

The Omni-channel Concept: a Case Study about the Union of Sales Channels in Portugal

M J Abreu and D Miranda

University of Minho, 2C2T-Center for Textile Science and Technology, Campus de Azurém, Guimaraes, Portugal

josi@det.uminho.pt

Abstract: This article contributes to a better understanding of the omni-channel concept in fashion retail, more specifically, in the Portuguese footwear segment and understand if the current challenge of brands is based on the union of all sales channels in order to gain, to locate and to provide a perfect experience to their customers, having regard to the online world and the offline world. The methodology employed was the case study of two Portuguese footwear brands. The collection of data was obtained through two distinct and complementary tools: the semi-structured interview and indirect observation of how brands are moving in their sales channels. The data collected have concluded that there is a big discrepancy between the integration of brands' sales channels, one brand implements more strategies that aims to unify the channels compared to the other.

1. Introduction and state-of-the-art

The technology evolution, in particular, mobile devices (smartphones and tablets), social media/networks and related software with these applications (applications for mobile payments, coupons, digital brochures, location services, among others) have provided new approaches, opportunities and strategies extremely creative for retailers implement in their organizations, creating new points of contact with the consumer. Agis refer that one of the three concepts in Retail 3.0 is the omni-channel, which, according to this author, consist in the integration of the online world with to offline world [1].

Before the globalization, operated the uni-channel concept when the retailer had a unique contact point with the consumer: the physical store [2]. Thus, observing the rise of multi-channel concept to the omni-channel concept that consists in the union of all channels on unique and exclusive means of interaction with the consumer, where they live an exclusive experience with the brand [2,3], allowing access and getting in touch with her through the middle that their want.

Omni-channel should be considered the most advantageous way of extracting the best of each channel to achieve the best for business, for the brand and its consumer [1].

The omni-channel, comparing with the multi-channel, operates in synergy so the distinctions between borders tend to disappear, transforming the world in an environment without walls [4,5].

The figure 1 shows the evolution of concepts presented previously.



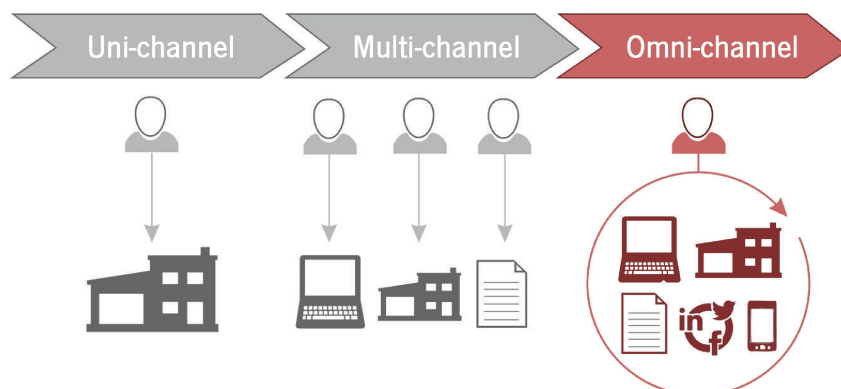


Figure 1. The omni-channel evolution

All the technology advancement and the necessity of companies to readjust their strategies torn necessary the study of their sales channels to analyze the way which these are worked and the activities that they implement.

In the Portuguese retail world, the omni-channel concept is very recent and is taking its first steps. Studies that carried out on this topic are scarce. Even though, there are some efforts in the implementation of the concept, this still have a long and arduous way to go

Sandra Coelho [6] did a study of six national companies in different sectors of retail about the challenges of implementing the omni-channel strategy and concluded that the view of the organizations are the biggest obstacles consisting in the coordination and coherence between channels, the shopping experience and the management of human and technological resources. The companies also made reference to three benefits in implementing this strategy as the increased proximity to customers, increasing brand visibility, particularly at international level and the design of future strategies. National companies are aware of the changing needs, invest in resources and many of them began to explore and to adhere to the point of sale online, focusing on the needs of their customers.

With this topic in mind, the present article have the objective to explore the omni-channel concept and their application on fashion retail, more specifically, in the Portuguese footwear segment and understand if the current challenge of brands is based on the union of all sales channels in order to gain, to locate and to provide a perfect experience to their customers, having regard to the online world and the offline world. Thus, it became necessary to raise the following issues:

RQ1. The omni-channel concept is implemented by the Portuguese footwear brands?

RQ2. Which are the strategies of the omni-channel concept that the brands implement in their channel to create connections between them?

2. Methodology

The methodology employed was the case study of two Portuguese footwear brands. The collection of data was obtained through two distinct and complementary tools: the semi-structured interview and indirect observation of how brands are moving in their sales channels.

The footwear segment was selected because Portugal present a high rate of export of footwear, is a sector that has been growing in the last five years and contribute for the economic growth of the country [7]. Thus, the definition of the “cases” that constitutes the Case Study was obtained through probabilistic samples, once that their constitution is always intentional in this type of method, this is, it meets one criterion pre set [8]. So, the criteria in brands selection were:

- National brands in the footwear segment;

- Implemented in the online world and the offline world so, both brands need to have physical and virtual stores.

After searching some brands having regard to its activity in the online and offline world the choice fell on Eureka and Fly London. In addition to fulfill the criteria presented, both are indisputable leaders in the footwear sector. Eureka is an avant-garde brand and with an innovative design. Fly London is one of the brands of Kyaia which is one of the leading companies with the largest turnover in 2014 [7].

This article, opted for using of semi-structured interviews, once, the initial order of the questions can be modified and restructured; allowing the introduction of new questions or hides the questions that are less relevant to the study [9].

Thus, the development was a script with the key issues for obtaining responses to the theme under study; its elaboration was based on selected brands and the empirical work. The semi-structured interview was recorded through a single mobile device and performed the responsible working directly with online and offline channels.

The analysis of data was made by having regard to the interpretative data search and a reflection of both the views of respondents of each brand. The analysis of the data presentation was performed through objective narratives [8].

The semi-structured interview was held to director of the marketing department of Eureka, and to head of the brand Fly London. The digital platforms of the brands were consulted for get information that has not been possible to collect in the interview. In this way, it was observed information's on brands' website: www.eureka.com, www.flylondon.com, www.kyaia.com and in social media. Some information was also obtained through the exchange of email.

3. Results and discussion

The data proved that Fly London is a reference brand of quality and export level, on the other hand, Eureka is distinguished for being a differentiating brand and avant-garde, investing in quality and innovation of its products. In the next table you can see the general data of the studied labels (Table 1)

Table 1: General data of brands

| General data | Fly London | Eureka |
|----------------------------|---|---|
| Companies | Kyaia, Fortunado O. Frederico, Lda | Alberto Sousa, Lda |
| Foundation | 1993 | 1986 |
| Segment | Man and Lady | Man and Lady |
| Products | Footwear, Handbags/Wallets, Accessories | Footwear, Handbags/Wallets, Accessories |
| Number of employees | 620 | 350 |
| Main markets | United Kingdom, United States of America, Canada and almost all countries of Europe | Portugal and some European Countries |

The table 2 presents a summary of the number of sales channels that each brand has at national level and their communication channel. It is important to stress that the brands in study offer products high-touch (footwear, handbags/wallets, accessories), this is, products with sensorial elements that the consumer value and, in most of the time, they wish to touch and experience [10], by this, the brands must contain physical spaces for provide the direct contact between the consumer and the product and, at the same time, to be present on online platforms and learn to communicate their story and provide all the necessary information.

Regarding the sales channels, Eureka is directed to the national market with 23 physical stores in Portugal, one flagship store in Oporto, three outlet stores and the website in www.eurekashoes.com for some European countries.

On the other hand, in Portugal Fly London has less power with two physical stores, one in Oporto and other in Lisbon, focusing in sale of product by the, approximately, 65 multi-brand stores in all the country and the website www.flylondon.com.

In communication channels online Eureka is implemented in seven channels and Fly London only in three channels. In the communication channels offline both brands are present in same number of channels. Also, Eureka offers a means of communication, Eureka Lovers that involves national personalities of various artistic areas that use the Eureka products and disclosed by different media. These data can be observed in table 2.

Table 2: Channels of Brand Fly London and Eureka

| Channels of Brand | Fly London | Eureka |
|--------------------------------|---------------------------|---------------------------|
| Sales Channels | | |
| Physical stores in Portugal | 2 | 23 |
| Flagship Store | - | 1 |
| Multi-brand stores in Portugal | 65 | - |
| Outlet stores | - | 3 |
| Official website | Yes | Yes |
| Communication Channels | | |
| Online communication channels | Facebook | Facebook |
| | Instagram | Pinterest |
| | Newsletter | Youtube |
| | | Vimeo |
| | | Instagram |
| Offline communication channels | Magazines/Fashion journal | Magazines/Fashion journal |
| | Advertising | Advertising |
| | International fairs | Fashion editorials |
| Other means of communication | - | Eureka Lovers |

The table 3 presents the characteristics and the strategies of the omni-channel concept that the brands Eureka and Fly London should implement to unify their sale channels.

This analysis allows comparing the two brands. In this way, Eureka implements thirteen of fifteen omni-channel criteria present in the table 3, while Fly London only implement five of fifteen omni-channel criteria.

Table 3: Activities and characteristics of the omni-channel in Portugal Fly London e Eureka Shoes

| Activities and characteristics of the omni-channel in Portugal | Fly London | Eureka |
|--|------------|--------|
| Distribution and logistics | | |
| Click-and-collect (order and pay online and collect in the physical store) | No | Yes |
| Buy in physical store and receive the product at home | No | Yes |
| Return of the product in the physical store of orders made on the website | No | Yes |
| Free delivered on physical store | No | Yes |
| Free home delivered | Yes | Yes |
| Auxiliary tools for sale | | |
| Use of mobile technologies on the part of the shop assistants in physical store (e.g. tablets) | No | Yes |
| Use of technologies within the physical store (e.g. interactive screens) | No | Yes |
| Possibility to see the extract from the purchase of a product | No | Yes |
| Online chat to assist consumers in purchasing process | Yes | Yes |

| | | |
|--|-----|-----|
| Foment the consumer's experience and integration between channel | | |
| Price consistency across all channels | Yes | Yes |
| Location of the physical store on the brand website | Yes | Yes |
| Online information about the availability of the product in physical store | No | No |
| Detailed information about the product (e.g. product characteristics, colors available, sizes, among others) | Yes | Yes |
| Promote the use of mobile devices to consumers in the physical store (e.g. mobile applications, apps, QR Code) | No | No |
| Data collection and consumer's behavior | | |
| Getting online statistics about consumer's behavior on the website | No | Yes |

4. Conclusions and future work

The data collected from interviews, concluded that, between both brands, exists a big difference concerning the integration of the sale channels. Eureka implements more strategies conceiving unification of both channels in comparison to Fly London.

Fly London's representative, manifest that the brand does not implement omni-channel strategy and the scientific data obtained clearly support that fact. Therefore, it is verified that the brand only implements the multi-channel strategy, which means that the strategies and content in the online and offline channels are developed in an independent and separate way.

In contrast, Eureka, is making good progresses in order to be consider a brand that implements the omni-channel strategy, due to the fact that is developing strategies that aim to unify the sale channels. It is possible to verify that the brand knows its customers and that is making efforts to apply the necessary technology in both channels, which in turn results in a wider activity between them and contributes to the unification. However, Eureka still needs to overcome many barriers, in particular on the mobile channels, in order to achieve unification.

Another aspect that can be noticed is that both brands do not develop specific strategies that drive the use of mobile devices, meaning that, they do not consider these devices to be a very important and fundamental tool to break the walls between the online and offline channels. It is important to consider that the mobile channel is one of the greatest pushers of the omni-channel and is considered to be an integration factor between the physical and virtual channels.

During the development of the present article and principally after its conclusion it was accomplished that the omni-channel subject needs further study. On an academic level there are some limitations, especially if the focus is the strategy in the selling channels. The present theme encompasses many different fields of study, like marketing, management, logistic, distribution, and technology, among others. It would be of great value if there were a clean definition of the right strategy to adopt for a particular channel with the goal to establish a perfect relationship of how to achieve this union.

Another important study would be the characterization of what is necessary to do for a brand to achieve the omni-channel, in other words, what it needs to develop or implement in order to be considered an omni-channel marketer.

It would be also interesting to perform this study on another national fashion segment that go beyond footwear retail with the goal to understand if exist or not the knowledge about the omni-channel concept by another brands and by the consumers it selves.

Through this study, there was an analysis of Eureka's consumer and Fly London's consumer, it was observed that they are not aware of the omni-channel strategy. This study will be published in a future publication.

Acknowledgments

This work was supported by FEDER funds through the Competitvity Factors Operational Program - COMPETE and by national funds through FCT – Foundation for Science and Technology within the scope of the project POCI-01-0145-FEDER-007136.

References

- [1] Agis, D., 2012. *Retail 3.0: Futuro físico e virtual*. s.l.:ATP.
- [2] Harris, E., 2012. A Look At Omni-Channel Retailing. [Online] Available at: <http://www.innovativeretailtechnologies.com/doc/a-look-at-omni-channel-retailing-0001>
- [3] Rigby, D., 2011. The Future of Shopping. *Harvard Business Review*.
- [4] Brynjolfsson, E., Hu and Mohammad S. R, Y. J. & S. R, M., 2013. Competing in the Age of Omnichannel Retailing. *Summer 2013 Research Feature*.
- [5] Verhoef, P. C., Kannanb, P. & Inm, J. J., 2015. From Multi-Channel Retailing to Omni-channel
- [6] Coelho, S. C. P., 2015. Desafios do omnichannel na aplicação às empresas nacionais, s.l.: s.n.
- [7] APICCAPS, 2015. World Footwear Yearbook 2015. Porto: s.n.
- [8] Coutinho, C. P., 2013. Metodologias de Investigação em Ciências Sociais e Humanas: Teoria e Prática. 2^a ed. Coimbra: Almedina.
- [9] Robson, C., 2002. Real world research: a resource for social scientists and practitionerresearchers. 2^a ed. s.l.:Oxford: Blackwell Publishers Inc.
- [10] Bell, D. R. B., Gallino, S. & Moreno, A., 2014. How to win in an Omni-channel world. MIT Sloan Management Review, pp. 45-54.