnichannel retailing for specific purposes to lead to future research implications related to methodology, findings, conclusions and management.

Based on the above information, the omnichannel retailing literature comprises several domains, as consumers use a combination of offline and online channels to freely access seamless shopping experiences.

Thus, the literature from multiple research disciplines should be reviewed: multichannel retailing, e-commerce, customer relationship management, and mobile commerce. Due to space limitations, this research can cite only key references that can be explored further.

2. Literature Review

Based on prior study proposed by Mosquera et al., (2017, p.166-185), this research depicted on a comprehensive literature review on omnichannel retailing. We employed several databases–ABI-INFORM, Web of Science and etc. to filter some quality marketing relevant journals on retailing or management information systems (including e-commerce and mobile-commerce) with keywords–omnichannel retailing, omnichannel shopping and omnichannel marketing. Our analysis attempted to screen some critical evolution or implications of omnichannel retailing theory/ practice.

The conceptual analysis on this subject is presented in the following sections.

2.1. Multichannel Retailing Literature

The relevant multichannel retailing literature can be generally summed up through a series of concepts. This study finds that the most relevant concepts to omnichannel definition are the following: channel switching, customer experience, coordination, integration and synergy. The prior literature demonstrated that the omnichannel idea originated from the “click and mortar” concept. Specifically, in 2000, Otto and Chung (2000, p.185-191) proposed “cyber-enhanced retailing”, which means that e-commerce techniques can be employed in convergence with conventional retailing to enhance consumers shopping experience value, and Burke (2002, p.411-432) addressed this customer experience as well. Burke (2002, p.411-432) revealed described how consumers prefer to purchase from offline and online stores using a survey with 128 different fields exploring the shopping experience. His findings included that shoppers like shopping features that assist them in multichannel shopping—e.g., searching online before purchasing in physical stores or shopping online and picking up the order in a physical store, and Burke (2002, p.411-432) thus suggested that retailers consolidate these channels to assist consumers in migrating between them transparently. Similarily, Shankar et al., (2011, p.29-42) suggested that a seamless shopping experience leads to customer satisfaction and retention, which can be achieved by providing “the same information in the same style across the channels”. Meanwhile, multichannel retailing is defined as a set of activities that allow retailers to sell products or services through more than one channel (Levy and Weitz, 2009; Lin, 2012, p.1865-1882). In addition, Nash et al., (2013, p.32-39) indicated that retailers can employ important technology to improve customer interactions and advanced analytics to enhance customer experience so as to increase customer satisfaction, loyalty, and even customer lifetime value.

However, in regard to channel integration, synergy and coordination, Steinfield et al., (2002, p.93-119) emphasized that seamlessly integrating different channels is an important and difficult task. Bendoly (2005, p.313-327) described how firms must manage both offline and online channels concurrently to ensure seamless and clear channel integration so as to increase customer loyalty. Next, Sousa and Voss (2006, p.356-371) argued that “integration quality” is a key element of multichannel service quality, defining it as “the ability to provide customers with a seamless service experience across multiple channels.” Integration quality can be divided into two components: channel-service configuration and integrated interactions. Chatterjee (2006, p.31-56) proposed that cross-channel retailers can become more profitable by using offline and online strategies to coordinate their precedence rather than utilizing them independently. On the other hand, Joo and
Park (2008, p.49-61) found that consumers shopping at home (via TV, catalogs, and the Internet) selected different channels for shopping, and these channels lack cross-channel synergy, which suggests that firms should clarify the role and meaning of each channel and connect these channels appropriately. Furthermore, Kwon and Lennon (2009, p.557-564) underlined the importance of seamless integration and the congruity of corporate image management in multichannel contexts. Next, Hahn and Kim (2009, p.126-141) concluded that ensuring seamless transitions from offline to online or vice versa relies on the trust of consumers. Finally, Yang et al., (2011, p.1688-1696) presented the notion of perceived entitativity (i.e., the extent to which a set of individual entities is considered as classified in a group) as a construct to assess the advantages of seamless multichannel integration. In analyzing omnichannel research in detail, Trenz (2015) described strategic concepts for using several channels, but the omnichannel concept was not fully established. The relevant terms, such as multichannel, cross-channel, omnichannel and channel integration, coexist and are often used interchangeably, although this means they often lack distinction (Beck and Rygl, 2015, p.170-178).

Channel migration/switching, the purchase decision-making of consumers and buying loyalty are the most important subjects in the omnichannel context. For example, Van Dijk et al., (2005, p.1-5) discovered that consumers evaluate the available information from several channels to actively assess the best purchasing option. Similarly, Van Baal and Dach (2005, p.75-85) defined free-riding behavior as when consumers in a multichannel environment use the channel of one retailer merely to obtain information and assess products and then switch to another channel to make their purchase. This research also found that retailers used this change in consumer behavior to furnish unique cross-channel benefits and take advantage of channel integration strategies to manage to retain good customer relationships. Furthermore, Sands et al., (2010, p.397-410) proposed that online channels can be used to induce consumer engagement in offline channels so as to increase in-store consumption. Chatterjee (2010, p.431-448) noted that consumers with price awareness will make a purchase online and pick up the order in a store. Schramm-Klein et al., (2011, p.501-511) found that consumers can possess strong buying loyalty in a seamless multichannel context. Subsequently, Zhang and Oh (2013, p.205-212) employed Chatterjees (2010, p.431-448) findings to elaborate a similar notion called “showrooming” and presented some factors that can influence this phenomenon.

In addition, we firmly believe that the store atmosphere in multichannel retailing is still worthy of discussion. Verhagen and Dolen (2009, p.77-82) found that one component of the store atmosphere in multichannel retailing is the store image. Store image is affected by online and offline integration: retailers can provide some online discounts to lead consumers to buy offline. Furthermore, Vrechopoulos (2010, p.518-537) put forth some viewpoints about this: changes in the store atmosphere were enabled by employing new technologies in store; that is, there was a paradigm shift in multichannel retailing. However, Heitz-Spahn (2013, p.570-578) pointed out that cross-channel free-riding behavior has possibly had some influence on m-commerce, mobile applications and new retail patterns, which is a promising direction for future research. Finally, Liu et al., (2018) attempted to broaden the concept of multichannel retailing to include not only retailer activities but also customer shopping behavior in a multichannel context, which is another potential topic for future research.

2.2. Mobile Retailing and Information Communication Technology (ICT) Literature

A previous literature review provides this study on the concept of omnichannel retailing with some foundational knowledge. For example, if consumers can utilize all channels simultaneously, they are considered “omnoshoppers”. Interestingly, Kourouthanasssis et al., (2001, p.264-273) tried to consolidate all acquired channels and upstream suppliers to provide innovative, moving services and presented a framework that included mobile commerce, ICT and RFID, etc. In terms of the user experience perspective, after 2007, the experience could be improved by implementing smart technologies, such as smart shopping carts. Anderson and Nordmark (2008) discovered that virtual and physical channels can be linked by transmitting e-store compositions into an electronic kiosk in-store and promoting sales revenue. Finally, Van Ittersum et al., (2013, p.21-36) concluded that when consumers are shopping with budget limitations, their shopping experience can be improved and their repurchasing intention boosted by utilizing new technologies such as tablets.

On the basis of mobile commerce perspectives, Xu et al., (2008, p.393-402) discovered that “augmented reality (AR)” in mobile device-related applications improves the buying experience in store. Furthermore, Jan-Willem et al., (2010, p.697-704) suggested that retailers should provide relevant technologies such as Wi-Fi and QR codes to gain competitive advantages and upgrade consumers shopping experience. Additionally, Hui et al., (2013, p.11-16) demonstrated that when consumers increased their travel distance, their unplanned spending increased due to mobile promotions.
On the other hand, like with the ICT literature, this study explored several articles on omnichannel related concepts. For instance, Ganesh (2004, p.140-146) stressed the importance of Internet services for providing a seamless shopping experience across channels, which resulted in customer relationship improvement and maintenance. Furthermore, Oh and Teo (2006) showed that buyers receiving quality service enjoyed convenient shopping in a cross-channel environment and were fond of DIY/self-service options in physical stores. Next, Ahearne and Rapp (2010, p.111-120) pointed out distinct perspectives on multichannel retailing: the role of social media and user-generated content (UGC) in assisting salespeople developing new markets. Finally, Huang et al., (2016, p.265-278) found that a small percentage of online purchasing moved to a mobile app for convenience.

2.3. Omnichannel Retailing Literature

In terms of the abovementioned discussion, we believe that omnichannel retailing warrants exploration. Rigby (2011, p.65-76) was the first to use the term “omnichannel” the academic literature. However, the term “omniretailing” was first used by Bodhani (2012, p.46-49). Then, the definition of omniretailing was given by Levy et al., (2013). Bodhani (2013, p.46-49) employed augmented reality (AR) to connect with omnichannel retailing. However, Aubrey and Judge (2012, p.31-39) suggested that omnichannel strategies should be adopted by brands to accommodate consumer preferences and boost consumer loyalty. Brynjolfsson et al., (2013, p.1-7) proposed omnichannel concepts and strategies. Specifically, Bhalla (2014, p.365-372) tried to refine the differences between multichannel and omnichannel, and this study will explore these differences below. In addition, the interdisciplinary nature of omnichannel retailing has also been addressed by a book chapter titled “Omni-channel Retail Information Systems” and written by Tambo (2015, p.874-882).

Recently, the growth of omnichannel retailing was described by Beck and Rygl (2015, p.170-178) as follows: with the rise of mobile commerce, smartphones, tablets, and social networks have become key factors affecting sales, and consumers can cross-channel shop anytime and anywhere. Omni-type consumption and omnichannel retailing have resulted in firms striving to break through virtual and physical boundaries to integrate sales and service channels such as physical stores, websites, televisions, phones, mobile devices, and kiosks, among others, and thereby improve operational performance. Hence, omnichannel retailing is seen as an evolution of multichannel retailing that takes a broader perspective of channels and emphasizes multiple interaction touchpoints (Verhoef et al., 2015, p.174-181). Yrjölä et al., (2018, p.259-276) further stated that omnichannel retailing is an avenue for gaining an advantage by forging deeper customer relationships, exploiting new potential markets, and appealing to the heterogeneity in customers shopping orientations for the purpose of furnishing a seamless cross-channel experience.

2.4. Differences between Omnichannel and Multichannel Retailing

The biggest difference between omnichannel and multichannel retailing is that in the former, the gap between the channels becomes ambiguous, and the obstacles that need to be crossed, such as geographic location and consumer information acquisition, are relatively small (Verhoef et al., 2015, p.174-181). Although multichannel retailing focuses on the interaction between channels, omnichannel retailing goes beyond this by also focusing on the community and on access to mass/social media (Verhoef et al., 2015, p.174-181). For example, there are now many shops that offer discounts for virtual check-in on Facebook. Furthermore, connecting with consumers through omnichannel retailing can be achieved through the use of apps, i-Beacon, mobile positioning, and other methods. Consumers can access a “showroom”, where they first experience products in a physical store and then go online to buy them; they can also access a “webroom”, where they obtain discounts online that they use in physical stores. From the consumers perspective, omnichannel retailing provides additional channels to better understand products and shopping in general. On the other hand, from the retailers perspective, omnichannel retailing allows for the integration of various channels and can help retailers instantly glean consumer opinions about their goods and services.

Current research on multichannel retailing is primarily driven by the rapid growth of online sales and naturally changing consumer behaviors (Kozlenkova et al., 2015, p.586-609). Retailers first developed multichannel systems to address the growing challenges associated with the advent of e-commerce. Several authors have indicated that the retailing industry was already trending toward omnichannel retailing in which the differences between offline and online channels would be lost (Beck and Rygl, 2015, p.170-178; Verhoef et al., 2015, p.174-181). In fact, neither customers nor retailers can distinguish between channels anymore if a good omnichannel method is used (Brynjolfsson et al., 2009, p.1755-1765; Gallino and Moreno, 2014, p.1434-1451; Verhoef et al., 2015, p.174-181; Bell et al., 2018, p.1629-1651). Omnichannel retailing focuses on a truly inclusive approach across whole retailing operations to deliver a seamless consumer experience via all
available buying channels, including mobile internet devices, computers, televisions, brick-and-mortar stores, and catalogs (Saghiri et al., 2017, p.53-67), whereas multichannel focuses on customer transactions with the business (browsing, buying, returning items) through independently managed channels, including retail stores, online stores, and mobile apps, among others.

3. Conclusion and Implications for Future Research and Practice

It is very important and apparent that omnichannel retailing has gradually evolved from multichannel retailing. The diffusion of innovation in the omnishopping retailing context is gradually increasing, as seen by new in-store technology applications and omnichannel platforms. Extant academic research has attempted to investigate this issue by theoretical and empirical methods.

Consequently, the primary objective of this paper is to summarize and develop a consolidated approach to demonstrate key omnichannel retailing phenomenon studies. Future research should stress new retailing agendas with managerial implications.

Multidisciplinary marketing, e-commerce and ICT-related characteristics influence omnichannel retailing; thus, this study suggests that future research scrutinize how ICT applications influence critical multichannel concepts such as channel migration/switching, free riding and loyalty, for a seamless consumer experience.

Our study first conducted exploratory research to understand patterns of consumer behavior. This study allows conclusions to be drawn about the following important issues: (a) the atmospheric effect of a stores omnichannel retail on buyers, (b) customer relationship management in an omnichannel retailing context, (c) loyalty and free-riding behavior in an omnichannel environment.

In summary, employing new technology can enable omnichannel retailing strategies to influence consumers and retailers. Therefore, this research provides practical implications regarding the following topics: (a) the technology of consumer adoption and applications in omnichannel environments, which is relevant for retailer operations, (b) consumer behavior patterns and preferences, (c) the combination of omnichannel concepts in the strategic marketing of retailers, and (d) the creation of seamless channel integration by utilizing online and offline data.

References


