



MK 322 Retail Management

Chapter 3: Multichannel Retailing

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Multichannel Retailing



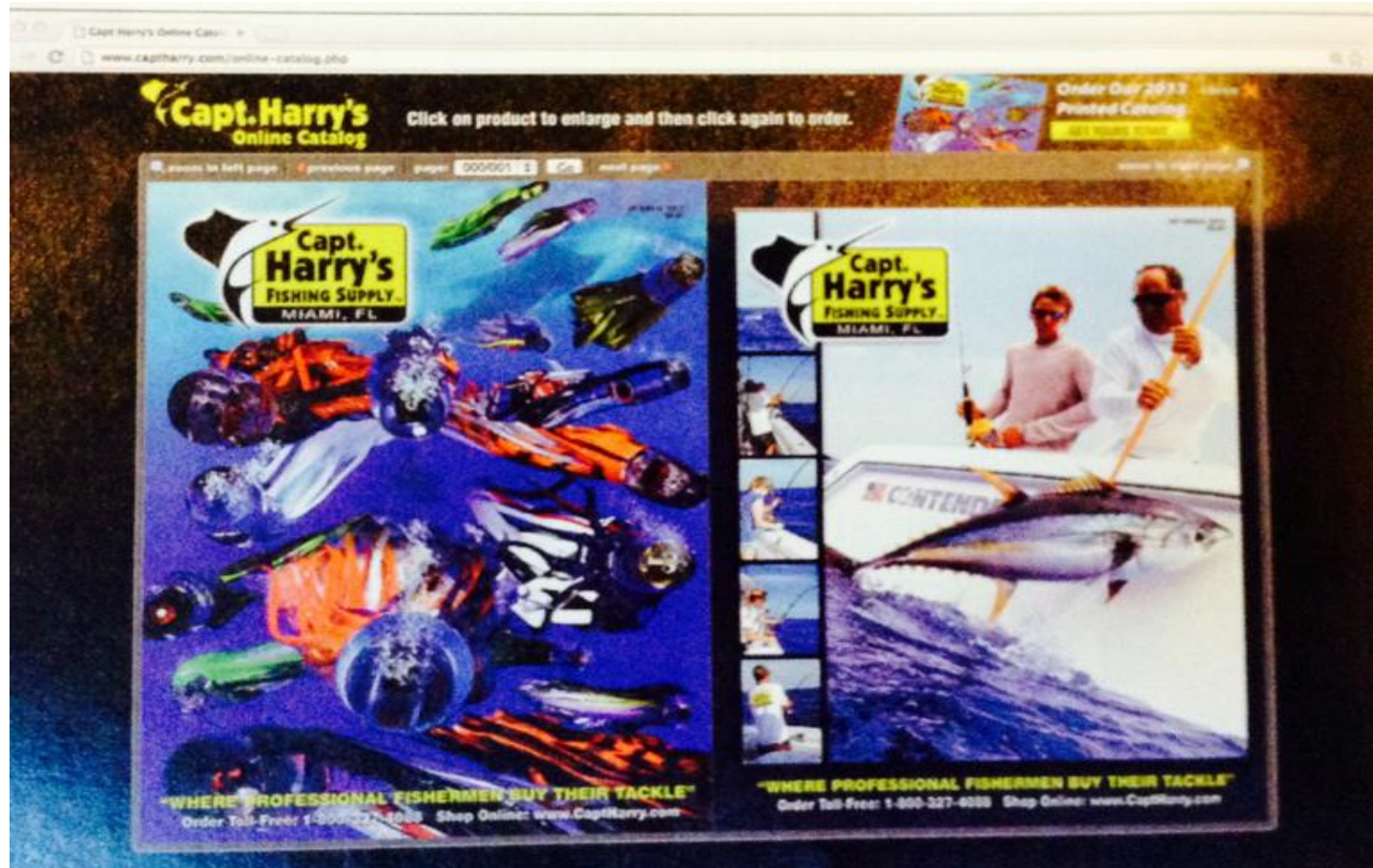
Multichannel Retailing

- **Retail Channel: the way a retailer sells and delivers merchandise and services to its customers.**
- The most common channel used by retailers is a store.
- Retailers also use a variety of nonstore channels, including the Internet, mobile, catalogs and direct mail, direct selling, television home shopping, direct-response TV, and automated retailing (vending machines) to make sales to customers.

Multichannel Retailing

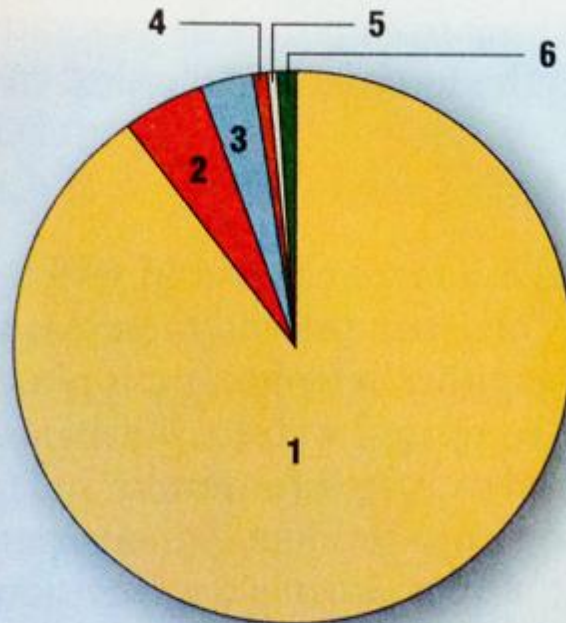
- Multichannel retailing: involves using more than one channel to sell and deliver merchandise and services to customers.
- Omniretailing: is frequently used when discussing multichannel retailing; it refers to a coordinated multichannel retail offering that provides a seamless customer experience when using all of the retailer's shopping channels.

Multichannel Retailing



Even small, single-store retailers like Harry's Fishing Supply Interact with their customers through multiple channels

Nonstore Retail Channels



Total	
1 Store	89.8%
2 Internet	4.7%
3 Catalog	3.1%
4 Direct selling	0.9%
5 TV home shopping	0.5%
6 Automatic	0.9%

SOURCES: U.S. Census Bureau, "Estimates of Monthly Retail and Food Services Sales by Kind of Business: 2009," www.census.gov/retail/mrts/www/data/excel/mrtssales92-09.xls; personal communication with the Direct Selling Association, Direct Marketing Association, and National Automatic Merchandising Association.

*Excluding sales of motor vehicles, food services, and travel.

Exhibit 3-1
U.S. Retail Sales by Channel

Internet Retailing Channels- Electronic and Mobile Retailing

- Internet Retailing is the fastest growing channel.
- Involves interacting with consumers via the Internet, whether they use a traditional computer or a laptop, a variety of sizes of tablets or a smartphone.



Internet Retailing Channels- Electronic and Mobile Retailing

- Mobile channel (also called mobile retailing, mobile commerce, or m-commerce) involves accessing the Internet using a smartphone.
- The Internet is a facilitating rather than transformational, technology with respect to most sectors of the retail industry.
- 75% of us consumers use internet to search for information about clothes, shoes, toys, health and beauty aids before go to store to buy

Catalog Channel

- The Catalog channel: a non store retail channel in which the retail offering is communicated to customers via catalog mailed to customers
- Their role is shifting from primarily generating sales to building a brand image and driving traffic to the Internet and physical stores



Direct-Response TV (DRTV) Channel

- DRTV channel: a retail channel in which customers watch a TV advertisement that demonstrates merchandise and then place orders for that merchandise (by phone operations or accessing internet to use company's website)



Direct-Response TV (DRTV) Channel

2 types

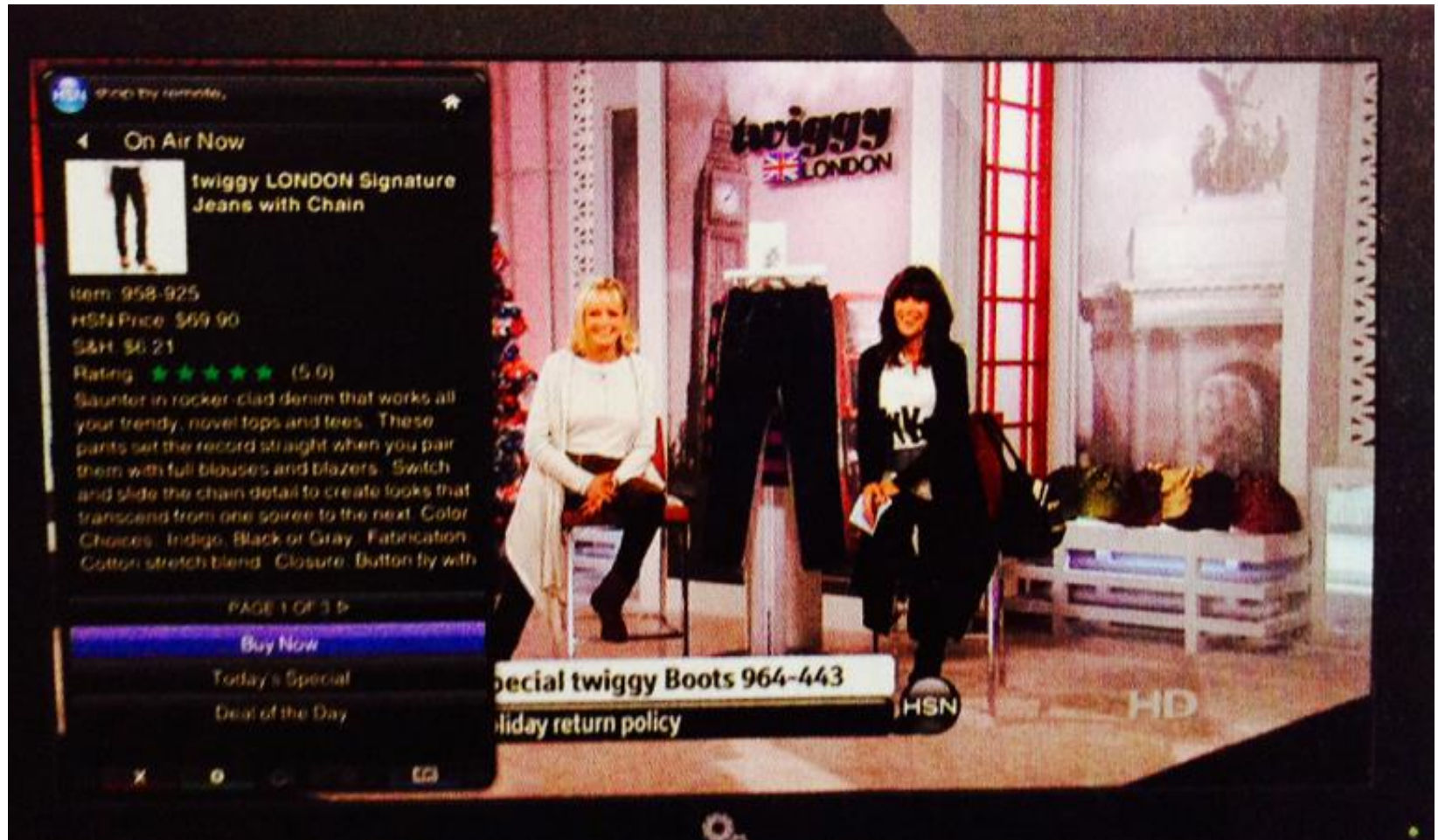
1. Informercial : 30-60 mins long mixing entertainment with demonstrations
 2. Short one-to-two minute advertising on TV
- US. \$150 million annual retail sales



Television Home Shopping Channel

- Television home shopping: a retail channel in which customers watch TV network with programs that demonstrate merchandise then place an order
- US annual sales is \$20 billion
- Also embraces social media, as today consumers is interacting with TV home shopping channels on multiple screens.

Television Home Shopping Channel



HSN's sales have more than doubled after it started selling more well-known brands.

Automated Retailing(Vending Machines) Channel

- Automated retailing: retail channel in which merchandise or services are stored in a machine and dispensed to customers when they deposit cash or credit card
- Automated retailing machines or known as vending machines are typically places at convenient, high-traffic locations.

Automated Retailing(Vending Machines) Channel



Benefits of Store Channels




Stores	Catalogs	Internet
		
<ul style="list-style-type: none">Touching and feeling merchandisePersonal serviceRisk reductionImmediate gratificationEntertainment and social interactionBrowsingCash payment	<ul style="list-style-type: none">SafetyConvenienceEase of use	<ul style="list-style-type: none">SafetyConvenienceBroad and deep assortmentsExtensive and timely informationPersonalization

Exhibit 3-2
Benefits Provided by Different Channels

Benefits of Catalog Channels

- Consumers can look at merchandise and place order anywhere 24/7
- Consumer can refer to information in catalog any time by simply picking up from coffee table
- Catalogs are easier to browse than websites
- IKEA's catalog is a good example
- Dramatically improved the content and user experience by including augmented reality

Benefits of Catalog Channels

INVITING DIGITAL IDEAS TO PAPER PAGES

With this year's catalog, we want to give you more. That's why we've added inspiring films and interactive features to delight, entertain and offer even more ideas and insights for a better life at home. We love having a printed catalog that can be a part of everyone's homes all year long, but with today's technology you get more:

- films with how to's and behind-the-scenes clips
- image galleries with additional photos
- stories from product designers
- 3D and interactive views

To access the bonus material, you can download the app to smartphones/tablets or see everything at IKEA-USA.com. If you're using a smartphone or tablet, look for the phone symbol throughout the catalog (as seen below) and scan the whole page.



SCAN THIS PAGE
TO UNLOCK
EXTRA
CONTENT



Benefits of the Internet Channel



Benefits of the Internet Channel

- The addition of the Internet channels has potential to offer a greater selection of products.
- They allow retailers to provide more information.
- They enable retailers to provide customers with more personalized information about products and services.

Benefits of the Internet Channel

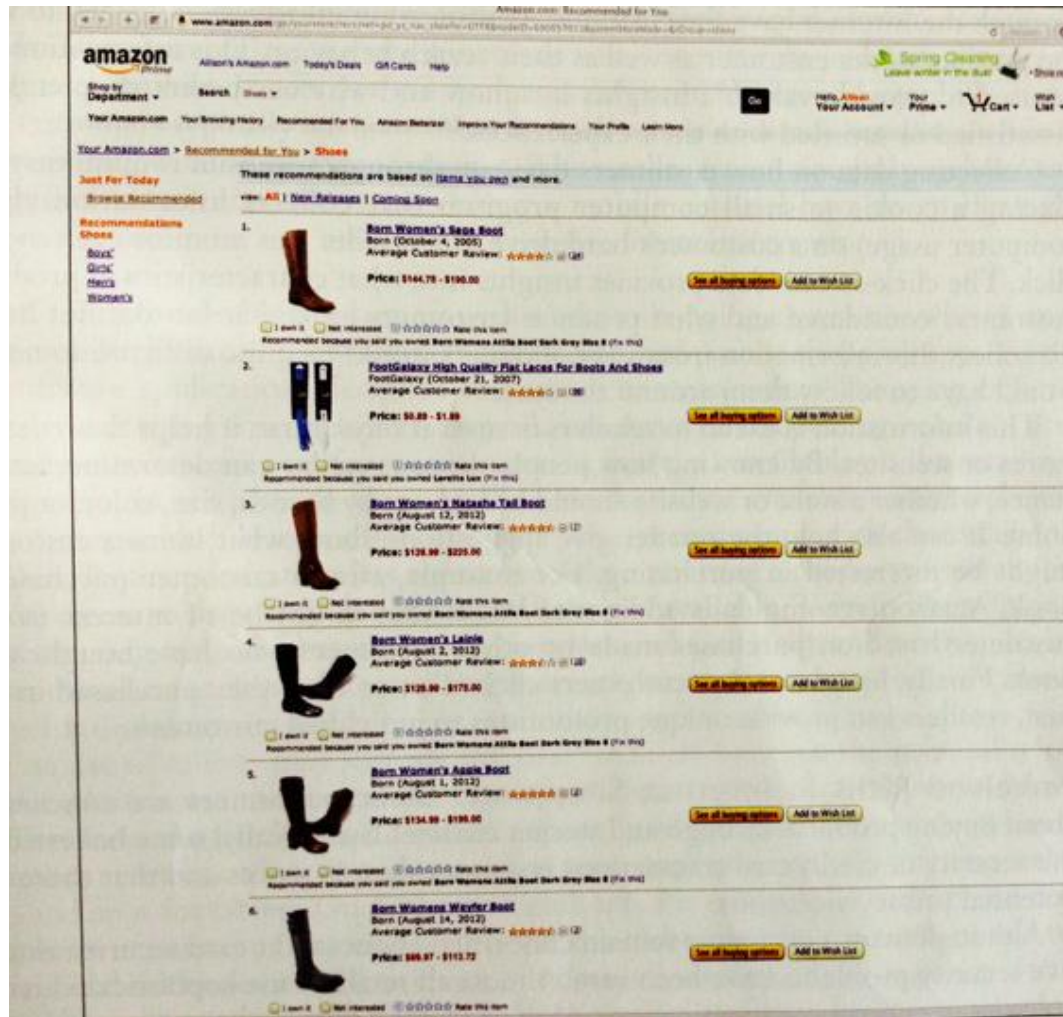
- They offer sellers the unique opportunity to collect information about consumer shopping.
 - Internet channels provide an opportunity for retailers to enter new markets economically.
 - They provide information that they can use to improve the shopping experience across channels.
- ❖ However increase consumer's risks in security

Benefits of the Internet Channel



*“No, I didn’t download you off the Internet.
I gave birth to you, end of discussion!”*

Benefits of the Internet Channel



The Internet channels are particularly effective at making personalized recommendations.

Comparison of Electronic and Mobile Phone Internet Channels

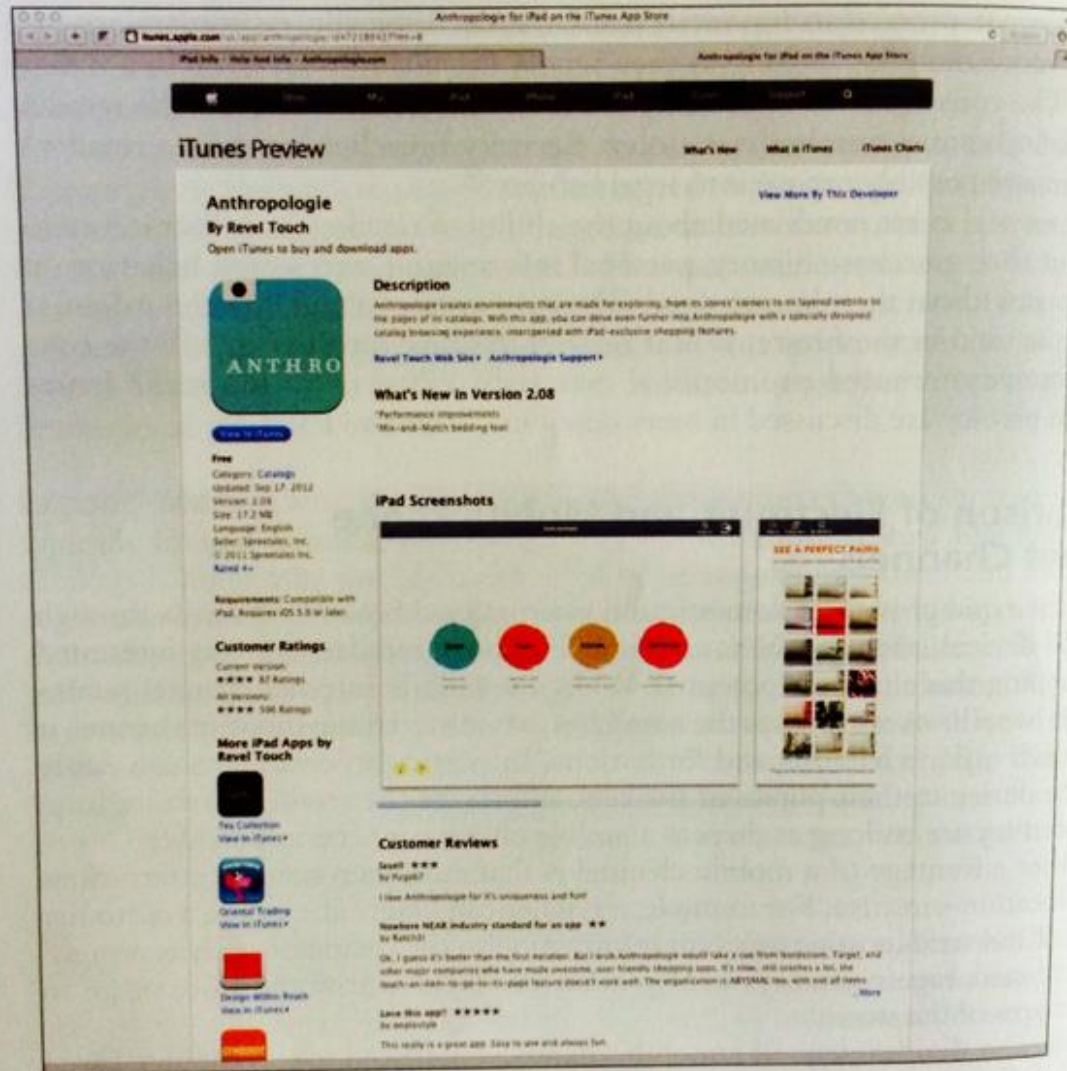
- Convenience- carry device
- Customer-retailer interactions can be location sensitive
- ❖ Disadvantage- smaller screen, slower download speeds

Comparison of Electronic and Mobile Phone Internet Channels

- Apps: software applications designed to improve customer shopping experience when using smart phones and tablets



Comparison of Electronic and Mobile Phone Internet Channels



Anthropologie's app improves the usability of mobile devices.



That's All Folks