Transitions towards omni-channel retailing strategies: A business model perspective

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Abstract

Purpose – Digitalization has been identified as a driving force behind retail sector transformation. The purpose here is to provide a deeper understanding of how omni-channel strategies link to the digitalization phenomenon. The study is explorative in nature and aims to expand existing knowledge by using a business model (BM) perspective.

Design/methodology/approach – The study uses a qualitative approach. Data collection involved a questionnaire answered by 13 firms from three retail segments (i.e. fashion, consumer electronics, and bookstores and media) and a group discussion with senior managers. The data were complemented with information from websites, applications and available online reports.

Findings – The findings present empirical insights about different strategic and BM approaches to omni-channel retailing and highlight examples of pioneering retailers from the Italian market. The proposed framework consolidates earlier studies and puts forward three dimensions for a successful transition to omni-channel retailing BMs: (i) a seamless customer experience, (ii) an integrated analytics system, and (iii) an effective supply chain and logistics.

Practical implications – Managers can employ an overview of mobile commerce usage to manage the process of integrating channels, within their BMs, alongside the customer journey. Particular attention should be paid to development and the use of data analytics tools as one of the dimensions with a significant impact on omni-channel management.

Originality/value – First, this paper applies a BM perspective as a novel approach for analysing a transition to omni-channel retailing. Second, it is based on empirical analysis of three retail segments, which provide new insights into omni-channel strategies in the retailing literature.

Keywords: Business Model, Digitalization, Italy, Mobile Commerce, Multi-Channel, Omni-Channel

Article classification: Research paper
Introduction

Rapid digitalization has many implications for the retail industry and marketing and operations processes in particular (Blut et al., 2018; Hagberg et al., 2016). A great deal of evidence highlights that consumers use smartphones in many daily routines, which contributes to changes in their shopping behaviour and the shopping process in general (Grewal et al., 2017; Pantano and Priporas, 2016). In fact, the integration of mobile and web-based online stores and physical store channels as a means for creating an omni-channel customer experience has been identified as a trend to address the changing role of retail organisations as agents that facilitate market infrastructure both physically and digitally (Brynjolfsson et al., 2013; Verhoef et al., 2009, 2015).

However, many organisations have struggled to implement omni-channel strategies that meet customer needs and operate efficiently (Hosseini et al., 2018). This has led to a situation where retailers are increasingly faced with the challenge of successfully transforming their business models (BMs); that is, their value architecture of omni-channel retailing (Massa et al., 2017; Teece, 2010) – a challenge that presents a substantial investment risk from the outset (Piotrowicz and Cuthbertson, 2014).

Several scholars have reflected on approaches by practitioners that show growing interest in the omni-channel strategy (Grewal et al., 2016; Hagberg et al., 2017; Piotrowicz and Cuthbertson, 2014). Moreover, they state that both academics and practitioners agree that topics such as the impact of mobile technologies on retailing and channel integration are important aspects for retailers’ omni-channel strategies, particularly since mobile commerce and payments can potentially redefine the use and format of physical stores (Taylor, 2016). Other authors have also reflected on these issues (Bezes, 2016; Burnes and Towers, 2016; Fulgoni, 2014) and have highlighted retailers’ incentives and the challenges and consequences from not adopting an omni-channel strategy. Emphasis has been given to either new logistics models that would accommodate omni-channel strategies (e.g. Saghiri et al., 2018) or marketing and communication aspects (e.g. Johansson and Kask, 2017). However, studies taking on a holistic business view remain rare. Moreover, the process of business changes through omni-channel strategies have remained under-investigated (Watson et al., 2015). Therefore, the aim of this paper is to create a deeper understanding of the overall changes in the way retailing business is done in light of omni-channel strategies. Thus, we pose the following question: What changes are required in BM design elements in the process of transitioning to omni-channel retailing?

To address this question, we employ a BM perspective, which allows us to observe and identify business model innovation (BMI) activities performed by retailers. This enables us to interpret them not only as innovative means for value delivery through different channels but also as new ways of value creation and appropriation (Schneider and Spieth, 2013; Sorescu et al., 2011; Teece, 2010). We study these activities as approaches that firms have employed to achieve the required design element changes. Moreover, we analyse BMI activities within each of the three dimensions that we put forward in our research framework, namely: (i) a seamless customer experience, (ii) an integrated analytics system and (iii) an effective supply chain and logistics.

Following a brief overview of the relevant literature on retail channel research, our research framework, methodology and research findings are presented. The paper concludes with a synthesis of findings, implications for future academic research and managerial relevance.
Theoretical Background

Particularities of omni-channel retailing

The retailing industry is undergoing transformation due to many processes driven by digitalization. One of the elements of digitalization refers to the interface between retailers and customers. Hagberg et al. (2016) discussed the creation of new forms of exchange places or retailer-customer interfaces and the integration of existing channels. These channels have been defined by Neslin et al. (2006 p.96) as “mediums through which the firm and the customer interact”. Dennis et al. (2014) outlined three typical channels for making purchases: traditional or physical (i.e. brick and mortar), web-based computer interaction and mobile devices. A number of authors have also acknowledged social retailing via social media sites as a channel (e.g. Levy et al., 2019). However, in this work, we delimit the study to the three main channels and consider social media as a touchpoint. In fact, within each of these channels, multiple possibilities for interaction exist via the different touchpoints between a retailer and a customer (Baxendale et al., 2015).

Customers are increasingly engaging with retailers across multiple channels during the same shopping process (Sit et al., 2018). Examples of how customers interact with retailers are “showrooming” (i.e. discovering a product in a physical store but finishing the purchase online) and “webrooming” (i.e. discovering online but purchasing offline). These are contemporary examples of different shopper behaviours (Sit et al., 2018), but examples are also available of the functionalities that retailers have implemented following observed changes in customer behaviour, such as “click & collect” functionality, an option to purchase online and pick up a product at a physical store (Gallino and Moreno, 2014). This differentiation is important to make, since shopper behaviour (unlike functionality implementation and channel integration) is not controlled by a retailer (Beck and Rygl, 2015).

Achieving integration of the three channels (physical, online and mobile) and enabling customers to shop in a seamless manner across them has been described as the omni-channel retailing model (Brynjolfsson et al., 2013; Hagberg et al., 2016). This model takes a customer-centric view to understand what drives newly observed shopping behaviours and adapts value propositions that address such changes. Management of such channel configuration has been defined by Verhoef et al. (2015 p.176) as “the synergetic management of the numerous available channels and customer touchpoints, in such a way that the customer experience across channels and the performance over channels is optimized”. That being said, the reason for a company to have an omni-channel retailing model is to benefit from their existing multiple channels, through product consistency, integrated promotions, data-sharing across channels and the integration of logistic activities (Berman and Thelen, 2004; Koizlenkova et al., 2015). It is also inferred that the integration of channels increases customer satisfaction and loyalty (Frasquet and Miquel, 2017) and that technology can be leveraged for data collection in an omni-channel environment (Grewal et al., 2017). The particular emphasis is on the opportunities that can arise from the integration of mobile channel, such as increased repurchase (Beck and Rygl, 2015) or the possibility for retailers to design and redesign existing purchasing processes (Giuffrida et al., 2019; Groß, 2015).

In this regard, Lemon and Verhoef (2016) conceptualised the customer purchasing experience as a customer journey in three stages (Figure 1). The activities that can be performed in each of these stages have changed due to the integration of the mobile channel and a transition to omni-channel retailing. For example, customers can use their smartphones to check prices and/or other options in the pre-purchase stage and then choose a specific payment option to use in a physical store or...
order online in the second stage. They can then collect the product from a physical store or have it delivered to their home address in the third stage.

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**Figure 1: Purchasing stages (adapted from Lemon and Verhoef, 2016)**

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It is therefore expected that as retailers pursue omni-channel strategies, businesses will need to be organised and managed in different ways than before. Indeed, Verhoef et al. (2015) were among the first authors to note this and to emphasise an understanding of the process of transitioning to omni-channel retailing as a key future research topic. Consequently, we approach this process—which predominantly depends on mobile, online and physical channel integration—with a BM view that can holistically explain and support a transition built on retailers’ value architecture.

**Business model perspective**

Previous researchers across different industries have highlighted the explanatory power of a BM perspective when analysing organisational challenges concerning external shifts (e.g. Karakaya et al., 2016; Tongur and Engwall, 2014; Visnjic et al., 2018). Similarly, we believe a BM perspective can provide significant insights into new management activities in omni-channel retailing. However, diverse contributions have given rise to a variety of ideas and definitions as to what a BM is and what it is not (e.g. Ghezzi, 2014). Foss and Saebi (2016) pointed out in a recent literature review that most authors agree with Teece’s (2010, p. 191) definition, where BM is defined as an “architecture of the value creation, delivery, and capture mechanisms” of a firm. We also employ this definition and believe that this architecture extends outside a firm’s borders and enables a company to relate to its external environment (Massa et al., 2017; Zott and Amit, 2010). This is particularly important because channel integration and transitions to omni-channel retailing strategies arose as a response to changes in the environment associated with digitalization. Having a BM perspective enables us to encompass and better understand the environmental shifts that drive changes in the value architecture of retailers.

In this regard, digitalization has been identified as an external driver of new forms of value creation (Amit and Zott, 2001), where leveraging complementarities among retail channels has been identified as one of those new forms (Sorescu et al., 2011). Moreover, Sorescu et al. (2011) argued that both what and how products are sold is important for retail BM, as well as the fact that in retailing, a direct interaction occurs with the end customer. That being said, one must not think only about the product but also about how it is presented and delivered to customers. Sorescu et al. (2011) presented different design themes for BMI, which have been described as new ways for value creation or value appropriation. However, value delivery mechanisms and value propositions have been highlighted by Cao (2014), who pointed out that these two additional critical lenses for examining different facets of BMI should be included in BMI discussions.

We therefore frame the use of a BM perspective in terms of innovation or the reinventing existing BMs by proposing new value propositions and designing novel value-creation and value-capturing mechanisms (Cortimiglia et al., 2015; Demil and Lecocq, 2010; Teece, 2010). Moreover, in the process of integrating the mobile channel with other available channels as part of an omni-channel strategy, our assumption is that retailers need to remix, substitute and/or eliminate aspects of previous BM design elements, and by doing so, they can achieve a sustainable competitive advantage. A BM perspective helps reconciling a traditional supply-side view of the firm with the
emerging demand-side approach, thereby placing the customer and customer value at the centre of
the companies’ activities and focus (Massa et al., 2017).

In line with these arguments, retail channels and their role in customer experience have not only
been discussed in the marketing literature but also represent an important part of the BM literature
channels serve multiple functions and can typically be represented with “channel phases” that can
be mapped to purchasing stages (presented in Figure 1). Furthermore, retail channels constitute
one of nine building blocks (or design elements) in Osterwalder and Pigneur’s (2010) Canvas BM.
The remaining eight building blocks are value propositions, customer relationships, customer
segments, key activities, key resources, key partners, cost structures and revenue streams (see
Figure 2). The way in which we use Canvas BM is not merely as a static model of nine elements,
but rather, as a frame that is subject to change and innovation, due to the different external aspects
of digitalization (Schneider and Spieth, 2013). It can be used as a blueprint to explain transitioning
to omni-channel strategies through changes and innovations in activities, processes and
organisational structures (Osterwalder and Pigneur, 2010).

Research framework
By combining these two research streams, we state that by redesigning BM design elements and/or
proposing new ways to interconnect them, the transition to omni-channel management can be
analysed. We consider this transition through BMI activities within each of the three dimensions
of omni-channel retailing, namely, a seamless customer experience, an integrated analytics system,
and an effective supply chain and logistics. These three areas (see Figure 2) were inspired by the
previously discussed review of relevant literature and substantiated by the work of Bettucci et al.

Figure 2: BM design elements at the core of transitioning to omni-channel retailing

To adapt to changing customer behaviour, the creation of a seamless customer experience has
become the core aspect of omni-channel retailing. In turn, a seamless customer experience is
empowered by retailers’ use of customer data across channels and, eventually, by enabling
customers to have flexible and customised shipping preferences.

Seamless Customer Experience
One important factor involved in this dimension concerns technology, where smooth and
consistent customer experiences across channels can be achieved through the use of technology
(Cook, 2014). Specifically, retailers should embrace technological innovations in the omni-
channel environment (Taylor, 2016) and use information-enhancing technology in physical stores
to enhance customer experiences (Kumar et al., 2017; Willems et al., 2017). The advancement of
technology has also resulted in changes in the payment ecosystem, which has led to the
proliferation of digital transactions and mobile payments in retailing (Taylor, 2016). Moreover,
Kumar et al. (2017) argued that integrating loyalty programmes with mobile wallets increases
loyalty and retailers’ performance. Finally, Grewal and Levy (2009) highlighted the strategic
importance of social media to customer experience, while Yumurtacı Hüseyinoğlu et al. (2017)
discussed social media in terms of the social commerce it enables.
Integrated Analytics System

The second dimension relates to the analysis and use of customer data from one channel and leveraging it for use in another. Neslin and Shankar (2009) discussed the relevance of a single customer view and highlighted customer analysis as an important aspect of customer management when channels are integrated. The data from different touchpoints must be integrated and reflect a common understanding of a customer. Moreover, Kumar et al. (2017) showed that the use of data-driven business insights across channels can result in profitability. Finally, Arora and Sahney (2017) stressed taking advantage of the data acquired in one channel to enhance experiences in another and to have new metrics that are relevant and monitored in all environments.

Effective Supply Chain and Logistics

The construction of the third dimension finds support from Kozlenkova et al. (2015), who stated that aspects of different functions of supply chain management should be coordinated and integrated across channels, not only for the benefit of retailers but also for creating new value for the end customer. Moreover, they highlighted the importance of reverse logistics, particularly in terms of finding the optimal channel for returns and the associated consequences for all members of the supply chain. This is particularly important, since return management has been shown to contribute to highly complex logistics dynamics (Ghezzi et al., 2012) and as having a significant environmental impact in omni-channel retailing (Giuffrida et al., 2019). Finally, supply chain restructuring seems an inevitable aspect of transitioning to omni-channel management, which in turn will not be possible without organisational flexibility among retailers (Sorescu et al., 2011).

Methodology

Case studies are commonly used to capture the view of a range of aspects and to provide in-depth insights into the context of a researched phenomenon. Multiple case studies provide opportunities for capturing dynamics, change and transition (Eisenhardt, 1989; Yin, 2014). In our study, using a multiple case study approach, the data were acquired using a questionnaire sent to 13 firms across three Italian retailing sectors. These companies were from fashion, bookstores and media, and consumer electronics sectors. All the companies, at the time, had both a physical and online presence. Furthermore, the questionnaire collected data on the retailers’ usage of the mobile channel and channel integration exemplar functionality (click & collect). Conversely, shopper behaviour examples of cross-channel activities, such as showrooming were not included, as they are not directly observable or controlled by retailers. This data allowed us to compare cases across product segments and retail channels, which is in accordance with the multiple case study method developed by Eisenhardt (1989), and supports the research problem at hand. The interviewed firms all operate in Italy, and some have a global presence. We argue that the case studies are internationally representative, particularly since trends in retailing are becoming more similar around the world (Yumurtacı Hüseyinoğlu et al., 2017).

To create a more comprehensive understanding of the data collected using the questionnaire and to corroborate our findings, we also collected comments provided during a roundtable discussion with managers. In this paper, we discuss three companies that are used to exemplify three pioneering firms’ current strategies, activities and practices; for the sake of convenience, we address them as case examples, as Weill and Olson (1989) similarly did. These are the companies that stood out in terms of their activities and enthusiasm for working on omni-channel management: OVS, a traditional brick and mortar retailer, Luxottica, an original glass producer for different brands of glasses, ePrice (formerly Banzai), a pure e-commerce retailer. OVS was
represented by its e-commerce director, Luxottica was represented by its e-commerce operations
director, and ePrice was represented by its chief operations officer. We used their statements,
which were given during the discussion, as we believe they are sufficient for explicating their
activities and for devising general findings regarding transitioning to omni-channel strategies. In
addition, we used their statements to capture knowledge about how practitioners responsible for
omni-channel strategies approach the transition to an omni-channel retailing model.

We also used other sources of public data from retailers’ websites, press releases, reports, and
strategic announcements. Moreover, we examined online stores and mobile applications for
available features, such as store and product information, shopping lists, QR scanners, payment
functionality and options, delivery, pick-up and return options. These observations were used to
enrich our understanding of cases, activities and approaches to omni-channel management.

To discuss and present results, we used the frameworks in Figure 1 and Figure 2. Furthermore, we
used a Canvas representation of a BM for data analysis since we deemed participants’ use of
vocabulary to be consistent with a Canvas BM and thus suitable for ours study. Finally, concerning
data analysis, one of the authors had the primary responsibility of gathering data and conducting
the initial analysis. Others were in charge of pointing out areas requiring more data and later
offered alternative explanations for developing findings. These measures were taken to avoid
single author bias concerning findings and to enhance the credibility of the study.

Findings
All 13 companies in the empirical analysis had a physical and online web-based store and a mobile
web page (i.e. a web page optimised for a smartphone environment) (see Table 1). The majority
of the companies offered mobile applications for a smartphone, which primarily provide customers
with functionality in the pre- and post-purchase stages, for example, additional information about
products, frequently asked questions, and order tracking. Some companies did not offer mobile
commerce over mobile applications. This was likely related to the current changing payment
ecosystem, which involves factors such as regulations, different (local and global) solutions in the
market, and adoption barriers.

Table 1: Offered functionalities across three retail product segments (√ = provides; — = does not provide)

Click & collect functionality exemplifies the level of integration between online and physical
stores. For consumer electronics and books segments, this functionality was offered in all
instances, whereas for the fashion segment, this was a more erratic situation; some retailers also
offered services such as pick & pay, particularly in cases where payment via an application was
not possible (e.g. company 12). This service, similar to the click & collect service, allows the
customer to order a product in an online environment and to pay and collect it in a physical store.
This service is a typical example of a transitional offering, up to the point where all the functions
of an omni-channel approach become available. Furthermore, considering both columns in Table
1 (”mobile application” and ”click & collect”), it can be inferred that some retailers have opted for
thorough development of either a mobile application or a click & collect service, while others have
developed both. Our analysis suggests that retailers work on both functionalities in parallel, only
to see one successfully implemented before the other. Nevertheless, retailers do tend to first enable
a mobile channel for pre- and post-purchase stage functionalities and then introduce mobile
commerce. However, additional data is needed to understand these outcomes and the factors hindering further integration and use of the mobile channel.

It is nevertheless clear in our study that consumer electronics and bookstore and media categories are on average more advanced than fashion and apparel, in terms of using the mobile channel and the integration of channels. These segments are the ones that initially experienced competition from large Internet organisations, such as Amazon and eBay, and had to work progressively as a result to integrate channels and create unique customer experiences early on. Moreover, consumer electronics and media are characterised as products that do not necessarily need to be touched prior to purchasing. Products from the fashion segment, in contrast, have long been shopped for in physical stores, mostly because customers need to touch these products and experience them before purchasing. This has also been changing recently, with home deliveries and returns being much more available. However, this puts additional pressure on the supply chain and logistics of omni-channel retailing. Furthermore, the fashion segment provides rather diverse but nonetheless particular insights, and the fashion industry’s specific contextual variables (including cost pressure, quality, globally dispersed supply networks and high demand uncertainty) significantly influence brands’ retail strategies as they relate to channel integration and a general approach to omni-channel management.

Despite these differences, examples of retailers can be found in each of the product segment groups that have enabled the entire mobile channel for use and that have implemented click & collect functionality. These examples feature both mono- and multi-brand retailers. As such, it is not always the case that channel integration works better with mono-brand retailers. We discovered that legacy IT systems, separately designed for each channel, act as one of the main barriers to integration and that conditions for omni-channel offers will emerge with new technology and significant development. One of the fashion retail cases that creates and markets multiple brands (company six) has been working towards the omni-channel approach by investing in technologically advanced projects. This will help to create a seamless customer experience by using RFID technology installed in physical stores and will assist in achieving an effective supply chain and logistics.

To deepen these findings, three companies (OVS, Luxottica and ePrice) were used to illustrate in more detail the integration efforts related to omni-channel and adaptation to the changing business environment. Examples of the strategies of these three specific retailers are structured and analysed with the help of the three dimensions mentioned previously.

**Seamless Customer Experience**

OVS’ e-commerce director mentioned that its customers are engaging in more webrooming while shopping in a physical store than previously. This is a very clear indication of customers using more than one channel during the same purchase. What also occurs, however, is that people often leave a physical shop because they do not, for example, find a desired size when shopping for clothing, which leads to a lost sale. This clearly shows that retailers are not sufficiently prepared, since, for example, no in-store technology can help customers order a product in their desired size. Creating a seamless customer experience means that customers should be able to view product availabilities across channels. OVS’ representative explained that they introduced e-commerce with a very clear desire to create synergy between online and offline channels; in-store interactive digital kiosks can potentially help with the recovery of some sales and maybe even enable
reservation of a product in one physical store at the time the customer searches for it in another physical store. These intentions reflect clear ideas for customer relationship change, motivated by both the intention to acquire and retain new customers through channel integration. Moreover, such retail activities can potentially create a lock-in effect and affect innovations at the purchasing stage. Luxottica’s representative stated that the company was in the process of evolving their channel strategy and in the process of consolidating different channel aspects to increase capabilities and improve the customer experience while still needing to develop customers’ mobile experience. For us, these statements reflect their plans to change and improve customer value propositions through channel integration.

In-store technology can positively contribute to bridging that gap between product availability in different channels and represents a potential key resource for retailers. OVS’ representative mentioned that Wi-Fi access and click & collect services are, in this regard, the basic features required but also added that something extra was needed. For example, OVS’ “magic fitting room” is an interactive dressing room that can suggest products that will best fit with what a customer is in the process of trying on.

As OVS was the company that worked the most on the customer experience, it is understandable that it believes that customers can become bloggers and contributors to the retailer’s social world. One of the factors involved here is social customer engagement. It is no longer sufficient to trust “word-of-mouth”; creating an experience is needed by engaging customers to act on their own and to post online material that promotes the brand. In other words, organisations must turn customers into their own partners, or maybe even into resources of brand promotion, while enhancing their relationships at the same time.

**Integrated Analytics System**

To follow customers’ changing shopping behaviour and create additional value through customer experience, an integrated analytics system is needed, in which integrated data analytics serves as the backbone of all front-end retail activities. For example, ePrice reported that customers prefer more options and direct services. It therefore takes the position that with data analytics, companies such as Amazon (or ePrice) will take over the market share and become next-generation leaders, rather than multi-channel actors such as Unieuro or MediaWorld.

Being an online pure player, ePrice, like Amazon, has the option of developing systems that work across channels and utilising personalisation and single customer views to offer unique services and experiences. Only ePrice has a physical presence dedicated to delivery, and as such, its integration activities are less complex, since web and mobile commerce both occur online. Furthermore, ePrice studies the customer journey to observe different behaviours in relation to the types of products purchased. The company conducts extensive research to fulfil clients’ needs. Moreover, by relying on data analytics and customer journey analyses as new key resources, changes in value propositions can also be expected.

Other retailers with physical stores, such as OVS, also work to provide value for customers by having integrated analytics systems. The real goal is to enable technology for one-to-one interaction with clients based on a multi-level marketing approach, according to the company’s representative. Sales agents must accept that online channels are not forms of competition; they
are simply new key resources that a retailer can use. The representative also added that a mobile application is better than a loyalty card and that the final goal is always to satisfy the customer.

**Effective Supply Chain and Logistics**

As mentioned, ePrice does not have physical stores, but does have physical delivery points. The company’s COO stated that it takes a twofold approach. On the one hand, it offers a pick & pay solution, where the customer chooses a product online but collects and pays for it at a physical point. On the other hand, they are locally oriented by investing and using different distribution channels at the “last mile”. These aspects depend on the retailer’s partnerships and primarily reflect the organisation’s model, which should support an effective supply chain and logistics. Furthermore, ePrice offers its customers the option to return a product to a delivery point or to pay for a courier return, which is a common practice among online pure players.

Luxottica, in contrast, has different B2C brands but a single back end. The company has a vertical organisational structure, as its representative stated, and has experienced challenges in terms of how to choose a supply chain for good integration between channels. Such an organisational structure proved to be a good approach for Luxottica, and the company is currently proud that it can deliver a custom-made product anywhere in the world within four-to-five days, thanks to their supply chain. This is an example of resource redesign to fit current needs.

OVS may be a unique case, as the return aspect of an effective supply chain and logistics plays a significant part in value proposition. OVS supports all three channels and allows returns across them. This means that even if a purchase was made via a web-based store, a product can be returned to a physical store. This is yet another feature contributing to the case of good practice in omni-channel retailing.

**Summary of the three illustrative cases**

Based on the previously discussed information, it can be inferred that OVS focuses on a seamless customer experience and the use of in-store technology in the first two purchasing stages. Alternatively, ePrice focuses on analyses of customer data (integrated analytics system) and purchase behaviour, while Luxottica places an emphasis on an effective supply chain, with an additional focus on demand and delivery (third purchasing stage). These three cases represent different approaches for pursuing an omni-channel strategy, but all three companies have in common a focus on customer needs. Figure 3 presents examples and opportunities that retailers may find worth exploring across the three purchasing stages.

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**Discussion and conclusion**

In this paper, the researchers investigated the omni-channel strategies that aim to establish a focus on enhancing customer experience and organisational performance throughout three channels offered by an organisation (Verhoef et al., 2015). Moreover, the paper uses a BM perspective (Osterwalder and Pigneur, 2010; Sorescu et al., 2011; Teece, 2010) to address retail digitalization, as discussed by Hagberg et al. (2016), to illustrate various activities and innovations that happen at the retailer-customer interface and how this impacts retailers’ overall value architecture. We
have adhered to the call by Hagberg et al. (2017) to collect data about practical examples of digitalization and to Teece's (2018) call for understanding BMI within different industries.

Herein, a framework is proposed that highlights three dimensions that mark successful coordination and integration of retail channels, enabling a transition to omni-channel retailing. Specifically, these dimensions are a seamless customer experience, integrated data analytics, and an effective supply chain and logistics (see Figure 2). Furthermore, by looking into retailers’ adaptive activities in relation to the pursuit of an omni-channel strategy through these three dimensions, we identified the main required changes in BM design elements in response to a posed research question. We have observed that these changes are epitomized by new value propositions and value delivery designs. The former is reflected through enhancing the customer experience by the use of technology, while the latter embodies partnerships within the value network. Moreover, for each dimension, we identified the relevant BM elements that have been restructured for an omni-channel strategy as follows. For a seamless customer experience, a value proposition element should be redesigned, and activities surrounding customer relationship management should be rethought. The focus here should be on the mobile experience and enhancing it by enabling product scanning in physical stores, membership schemes and different mobile payment options. To develop an integrated analytics system, new knowledge creation activities that drive business should be explored. Here, data generated on users’ mobile devices can play a crucial role in redesigning certain BM elements. Finally, for an effective supply chain and logistics, evolving partnerships in value networks and activities related to demand and delivery fulfilment should be considered (see Table 2).

Table 2: BM innovations relevant for the management of retail transformation

Additionally, although different analysed companies had different approaches to omni-channel strategies, each began by addressing one of the dimensions therein, and in doing so, they all shared a common motif: satisfying customer needs. A focus on the customer has been highlighted as the basis for retailers’ BM by Sorescu et al. (2011). In the current omni-channel environment, this has become a central concept. Consistent with previous reports (e.g. Hagberg et al., 2017), our study confirms visible changes to retail formats that combine physical and digital aspects to address customer needs (see Figure 3). These changes, reflected through BMI activities, create value for customers while enabling retailers to appropriate value. In addition, our study emphasises the importance of the delivery of value in terms of interacting with customers, and how a product is sold (i.e. value proposition).

Moreover, it is interesting to note that, despite observing diverse value configurations – and diverse BMs in each of the retail sectors as a result – we did not observe diverse ideas about the focus on enabling frictionless interaction with the customer across different channels. For example, the physical stores of fashion retailers have traditionally been viewed as spaces of inspiration for customers, and the BM surrounding such a value proposition is seen as relatively unique; however, with an omni-channel approach, such sector particularity is increasingly diminishing. This may suggest that even though particular sectors do dictate specific BM designs, the current focus on customer needs is establishing a relatively stable idea behind omni-channel retailing BMs. This finding will require further research to be deepened and confirmed.
Implications for research

We conclude that research about organisations transitioning to omni-channel retailing can benefit from a more integrated approach. Our study highlights the importance of a BM perspective in current retail transformation and in the digitalization process of a retailer-customer interface (Hagberg et al., 2016). In addition, contributing to the lack of theoretical embeddedness of research in omni-channel retailing (Galipoglu et al., 2018), our study highlights the usefulness of a BM perspective as one that integrates marketing, operations and logistics aspects and that, as such, can provide a comprehensive view for analysing all aspects of a business and its transformation. We also propose that BM innovation aspects cannot only be explained through value creation and appropriation, as reported by Sorescu et al. (2011); we posit that framing the benefits of new logistics models as new value propositions and organising them in coordination with partners within the value delivery dimension must also be reflected on. The consideration of proposition and delivery value dimensions as components of retail BMs is also suggested by Cao (2014). Moreover, in accordance with the proposed pillars of omni-channel retailing by Bettucci et al. (2015), we put forward a comprehensive framework that can help researchers delimit and focus their studies to one of the omni-channel dimensions. Finally, it is important to highlight that organisational structure will have to be updated so that a company’s strategy is aligned with omni-channel management and the specific style of stores in each of the channels. Therefore, new activities, networks and information systems have to be developed to support omni-channel management.

Implications for practitioners

This study offers three implications in a managerial context. First, understanding the extent to which the mobile channel is used by retailers in each retailing segment will help managers make informed decisions and benchmark the functionalities and services offered by the competition. We offer a brief description of mobile channel use across three retail segments and highlight the factors that can help managers make strategic decisions about omni-channel business approaches. We observe that none of the product segments fully employ the mobile channel, leaving significant room for advancement and growth. Secondly, the paper identifies and analyses company cases within each of the proposed dimensions and across the customer journey (see Figure 3), offering managers a way to prioritise aspects that should be addressed during the implementation of an omni-channel strategy. Finally, managers dealing with digital development should keep in mind the importance of data analytics based on data acquired through in-store technology and through tracking customer behaviour via customers’ devices. New competencies and activities should be developed to be able to adequately use this data and to plan and optimise operations and customer experiences across different channels and touchpoints.

Limitations and future avenues of research

We hope that this study helps both academics and practitioners to understand current changes in the retailing environment and BMIs in response to these changes. However, we are aware of the limitations of the study, such as focusing on only three retailing channels and only incorporating aspects regarding click & collect functionality in our questionnaire, while leaving out elements related to purchase behaviour and social media. We aimed to provide a broader understanding of the phenomena at hand, rather than focusing on micro facets. By leveraging three illustrative cases, we employed roundtable testimonies to complement publicly available data. We are aware of the limitations in terms of an inability to gain the same depth of data that potentially could have been obtained with multiple interviews. This aspect, combined with the fact that a case study design
introduces limitations to generalisability, has not been identified as a problem, since the aim of this study was to explore current omni-channel strategies and expand existing knowledge on the topic. In line with this argument, we offer future research avenues that can potentially verify and extend our findings. A study that uses a mixture of quantitative and qualitative methods will be of significant value for testing our findings on a larger sample and in different markets. Further studies can also address questions that reflect adaptability and the importance of each of the retail BM design elements in each of the stages of the customer journey. For example, researchers can focus on the purchasing stage and analyse which BM design elements to change and how, based on the adoption and integration of mobile payments in the purchasing process. Additionally, researchers can observe the BMIs required for following up on the customer journey and how they may change in contemporary and redesigned physical stores. Such topics reflect the future research to be carried out as a result of the current study.

References


Figure 1: Purchasing stages (adapted from Lemon and Verhoef, 2016)

Figure 2: BM design elements at the core of transitioning to omni-channel retailing
Table 1: Offered functionalities across three retail product segments (√ = provides; — = does not provide)

<table>
<thead>
<tr>
<th>Retail product segment</th>
<th>Company identifier</th>
<th>Range of turnover (mil EUR)</th>
<th>Physical and online store</th>
<th>Mobile web store All purchase stages</th>
<th>Mobile applications Pre- &amp; Post-purchase stage</th>
<th>Purchase stage</th>
<th>Click &amp; Collect</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Fashion</strong></td>
<td>One</td>
<td>500–1500</td>
<td>✓</td>
<td>✓</td>
<td>—</td>
<td>—</td>
<td>✓</td>
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<tr>
<td></td>
<td>Two</td>
<td>100–500</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td></td>
<td>Three</td>
<td>500–1500</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
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<tr>
<td></td>
<td>Four</td>
<td>500–1500</td>
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<td>✓</td>
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<tr>
<td></td>
<td>Five</td>
<td>above 1500</td>
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<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Six</td>
<td>500–1500</td>
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<td>✓</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Seven</td>
<td>100–500</td>
<td>✓</td>
<td>✓</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Eight</td>
<td>100–500</td>
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<td>✓</td>
<td>✓</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Bookstore and media</strong></td>
<td>Nine</td>
<td>100–500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td></td>
<td>Ten</td>
<td>100–500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Consumer electronics</strong></td>
<td>Eleven</td>
<td>above 1500</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>—</td>
</tr>
<tr>
<td></td>
<td>Twelve</td>
<td>above 1500</td>
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<td>✓</td>
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</tr>
</tbody>
</table>
### Seamless Customer Experience
- Customers webrooming
- Magic fitting room

### Integrated Analytics System
- Track behaviour across all channels that lead to the purchase stage
- Data analysis of customer decisions leading to purchase

### Effective Supply Chain and Logistics
- Reserve a product that is not in stock
- Enable payments after pick-up or delivery

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**Figure 3:** Retail industry use cases alongside the customer journey
### Table 2: BM innovations relevant for the management of retail transformation

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>BM elements</th>
<th>BMI activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Seamless Customer Experience</strong></td>
<td>Customer Relationship</td>
<td>Install in-store technology to enhance offers and synergy across channels</td>
</tr>
<tr>
<td></td>
<td>Value Proposition</td>
<td>Offer services such as click &amp; collect, and developing experience on mobile devices</td>
</tr>
<tr>
<td></td>
<td>Key Resources</td>
<td>Engage customers through social media and inspire them to become brand ambassadors</td>
</tr>
<tr>
<td></td>
<td>Value Proposition</td>
<td>Create personalised offers and direct services based on data analysis</td>
</tr>
<tr>
<td></td>
<td>Key Activates</td>
<td>Develop capabilities for data analysis to enhance customer experience and logistics effectiveness</td>
</tr>
<tr>
<td></td>
<td>Key Resources</td>
<td>Internalise mobile and online stores as non-competing resources to a physical store</td>
</tr>
<tr>
<td><strong>Integrated Analytics System</strong></td>
<td>Key Partners</td>
<td>Partner with local companies or invest in physical touchpoints for delivery/returns</td>
</tr>
<tr>
<td></td>
<td>Key Activities</td>
<td>Develop a network and/or partnerships that can fulfil new customer expectations</td>
</tr>
<tr>
<td></td>
<td>Value Proposition</td>
<td>Invest in technology (e.g. RFID) that can help create additional value for customers</td>
</tr>
</tbody>
</table>