Omnichannel Marketing - Exploring a Marketing Strategy for the Phygital Era

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ABSTRACT

This paper explores the transformative role of omnichannel marketing in the contemporary business landscape amidst Industry 4.0. With digitalization, connectivity, and advanced analytics reshaping industries, omnichannel marketing emerges as a crucial strategy for enhancing customer engagement and driving business growth. By seamlessly integrating online and offline channels, omnichannel marketing allows companies to provide a consistent brand experience, thereby fostering customer loyalty and expanding their customer base. Drawing insights from the evolution of marketing approaches and industry trends, this paper highlights the significance of omnichannel marketing in meeting the dynamic needs of consumers and staying competitive in today's rapidly evolving market environment.

Key Words: Omnichannel Marketing, Digitalization, Customer Engagement, Marketing Strategies.

Introduction

In this era of Industry 4.0, which is providing more importance to digitalization, connectivity, and advanced analytics, the adoption of technology-driven marketing, is essential for every industrial sector. This era is defined by digital transformation and rapid market shift. As the customer is always looking for new ways to access information, the manufacturers and retailers found new ways to adopt a mixed marketing strategy for enhanced customer experience. Omni-channel marketing emerged as a customer-centric marketing approach. Omnichannel marketing is the integration and cooperation of the various channels both online like websites and offline like stores to interact with consumers. The major goal of this marketing approach is consistent brand experience. A blend of physical and digital channels is referred to as "phygital". An omnichannel strategy may offer consumers the freedom to find and purchase

online, in-store, or a combination thereof - such as "buy online and pick up in-store" (BOPIS). Today, organizations across industries are leveraging omnichannel strategies, including healthcare, retail, finance, technology, and more. Through the adoption of an omnichannel marketing strategy companies can create a convenient, seamless user experience for consumers thereby they can enhance their business performance through customer retention and customer base expansion. This paper is an effort to introduce the concept of Omnichannel marketing and how this marketing strategy is usefully adopted for building customer loyalty and expanding the customer base.

The Concept of Omnichannel Marketing

Literature (Hue 2023) suggests that the term 'Omnichannel' was introduced in the world of marketing in 2010. In 2013 this term became a "Buzz word" (Louie 2015; Hue 2023). The Latin term "Omni" indicates "all" or "every" (Briel, 2018; Vishnukanth et al.2024). Omni-channel is defined as "a coordinated multi-channel offering that provides a seamless experience when using all of the retailer's shopping channels" (Levy et al., 2013; Manel 2019).

According to the Universal Marketing Dictionary omnichannel marketing is explained as "the strategic integration of all the possible points of contact between customers/prospects and the marketer and/or marketer's products". These include the channels for media (including social media), sales, distribution, and customer support.

Thus, Omnichannel marketing involves the collaboration of all the available channels to allow customers to be aware of the products and services rendered and make them feel that they are always surrounded and informed by their favourite brands. This strategy aims to ensure a seamless and consistent brand experience for their customers through various online and offline channels. The omni channel marketers always trying to be spotted by their potential customers anytime and every time with multiple options. These options include online purchases, in-store shopping, or a combination of both.

The emergence of the 'Low-cost digital era and the tagline of Covid 19 pandemic - Social distancing' blurred the line between online and offline shopping.

People all over the world enjoyed the relaxed shopping experience rendered by the 'mouse click and finger touch'. After the pandemic when the doors and gates of the world became wide open, people preferred to move out and enjoy the missed physical shopping experience. This demanded firms in adoption of the traditional brick-and-mortar system for engaging their customers. This necessitates the firms to adopt and adapt the concept of Omnichannel Marketing for their customer retention and expansion, which will make the customers engaged with the brand. While traditional multichannel marketing channels operate in silos with distinct strategies, omnichannel marketing aims for channel interconnectivity. It creates a unique experience across digital and physical platforms that ensures customers interact with brands seamlessly, whether they are browsing online, shopping in-store, or engaging on social media.

Figure 1
Source: Universal Marketing Directory (from x-cart.com)

A Journey from Multi-Channel to Cross Channel to Omnichannel

The evolution of an interconnected society through digital transformation highly demanded an evolution of an interconnected marketing approach. The companies are adopting three different approaches to stay connected with their customers. These can be categorized into 1. Multi-channel marketing, 2. Cross channel Marketing 3. Omnichannel Marketing (Marine Aubagna.,2020)

Multichannel Approach - When the internet became a popular method for buying journeys, the companies, in the early stage adopted the concept of multi-channel marketing. In multi-channel marketing, the consumers were able to communicate and purchase from companies using different channels viz e-commerce, personal shopping, mail orders, m-commerce, etc. But in this approach, each channel will be disconnected and will not collaborate. Each channel needs its own strategy. (Marine Aubagna.,2020) This concept is more or less product-oriented.

Cross-channel Approach – To overcome the limitation of less interconnectivity in the multichannel approach, a more integrated method, cross-channel marketing, was introduced as an advancement. (Marine Aubagna.,2020) Cross-channel support and channel integration will help the customers to switch between channels seamlessly during their journey towards purchasing a product.

Omnichannel Approach- Even though cross-channel marketing allows an integrated customer experience, a more integrated and advanced marketing option, which allows back-and-forth communication, (Marine Aubagna.,2020), was introduced via the omnichannel approach. These channels are working seamlessly, and often parallelly to enhance customer experience. Omni channel is purely meant for enhancing customer engagement (Verhoef et al., 2009; Verhoef et al., 2015; Yrjölä, M., Saarijärvi, H., & Nummela, H.,2018). Thus, Omnichannel marketing provides a holistic view of all channels involved in the customer purchase journey (Brynjolfsson et al., 2013; Yrjölä, M., Saarijärvi, H., & Nummela, H.,2018).
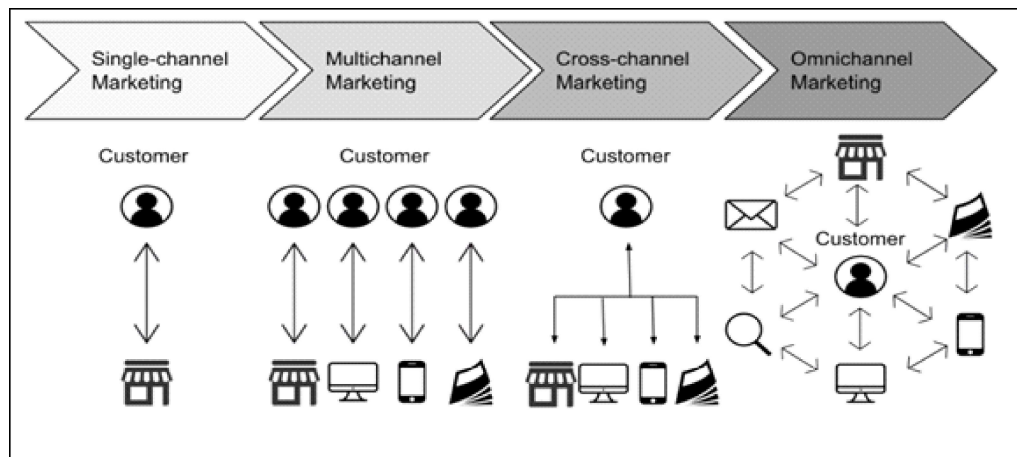
Figure 2
Source: Direct Marketing Association

Importance of adoption of Omnichannel marketing.

To cope with the surging demand for easy access to products and services, many multinational companies are adopting omnichannel marketing as their business model. To fit the new marketing environment of going for phygital companies irrespective of their origin, size, and place need to adopt a more working model to ensure customer retention. (Ya-Jun Cai, Chris K.Y. Lo.,2020). Research shows that customers are now willing to use different channels for their purchasing journey as they have more access to digital platforms. (Silva et al., 2018). In omnichannel marketing, customer interaction and the active presence of customers are focused to a large extent. Customers are interested in being actively involved in their purchase process (Silva et al., 2018; Monika Hajdas, Joanna Radomska, Susana C. Silva.,2022). Developing economies like India and China are showing high encouragement through more engagement of online customers, and online purchases upsurge to a $3.9 trillion value (WEF, 2020; Sudhanshu & Manu;(2023). To build long-term customer loyalty, companies need to give the customers a feel of their presence. they need to engage the customers effectively. This is where the omnichannel marketing strategy wins its place.

The digital adoption by retailers and the advent of internet usage always keep customers informed about the market. But studies (Park & Lee, 2017; Chatterjee & Kumar, 2017; Sudhanshu & Manu,2023) show the purchase action will happen according to the convenience of the consumer. The omni-channel adoption will support retailers to ensure their customers complete their shopping journey more conveniently and comfortably.

In addition to this, as a channel marketing strategy is highly integrated, by implementing this, companies can provide a consistent and personalized experience to customers, regardless of the channel they choose to engage with. This approach helps to avoid channel conflict and cannibalization by ensuring that each channel has a unique value proposition and contributes to overall sales growth (Beth Owens, 2023).

The omni-channel experience in the banking sector enhanced the brand loyalty of the customers. (Quynh Tran Xuan, Hanh T.H. Truong & Tri Vo Quang. ;2023). Studies suggest that establishing and maintaining relationships with existing customers enhances the firm's overall business performance and profitability. This will reduce the cost of the firm to a large extent. Brand familiarity generated by the Omni channel will result in the ultimate business performance of the firm. (Hickman, E., Kharouf, H. & Sekhon, H.;2019).

Real-World Examples of Omnichannel Success

Several companies have successfully implemented omnichannel strategies that significantly enhance customer engagement and customer loyalty by integrating multiple touchpoints for a seamless shopping experience.

Starbucks: Starbucks has created a highly personalized customer experience by integrating its mobile app with its physical stores, offering personalized promotions, mobile ordering, and rewards systems. Starbucks demonstrates how digital tools can effectively complement in-store experiences with 24% of U.S. transactions made through the app, leading to increased customer engagement and loyalty(Serrano, 2022; *The Power of Omnichannel Marketing*, n.d.).

Nike: Nike through its mobile app creates a seamless connection between online and in-store experiences to enhance their customer journey. Features like personalized product recommendations, virtual try-ons, and the integration of fitness tracking offer a highly engaging and immersive customer experience across channels, which has helped to boost customer satisfaction (*Customer Experience (CX) at Nike: A Case Study in Excellence*, n.d.)Nike's omnichannel approach underscores how technology can create a cohesive brand experience across multiple platforms, strengthening customer relationships.

The Role of Industry 4.0 in Omnichannel Marketing

Industry 4.0, powered by advancements such as the Internet of Things (IoT), artificial intelligence (AI), and big data, has revolutionized marketing approaches. These technologies allow businesses to gather and analyse customer data in real-time, which facilitates personalized interactions across channels. For example, IoT-enabled devices monitor consumer behaviours, offering insights for the prediction of preferences and purchasing patterns of consumers. This will allow businesses to anticipate needs and tailor communications accordingly. (Bharadwaj et al., 2013).

Additionally, big data and machine learning play crucial roles in advancing omnichannel marketing. These technologies help companies in processing vast amounts of data from multiple channels, leading to more accurate predictions of consumer behaviour. With predictive analytics, businesses can enhance customer targeting and deliver a more tailored, cohesive, and seamless shopping experience.

Challenges and Future Directions in Omnichannel Marketing

Despite omnichannel marketing offers significant advantages, putting it into practice can be challenging. One of the most prominent issues is channel cannibalization. Channel cannibalization refers to one channel's growth coming at the expense of another. Companies need to ensure that each channel has a distinct value proposition and integrates harmoniously with the others to combat this (Calvo et al., 2023).

In addition, maintaining consistency and uniformity across all channels can be difficult for businesses with complex global operations. However, the integration of AI

and advanced analytics can help mitigate this challenge. For that, they should provide real-time insights and facilitate better decision-making processes (Silva et al., 2018).

Looking forward, omnichannel marketing is expected to evolve and advance to provide ever more engaging purchasing experiences with the integration of virtual reality (VR) and augmented reality (AR). This will enable even more immersive shopping experiences. The rise of the metaverse will also provide additional chances for marketers and brands to create interactive, virtual shopping environments, that will further enhance customer engagement and retention.(Post, 2024).

Conclusion

Omni Channel marketing is the effort of the marketer to make his product anywhere and anytime as and when it attracts the attention of the prospective customer. To make awareness about your brand is one of the important objectives of every seller as the world becomes a single market. As your prospective customer is carrying the entire market in a small 'dabba' in his pocket with wireless connectivity you can reach the attention through all five senses. There comes the role of omni-channel marketing. To grab the attention of consumers first, then be present and available as and when they need to remind about your product and brand and thereby enhance the customer experience. Your prospective consumer will be your brand promoters. This is the motto of omnichannel marketing.

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