From “e” Retail to “omni” Channel Retail: A Strategic Initiative of a Fashion Etailer

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ABSTRACT

To cope up with the ever-changing dynamic business environment, every organization needs to reinvent their marketing mix strategies by introducing some innovations and novel strategic changes. These transformations are very important for the organizational growth, survival and expansion. These transitions could be the need of the hour or a strategic move towards a brighter future. Several eCommerce players are already scaling up their offline presence to let customers experience the product before buying and to reach a larger market. Myntra is planning to be one of them by opening its physical stores across India to boost its private labels. The case attempts to examine those factors which prompted Myntra to sail against the tide. In spite of touching such heights in the online world in a short time span of just a decade is Myntra not convinced about the customer satisfaction and thus, reverting back to traditional retail.

KEYWORDS

Brick and Mortar Stores, Customer Satisfaction, Ecommerce Portals, Marketing Strategies, Omni-Channel Retailing

1. INTRODUCTION

India can, undoubtedly, be regarded as the ‘country of shopkeepers’ mainly because of the mushrooming organized as well as unorganized retail stores entirely across the length and breadth of the country. The definition of retailing says that ‘retailing facilitates consumption’ but if we talk about India, retailing probably means ‘consumption with convenience.’ To fulfill the changing customer preferences and provide them the best shopping experience, the Indian Retail Scenario has undergone a major visible transition in the country.

Indian retail economy has changed dramatically during the last two decades owing to the ongoing digitalization (Verhoef, Kannan & Inman, 2015). It has witnessed diverse forms of retail activities varying from traditional offline stores to online marketing and now the Omni-channel or multichannel retailing. The advent of mobile channel has also brought another major change in the retail environment (Rigby, 2011).

DOI: 10.4018/IJBAN.2020040104
There are a number of factors that have geared up the exponential growth of these forms of retail activities like changes in customer preferences, increased purchasing power, need for better purchase experience, technological advancement, etc. Due to these developments the business models have changed, and the customers are behaving differently (Sorescu et al., 2011).

To counter these developments, many retailers are initiating multi-channel strategy by adding a new retail channel to their existing channel mix (Geyskens et al., 2002). According to Brynjolfsson et al. (2013), this development is affecting competitive strategies of the firms. In their opinion, new channels will break down old barriers like geographical boundaries and consumer ignorance. Hence, it will become crucial for retailers and their supply-chain partners to rethink their competitive strategies. This decision relates to the brick-and-mortar retailers, as well as to the online retailers, who have to think whether they should be present offline too (Avery et al., 2012).

The evolution of retailing from a single channel is explained by the need to overcome existing format limitations such as the size of store, expansion in new markets through electronic channels, increasing sales by cross-channel interactions and gaining valuable insights into consumer behavior through the Internet (Kent et al., 2016). Retailers increasingly engage with consumers through a diversity of touchpoints including advertising, peer-to-peer encounters and instore communications (Baxendale, Macdonald & Wilson, 2015). The rapid growth in social media has created new forms of interaction with consumers whilst disrupting conventional models of marketing communication (Kent et al., 2016). Consequently, by using a combination of channels, retailers can better satisfy their customers through the provision of information and services.

The retail environment in India dates back to centuries when barter system was the only mode of exchange. Since then, the retailing activities have advanced with momentum and have stretched across the rural, urban and metro cities. Slowly and gradually, shopping interest started heading towards online platform due to increased digital literacy and easy access to the internet. But we cannot deny the fact that every aspect comes with its own set of advantages and disadvantages, strengths and weaknesses.

Traditional retail, too, had few advantages over online retail like personal interaction, touch and feel the product, trust and familiarity with the retailer, etc. but there are few areas which could not be rectified despite varying attempts for improvisation, such as, deeper variety, attractive display of products, price advantage and special promotion offers. These concerns led to the advent of online retail in India during the era of 90s.

Initially, the online marketplaces sold their products through the company’s website, later the app model was also added to enhance customer satisfaction, but this could not bring a halt to the expectations of the highly informative and convenience seeking customers, thus, this was the impetus for the evolution of Omni-channel or multichannel retailing.

Omnichannel retailing is a method of transacting with customers using a variety of channels including retail stores, online portals, mobile app stores, etc. Brynjolfsson et al. (2013) argue: “In the past, brick-and-mortar retail stores were unique in allowing consumers to touch and feel merchandise and provide instant gratification. Internet retailers, meanwhile, tried to woo shoppers with wide product selection, low prices and content such as product reviews and ratings. As the retailing industry evolves toward a seamless “Omni-channel retailing” experience, the distinctions between physical and online will vanish, turning the world into a showroom without walls.

Omnichannel retailing is a retail environment built by integrating both online and offline channels to improve customer serviceability and enable the customer to experience the brand (Gulnaz & Gokulakannan, 2016). Omnichannel strategy, which uses digital media as its backbone, can be defined as an integrated sales experience that melds the advantages of physical stores with the information rich-experience of online shopping (Rigby, 2011).

This case study is about one such recent startup, Myntra: India’s largest online fashion store.
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