THE EMERGING RETAIL LANDSCAPE: CREATING AND DELIVERING A SEAMLESS CUSTOMER EXPERIENCE

Dr. Ekta Duggal *

ABSTRACT

Retail touches the lives of people all over the globe, the beneficence of retail services in augmenting competencies for diverse consumer goods and services has been duly acknowledged. Retail, a traditional activity involving buying and selling of products has been reinvented with the effects of modernization, liberalization and deregulation. Retailing has emanated as a significant sector becoming much more formal and critical and has been proved to be conducive to the economic growth. With market liberalization, growing consumerism and the entry of corporate players, the Indian retail sector is currently experiencing developments at an evolutionary rate like nowhere else in the world. Services like retail need to be strengthened by identification of key success factors. The study seeks to explore the critical aspects as retail moves from traditional to modern, from single to multiple to omni-channel. It identifies the significant issues which retailers need to address to devise competitive strategies.

***Keywords:** Retail, Sustainable competitive advantage, customer loyalty, competition, omni-channel retail, seamless customer experience.*

Paper Type: Research Paper

1. INTRODUCTION

"The world is at your feet", communicate most of the retailers to the customers in today's hypercompetitive market. From product selection to product customization to payment to delivery, the customer can exercise extensive discretion in the purchase of products in the present scenario. Increased purchasing power, increased customer awareness and increased choices; the fate of retailers depends on their efficiency in winning and satisfying customers. Beneath customers' purchase of goods and services, lies the customers' desire for gratifying experiences (Burke, 2002).

The forces of globalization and competition compel the organizations worldwide to strengthen their position among competitors. Consistent stay in the marketplace requires developing sustainable competitive advantage. In order to gain superiority, the organizations must deliver value to the customers in the data rich environment (Pousttchi and Hufenbach, 2014). Competent strategies designed with customer involvement and provision of

* Assistant Professor, Department of Commerce, Motilal Nehru College, University of Delhi,
  Email:ekta9182@yahoo.co.in

indelible experiences to customers can assure success and survival to an organization. Organizations need customer support in the form of loyalty. A loyal customer base is the result of healthy and strong relationships between the retailer and customers. Organizations must satisfy their customers efficiently to excel in the competition. Satisfaction emanates from blending tangible and intangible marketing mix elements into vital customer experiences created and administered in accordance with the distinct customer needs.

Services have outperformed other sectors by contributing significantly to the growth of economies across the globe. The service sector in India has developed at a magnificent rate; at present it is the largest and rapidly growing sector of the economy. Retail tops the list of services and is making significant additions to the growth of economies worldwide. Retail has shown its remarkable effect on trade, income and employment. Indian retail industry appears charismatic and compelling. It makes India one of the most attractive retail destinations in the world. Big corporate players are investing in the retail space. Top global retailers strategize to take advantage of the opportunities offered by this evolving sector. As the retail sector progresses, the competition becomes more intense and retailers strive hard to gain loyal customers (Brynjolfsson, 2013).

Consumption is indispensable to one's life. Retail helps satisfy consumer needs and wants by ensuring the availability of products at the right time and place. Retail, which was traditionally associated with mom and pop stores, has become multifaceted. Economic development and technological changes have led to the emergence to new retail formats. Although the retail formats are multiple, customers perceive retail in totality, as a service that helps them fulfill their requirements. In this regard, establishing harmony among different retail formats becomes critical for the retailers. There is a call for omni-channel retail in the current digitized world. The phenomenon of omni-channel retail builds on the minimization of conflict between retail formats and establishment of synergy between multiple retail channels becomes essential for the retailers to succeed (Lazaris, 2014).

2. RATIONALE

The future of retail lies in creating synergies among different retail channels. Retailers need to make their presence among multiple formats in order to compete successfully. Operating in different retail formats enables the retailer to satisfy the customer to the best. The critical issue is the synchronization among the diverse retail formats to deliver a smooth customer experience. In this light, the present study presents an overview of the developments in the retail sector and highlights the need for creating a seamless experience.

3. THE STUDY

The present study seeks to assess the retail scenario in India. The study is exploratory in nature. It uses secondary data through journals, books, magazines and internet to analyse the evolving retail landscape.

The Emerging Retail Landscape

The retail scenario in India is getting transformed with the advent of modern retail formats. The boundaries between the retail formats are getting blurred. It is critical for the marketers to understand the changing dynamics of consumer buying behavior. Technological progressions have made the customers more powerful in asserting their demands and getting them fulfilled to their convenience. The emerging retail formats need be imbibed into the traditional formats to satisfy the customers to the best.

Instead of viewing the upcoming retail formats as a threat, the traditional retailers need to embrace the newer retail formats and adapt the evolving technology. Retail experiences need to be modeled to enhance customer engagement through digital technologies (Bhalla, 2014) and thereby induce customer loyalty. Brands connect with customers at an emotional level and delightful customer experiences can assist retailers build brand equity. The essential point is that the brand should perform steadily across all retail platforms with well-integrated systems to support the diverse points on interaction with the customer. The various retail points should be oriented towards a core ideology of ensuring customer satisfaction and building customer-loyalty (Bendoly, 2014).

Augmented Customer Expectations

Marketers are confronted with sophisticated, aware and knowledgeable customers. Blurring geographical boundaries and technological advancements have led to customer empowerment. Customers' expectations are on the rise (Rigby, 2011). Marketing strategies have become customer – centric. Customers in the present day scenario have augmented expectations from the retailers (Cassab, 2009); customers use several factors in their evaluation of retail channels. Dabholkar et al. (1996) on the basis of triangulation studies explored five dimensions for assessing retail store service quality: physical aspects, reliability, personal interaction, problem solving, and policy. The complexity of these dimensions varies in terms of the components that comprise them and customers perceive retail service quality at three different levels – a dimension level, an overall level and a sub-dimension level (Dabholkar et al.,1996). Assessment of retail performance is context and culture dependent, wherein diverse aspects have been used to investigate the quality of retail services. Literature reveals that accepted scales such as SERVQUAL (Parasuraman et al., 1998) and RSQS (Dabholkar et al., 1996)

when applied under varied retail settings lead to different factor structures consisting of multiple dimensions affected by the culture in question.

Omni-channel Retail

The paradigm of the retail landscape is changing with traditional retailers adapting omni-channel marketing (Cao, 2014). Consumer behavior becomes seamless as they move between traditional and online channels (Dijk et al., 2005). A retailer needs to reach out to the customers over probable shopping points. The concept of marketing involves designing and delivering as per customers' needs and preferences. A marketer needs to adapt to customers' thinking in order to ensure a prolonged stay in the market. Although the structural orientation of the retail formats lends variation in retail; customers do not differentiate between these formats. Effective management is based on the principles of integration and harmony. The different retail formats should not be seen as mutually exclusive ways of satisfying customers, rather these should be orchestrated towards the fulfillment of customers' requirements (Lazaris and Vrechopoulos, 2014). Retail should be perceived in totality and the diverse but complementary structures should work holistically with coordination.

Retail trends towards Omni-channel as consumers look for convenience across all retail formats. Retailers need to build their capabilities to meet the increasing demands of the customers. The different activities in retail such as marketing, supply chain, sales etc. needs to be positioned with respect to the goals, processes, technology and strategies (fig 1). Technology plays a significant role in providing seamless customer experience. Technology bridges the gap between the customer and the product, assists salespeople in assessing customer demand accurately on the basis of previous consumption behavior and makes the retail store efficient in fulfilling customers' requirements (Blázquez, 2014).

Fig 1: Integrating the Organizational Components across Retail Channels

| ← Coalescing and Calibrating Across Retail Channesl →			
Goals	Processes	Technology	Strategies
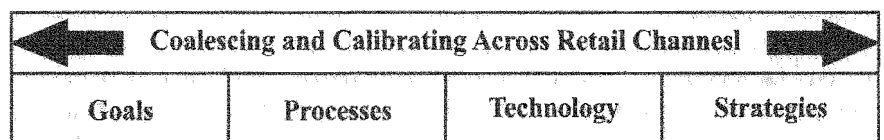
Communication should facilitate both demand and supply to provide a seamless experience to the customer. Customer requirements should be fulfilled effectively through the reengineered distribution system. Irrespective of the channel, retail demand must be met with efficiency. Retailers in order to distinguish themselves from competitor brands move towards omni-channel retail strategy. This enables retailers to satisfy customers and build customer loyalty. The customer experience enabled

through omni-channel retail (Newman, 2014) leads to competitive advantage (Intel Intelligent Systems, 2013). However, there exists is a gap between retail services and customer needs. Customers have heightened expectations and retailers need to reengineer the retail structure to provide effective customer experiences (Boulton, 2014). Omni-channel retail strategy requires abandoning the redundant retail strategies to complement the coordination between organizational functions.

Providing a Seamless Customer Experience

For organizations to gain a positioning in the marketplace, they need to be positioned appropriately in customers' mind. A favourable and positive customer attitude towards a brand depends on how effectively the brand has fulfilled the needs of the customer. There is a significant shift in what customers expect from the retailers. Customers' needs have shifted from products to brands to experiences. The basic customer needs have transpired. Customers want their specific needs to be satisfied in a specific manner. Customized offerings are replacing standardized products from the market to fulfill the emerging customer pursuits. Companies need to deeply engage with their customers by designing sensory experiences as per the profile of the target group. The seamless customer experience requires to be interactive, consistent across channels, flexible to be reshaped as per the customer, leading the customer to other retail channels, ubiquitous and optimize the costs for the retailer.

Fig 2: Essentials for a Seamless Customer Experience
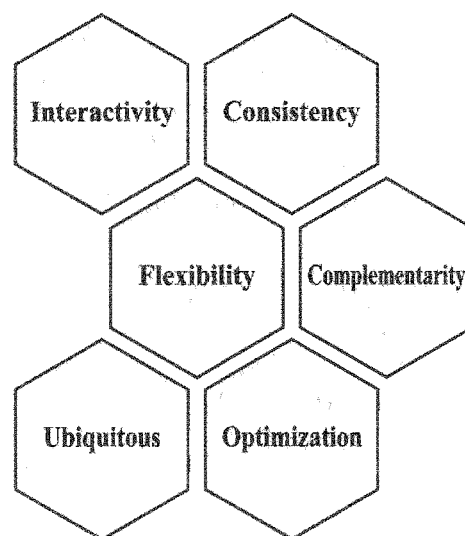
Retail is no longer perceived as a sale and purchase activity; rather customers look out for exchange with elements of fun and entertainment. Retail interactions need to be transformed into experiences with accurate understanding and application of individual customer behavior. Customers' expectations are on a consistent rise and retailers need to match it up through digitization, personalization and experience management (Ganesh, 2004). As customers juggle with the fast changing environment and technology, the key to keep the customer engaged is the delivery of memorable experience.

Retail formats bridge the gap between a retailer and its customers. Over years, retail formats have evolved in response to the dynamic forces. The traditional retail formats comprise of brick and mortar stores. These physical stores put heavy demand in terms of investment required for real estate, manpower and distribution. The traditional formats have served the needs of the customers since decades. With modernization setting in, the developed countries first witnessed a transformation in retail with the setting of modern retail formats. Hypermarkets, superstores, speciality stores, discount stores, category killers are some of the new retail formats which improved the shopping experience for customers. However, the technological advancements lead to retail revolution wherein the customers need not step out of their houses to shop. Shopping became much easier and convenient at one click. The emergence of online retail provided an altogether different shopping format where a retail store comes to the customer as and when required. Even though technology is becoming increasingly visible in the retail market, a major segment of consumers still prefer to shop in stores for the sake of convenience and acquaintance with the store people (Cianciulli and Yeung, 2012; Dorman, 2013). For customer patronage, retail stores need to create and deliver unique and fulfilling experiences to the digitally connected customers (Aubrey and Judge, 2012). For example, e-tailers (like Jabong, UrbanLadder, Myntra) have set up innovation labs that enables customers to configure and customize the product as per their specific requirements (Pani, 2015).

Evolving Retail: The Indian Context

With the growth of e-commerce, omni-channel retail will assume a significant role in reinforcing brick and mortar business in Indian retail. As the retail sector progresses, avid investors await FDI in B2B e-commerce to be allowed by the Indian government. Indian retailers will have to blend the human interface, social aspects and the technology effectively to deliver enriching shopping customer experiences. Although e-commerce is growing at an increasing rate, still it constitutes a very small percentage of total retail sales. With the co-existence of brick-and-mortar and e-commerce in the retail market, creating synergy between the retail

structures will be detrimental to the success in retail (Malviya, 2015).

The Omni-channel strategy of Snapdeal (one of biggest e-commerce Indian company) plans to cover multitude of brick-and mortar retailers through technological and logistical assistance (Bailay & Chakravarty, 2015). The company proposes to increase the footfall in these retail stores (brick-and-mortar) and make them more fruitful through a software platform designed for Indian retail. The software would divert an online consumer to a brand/product in an offline store within specified geographical boundaries. The consumers will be given an option to either purchase the product form the e-retailer or form the physical store located with the help of e-retailer. The huge investment in physical stores can be pulled through the sales solicited through the online stores.

Many of the brick-and-mortar retailers such as Future Group, Shoppers Stop Ltd, Arvind Ltd and Aditya Birla Group are adopting online retail structures and working out omni-channel strategies. Top e-retailers such as Snapdeal, Amazon and Flipkart are utilized by physical retailers to promote and sell their products online. Indian retailers are heading towards customer-oriented strategy with focus on customer convenience. These strategies strive at delivering a seamless shopping experience that grants the flexibility and control to the customer across retail channels- brick-and-mortar stores, websites, direct mail, mobile devices, networked appliances, home services and others. (LiveMint, 2015).

4. CHALLENGES AHEAD

Technological barriers, organizational rigidity, implementation problem are some of the issues that obstruct the execution of omni-channel retail strategy. For example, Flipkart, India's largest online retailer was affected badly due to technological failure (Wharton, 2015). The website could not operate efficiently with heavy customer traffic. This lead to withdrawal of customers' orders creating dissatisfaction among customers. Technology needs to be imbibed across all organizational operations (Lewis et al., 2014). The issue of data security has to be taken care of ensuring confidentiality of financial and other customer data. Demand order management between channels, channel specific packaging, IT supported inventory sharing, transportation optimization are other critical issues that need to be taken care of.

5. MARKETING IMPLICATIONS AND CONCLUSION

Success in the marketplace requires competitive advantage. With customer expectations touching new heights, no single format can satisfy customers. The different retail channels must work in harmony to deliver effectively to the customers. The dynamism of the forces surrounding market makes it imperative for the retailers to build omni-channel with synergy effects. The

challenge before the marketers is to establish compatibility between different channels (Moriarty and Moran, 1990). Creating and delivering seamless customer experience is a challenge for the retailers.

Omni-channel retail requires the retailers to redesign the retail strategies and processes with a view to integrate the diverse retail channels. With the objective of achieving a compact combination of costs, stocks, services and revenue, the omni-channel retail entails the application of optimization techniques within the framework of varied fundamentals and the drivers. In light of the aggressive market forces, retail needs to be backed by adequate research dwelling upon customer insight. Enlightened retailers can devise competent retail strategies and fulfill customer needs effectively by providing them with the best of all worlds.

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