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TRANSFORMATION AND UPGRADING OF ENTERPRISE MARKETING, O2O COMMERCE OR OMNI-CHANNEL

With the rapid popularization of mobile internet, people's consumption levels have significantly increased, and the entire retail landscape is undergoing significant changes. Starting from the concept and development of omni-channel marketing, this article explores the transformation and upgrading of enterprise omni-channel marketing under the background of O2Ocommerce, points out the opportunities and challenges of omni-channel marketing in the O2O commerce context, and looks ahead to the application of omni-channel marketing from various perspectives.

Keywords: omni-channel, Online-to-Offline commerce, marketing, enterprise, transformation

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ТРАНСФОРМАЦИЯ И ПОВЫШЕНИЕ ЭФФЕКТИВНОСТИ МАРКЕТИНГА ПРЕДПРИЯТИЯ, O2O КОММЕРЦИЯ ИЛИ ОМНИКАНАЛ

С распространением мобильного Интернета уровень потребления людей значительно вырос, и вся розничная торговая среда претерпевает значительные изменения. Начиная с концепции и развития маркетинга через омниканал в статье исследуется трансформация и модернизация маркетинга предприятий в условиях O2O-коммерции, выявляются возможности и вызовы маркетинга через омниканал в контексте O2O-коммерции, рассматривается применение маркетинга через омниканал с различных точек зрения.

Ключевые слова: омниканал, онлайн-оффлайн-коммерция, маркетинг, предприятие, трансформация

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Introduction

O2O commerce is an efficient marketing model. O2O commerce provides rich, comprehensive, and timely merchant discount information, allowing consumers to quickly filter and order suitable goods or services at affordable prices. For merchants, with diversified traffic channels, efficiency is higher, costs are lower, marketing is more precise, and it reduces the cost pressure on physical stores or online e-commerce channels. However, consumers now have higher consumption demands, and businesses need to meet every shopping idea of consumers at any time, making channels increasingly less specific. At this point, we enter the era of omni-channel, where businesses need to lay out channels on all possible touchpoints with consumers, whether it's in physical stores offline, online e-commerce platform storefronts, or in a mobile app.

The O2O commerce is a currently widely favored marketing model among consumers and businesses

A related term, online-to-offline commerce, was coined in 2010 by TrialPay.com's CEO, Alex Rampell (2010), in a blog post published in TechCrunch. He wrote: "O2O ... finds consumers online and brings them into real-world stores. It is a combination of payment model and foot traffic generator for merchants (as well as a 'discovery mechanism for consumers) that creates offline purchases. It is inherently measurable, since every transaction (or reservation, for things like OpenTable) happens online."

After Rampell, some scholars also conducted research on O2O commerce. Li H provided the definition of O2O commerce, The ubiquity of Internet access and the popularity of smartphones have led to a trend involving the integration of online and offline commerce. Consumers gradually have gotten used to searching and buying goods and services online but then completing their consumption in a physical store, which is known as online to offline (O2O) commerce [1]. The core challenge of O2O commerce for sellers is to find consumers online and lead them into a real store [2]. The website also provided an explanation for O2O commerce, Online-to-offline commerce is a business strategy designed to bring potential customers from online channels to physical stores to make a purchase. It brings people from Instagram, email, and digital ads to a brick-and-mortar store [3]. O2O commerce has already achieved remarkable business results, as can be seen from Figure 1. In 2022, China's online-to-offline delivery market surpassed 5 trillion yuan. China's O2O market has expanded rapidly in the past years [4].

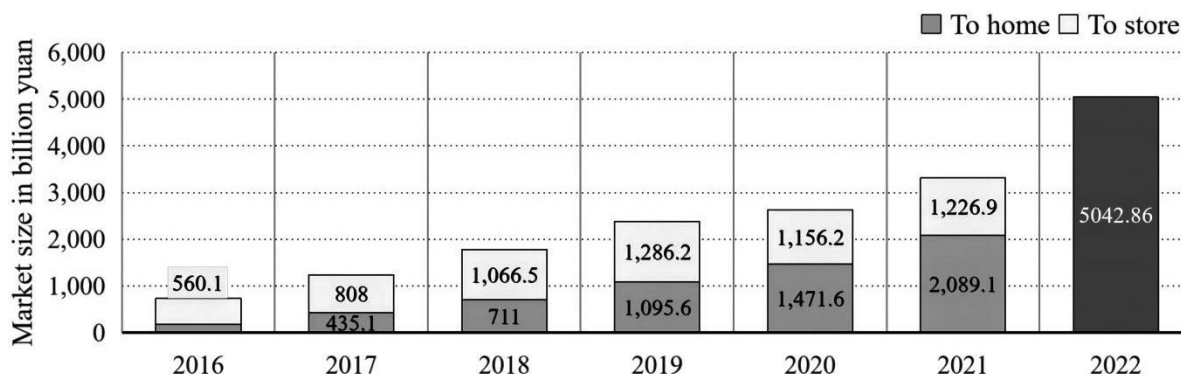


Fig. 1. Market size of online-to-offline e-commerce in China from 2016 to 2021, by type (in billion yuan)

Source: [4].

Omni-channel marketing is the future trend

With the continuous rise of consumers' status in transactions, coupled with the increasingly diverse nature of consumer purchasing behavior and the growing fragmentation of channels, especially with the development of mobile internet, some emerging channels have appeared. Consumers now have the demand to make purchases at any time, anywhere, and in any way. It is challenging to meet consumer needs by relying solely on a few isolated channels. As consumer consumption demands rapidly iterate and evolve, it has eventually led to the development of a marketing model seamlessly aligned with consumers' consumption needs, capable of meeting any shopping idea they might have at any moment. At this point, we enter the era of omni-channel.

In recent years, omni-channel Marketing has gained prominence as a novel concept. Omni comes from the latin for all or every. Channel refers to the method in which customers interact with an organisation. Literally it is «every-channel». omni-channel is the mix of all physical and digital channels to create an innovative and unified customer experience [5]. Indeed, there is a lack of academic literature on omni-channel marketing. On the webpage, you can find the following definition, omni-channel marketing is the integration and cooperation of the various channels organizations use to interact with consumers, with the goal of creating a consistent brand experience. This includes physical (e.g. stores) and

digital channels (e.g. websites). The goal of an omni-channel marketing strategy is to create a convenient, seamless user experience for consumers that offers many opportunities for fulfillment. An omni-channel strategy may give consumers the chance to find and purchase online, in-store, or a combination thereof – such as «buy online and pick up in-store» [6].

A number of scholars have provided their own definition for omni-channel marketing as well. Rigby was the first to introduce the term «omni-channel retailing» to describe the ongoing and swift expansion of digital retailing, he defined omni-channel as «an integrated sales experience that melds the advantage of physical stores with the information-rich experience of online shopping» [7, p. 67]. Verhoef et al. define omni-channel management 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 are optimized» [8, p. 176]. Also, Levy, Weitz, and Grewal define omni-channel as a coordinated offering using all the channels of a retailer to provide a seamless customer experience [9]. Brynjolfsson et al. foresee omni-channel marketing as an experience which will diminish the distinction between online and offline channels and turn the world into a showroom without walls [10]. From Figure 2, we can clearly see the development process of omni-channel marketing.

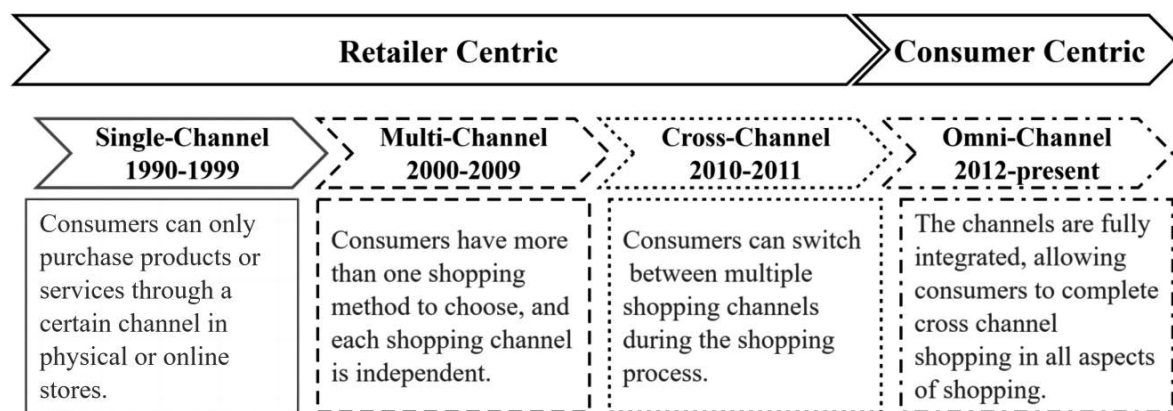


Fig. 2. The development process of omni-channel marketing

Source: author's developed.

In a brief timeframe, the effectiveness of the omni-channel marketing approach has been convincingly demonstrated. Research on omni-channel management is gaining momentum as reports show implementing an omni-channel system results in 250 % higher purchase frequency, 13 % more order value, 90 % higher customer retention, and 13.5 % more engagement rate compared to a single-channel system [11]. Smart Insights reports that 74 % of managers believe omni-channel is important, fairly important, or very important. However, successful omni-channel marketing has been elusive [12].

The relationship between omni-channel marketing and O2O commerce

O2O commerce can be understood as follows: the complete O2O commerce process involves people obtaining target information through the internet, including information about businesses, services, discounts, reviews, and after-sales services. They then make consumption decisions and proceed to enjoy the services. If we were to dissect this process, it can be seen as «decision-making and consumption + payment + enjoying the consumption,» with the offline emphasis being on the state of enjoying consumption. Therefore, O2O commerce is a process, an intermediate state where information is continuously disseminated through the internet. O2O commerce aims for the mutual guidance and closed-loop of online and offline traffic, with the focus being on the integration of various online channels and physical stores, primarily rooted in the offline experience.

Omni-channel is more of a channel expansion behavior initiated by offline physical stores seeking development in online and mobile channels. Its focus is on the joint operation of various channels, either from offline to online or from the supply chain to multiple channels. Online and offline channels may intersect, but it doesn't necessarily require complete overlap or integration. For example, in the omni-channel strategy of Gree Electric Appliances, there are various offline channels such as physical department stores, specialty stores, and large retail stores, while online channels include the official website on the PC and third-party platforms. Although there are some areas of integration and overlap, such as the supply chain and relevant control systems, each channel has not completely achieved the integration of online and offline.

From the above analysis, we can observe that the commonalities between omni-channel and O2O commerce lie in the integration of online and offline channels and the sharing of the product supply chain. The difference lies in the fact that omni-channel emphasizes the connection and layout of multiple channels, while O2O commerce emphasizes the integration and closed-loop of online and offline. In summary, O2O commerce is a necessary process for companies to transform into omni-channel, and achieving omni-channel upgrading is essential with O2O commerce as a crucial component. Currently, it is challenging for companies to fully implement omni-channel strategies, and in reality, not many companies have the capability for comprehensive omni-channel marketing. However, O2O commerce has become a mature model, and even small businesses can adopt this model. The O2O commerce can be considered a condition for achieving omni-channel marketing.

Opportunities and Challenges of Omni-channel Marketing in the Context of O2O commerce

– In the context of O2O commerce, omni-channel marketing is based on intelligence and digitization. It leverages new technologies such as big data and artificial intelligence to understand consumer needs, fulfill personalized requirements, and streamline the entire process from the source to the end channel. This approach eliminates intermediary steps, reduces costs, and enhances the enterprise's responsiveness to market demands.

– Consumers now have access to diverse consumption experiences through various methods and scenarios. As consumer spending increases, there's a shift in consumer structure from product consumption to service consumption. In the O2O commerce, omni-channel marketing is consumer-centric, focusing on building an information ecosystem to efficiently integrate resources and provide consumers with high-quality services.

– In recent years, the livestreaming e-commerce model has achieved significant business success. Through the livestreaming format, suppliers can directly engage with consumers, gaining real-time insights into their needs, streamlining intermediary processes, and implementing a demand-driven marketing model. This approach has, to some extent, reduced inventory levels.

– The emergence of 5G networks addresses the limitations of 4G networks, offering characteristics such as high speed, low power consumption, and low latency. The advent of 5G communication technology has had a significant impact on the logistics industry. Utilizing 5G technology, combined with big data and cloud computing, allows for the optimization of logistics data. Core intelligent technologies like artificial intelligence and the Internet of Things (IoT) enhance the supply chain, while cloud computing facilitates precise data analysis and efficient communication transmission at various transportation nodes. This achieves high levels of data sharing, enhancing logistics operational efficiency. It enables real-time monitoring of dynamic market demand changes, allowing rapid responses to consumer needs and ultimately improving a company's core competitiveness.

– In the O2O commerce context, for businesses to achieve omni-channel transformation, they need to invest significant funds in introducing IT technology. At the same time, during this process, other costs related to production, transportation, and logistics equipment will also increase accordingly.

– During the process of corporate marketing activities, a vast amount of data information is generated. While companies utilize modern information technology to acquire this data, the question arises whether they can extract value from this information. To avoid blind data analysis, which can increase

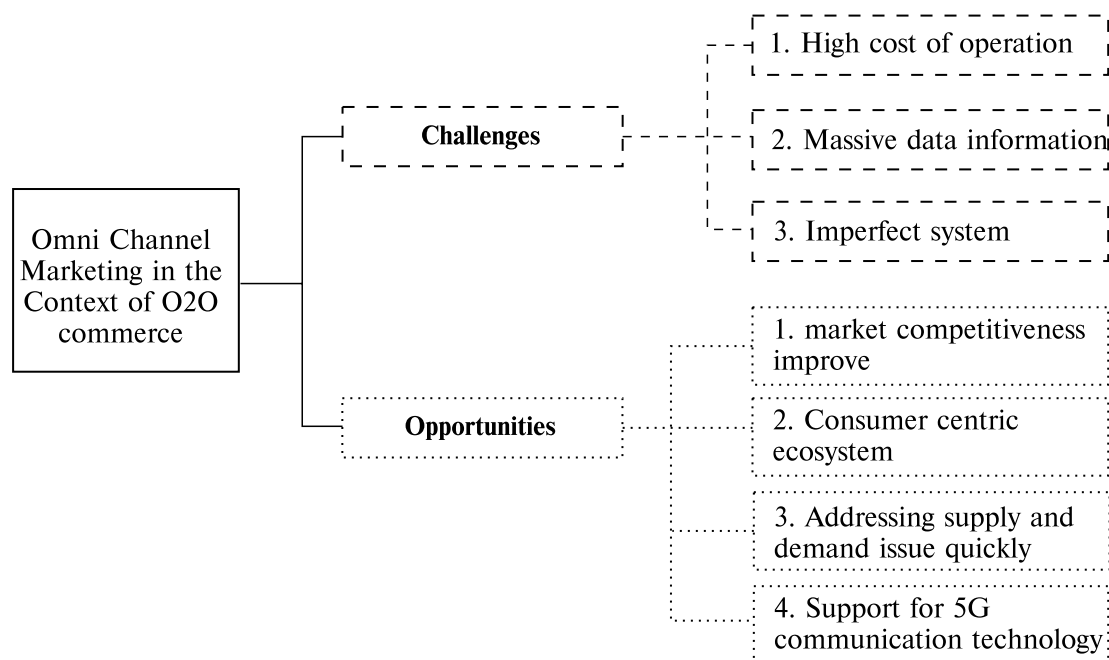


Fig. 3. Opportunities and Challenges of omni-channel marketing

Source: author's developed.

the cost of data analysis, companies also need to establish a comprehensive data analysis workflow to unleash the value inherent in these data sets.

— In the O2O commerce context, the development environment of omni-channel marketing is a matter of significant concern for businesses and even society. Clear legal constraints, such as a legitimate real-name system, are crucial for enterprises. This not only protects businesses but also imposes constraints on them.

Application and Prospects of Omni-channel Marketing in the O2O commerce Context

By combining online and offline experiences, this can provide consumers with a positive shopping experience. Consumers can enjoy the convenience of online shopping while also benefiting from thoughtful in-store services offline. Secondly, by leveraging the combination of online and offline data, businesses can conduct precise analyses of consumers' shopping needs, offering personalized service experiences. Lastly, through diversified channels, varied scenarios, and multiple payment methods, consumers can enjoy the entire consumption process more comprehensively.

In the O2O context, the transformation of omni-channel marketing allows businesses to become more intelligent, their business models more innovative and modern, and the updating of product categories more efficient. By deeply integrating online and offline channels, businesses create a unified sales approach, collectively providing services to customers and allowing them to experience the joy of shopping in various scenarios. Businesses can leverage online social media for marketing, showcase product attributes on online shopping websites, and compensate for online limitations by providing services such as try-ons and tastings in offline retail stores. The changing demands of consumers reshape the relationship between businesses and consumers, driving the entire supply chain to transform towards a consumer-centric approach and making retail enterprises more specialized and service-oriented.

Businesses need to optimize and upgrade logistics efficiency. Online websites display information, making offline logistics transparent. Customers can submit return requests online, and offline services

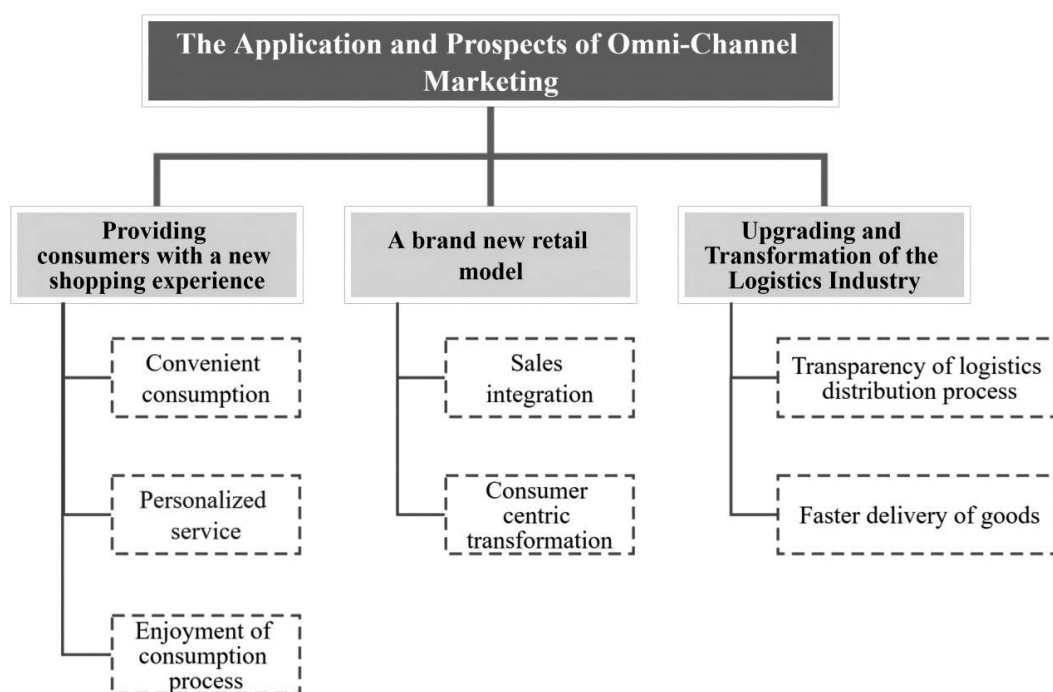


Fig. 4. Application and Prospects of omni-channel marketing

Source: author's developed.

can handle returns in person. Meanwhile, in the logistics industry under the O2O commerce context, the application of new technologies advances logistics standardization, shortens processes, connects multiple channels, directly addresses consumers, and speeds up the delivery of goods.

Conclusion

The increasingly advanced information technology has created an intelligent era for customers. The rapid development of new retail forces businesses to transition from the traditional B2C model to the O2O model. Traditional marketing models are no longer sufficient to meet consumer demands, requiring optimization to drive continued business development. With the emergence of omni-channel marketing, enterprise marketing is also evolving towards digitization and intelligence. Through new technologies such as big data and cloud computing, resource integration and optimization are achieved to create high-quality services and realize the new retail goal of «customer experience-centric».

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