

The Introduction of Multichannel & Omnichannel Explaining Effects of Omnichannel on Retail & Warehouse

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1. Abstract

The omnichannel is a turnover to the world while the world is turning towards online. Omnichannel makes a great appearance to the retail sector that responds to the changing nature of customers with the increased use of digital devices and integrated service channels. The paper shows that moving towards an omnichannel rather than multichannel will open the door to various service platforms and will create a seamless experience to the consumers. This paper also claims if we use an omnichannel model in the warehouse management system, it will enhance the company's warehouse efficiency and implement a smoother operation in this current dynamic world. Approaching omnichannel strategy is a breakthrough for retail and warehouse, for today's world. To deliver a consistent and personalized customer experience across the channels and enhance long-term customer retention, omnichannel strategy is a customer centric approach.

2. Keywords

Omnichannel, Multichannel, Supply chain, Retail, Warehouse

3. Introduction

For a successful business, the strategic approach is needed to be appropriate and effectively unique. In today's business world besides the offline channel, online channels have a great impact on the business, and applying proper strategy in the supply chain is the key to the success. In a supply chain, retail and warehouse are two of the key components, and maintaining these two should be profiting. Starting from obtaining raw materials, controlling

materials and production process to delivery of products or service to consumers are retail in supply chain management.

Retail sector is often considered to be one of the most important and promising sectors for economic growth. With the arrival of the internet, this sector has adapted some advantages of the digital transformation. The main goal of supply chain management is to maintain an uninterrupted flow of goods. Here the warehouse plays a great role in managing all the inbound and moving parts. A strategic warehouse ensures price stability, prevents interruption to distribution, overall optimizes the supply chain creating a wide range of economic benefits.

To increase efficiency and satisfy customer's changing demand, optimizing these all processes is a new wave. In a multichannel approach, two or more channels are adopted without providing a seamless experience across those channels. In the supply chain, an omnichannel solution entails a broader vision of the productive and successful SCM. Omnichannel is one kind of multichannel with one-touch integration across all channels to increase customer service experience. Different stages of omnichannel implementation have given customers a new array of different service and distribution platforms. It improves customer relationships and provides more effective outreach.

Multichannel supply chain strategy is an ancient strategy but still it has some great impacts on today's business. In this integrated strategy consumers can have synergy effects in the use of sales channel system. When appropriately formulated multichannel have great positive impact on retailing. They use channels more frequently, buy more from them and there is a positive customer loyalty impact.

4.Literature Review

The papers from 2010-2022 were the focused one in this literature review. The paper shows that there were some work regarding omnichannel retail or multichannel. But combining the multichannel, omnichannel, retail, warehouse, supply chain was a part of very few papers.

Table 1- The summary of findings from the papers:

Topic	Title of Paper	Name of the Author	Year	Summary
	The Evolution of Omnichannel Retailing and It's Impact on Supply Chain	Sunil Chopra Burcu Adivar	13-04-2018	Cost effective and structured omnichannel supply chain networks and their affects on logistics & customer service
	A Quantitative Performance Management Framework for Assessing Omnichannel	Issic Ozg Yummurtaci Huseyinoglu Martin Christopher	25-02-2019	Providing a performance management framework with a guideline for assessing the success of omnichannel retailers

Omnichannel in Retailing	Retail Supply Chains	Yogesh Hole	02-02-2019	Discovering the purpose and importance of omnichannel retailing at indian market	
	Omnichannel Retailing: An Opportunity and Challenges in Indian Market	Miss Snehal Pawar	05-09-2021		
		E.B. Khedkar			
		Yumai Hou			
		Diwen Zheng			
		Menglin Guo			
	Visual Analysis of Domestic and Foreign Omnichannel Retail Research based on Knowledge Graph	Ellie Hickman	02-12-2019		Quantative and visual analysis of omnichannel research literature in WOS from 2009 to 2019
		Husni Kharouf			
		Harjit Sekhon			
	An Omnichannel Approach to Retailing: Demystifying and Identifying the Factors Influencing an Omnichannel Experience	Joana Barbosa	19-12-2021		Identifying the four significant factors influencing omnichannel experience
Beatriz Casais		01-12-2014			
Syed Asif Raza					
The Transformative and Evaluationary Approach of Omnichannel in retail Companies: Insize from Multicase Studies in Portugal	Sri Krishna Madhumohan Govindanuri	08-07-2019	Implementation of omnichannel in managerial activities and integration of operations overcoming the transformative barriers in retail		
	Saiyed Wajid Ali				
	Tahir Ahmad Wani				
	Nikita Tyagi		Showing the current status of omnichannel and potential areas by using advanced tools from network analysis and standard bibliometric analysis		
			Discussing about the linkage of OC retail business model with technological advancements		

	Omnichannel Retailing and Supply chains: A systematic Literature Review \ A qualitative study on innovation and dimensional aspects of the omnichannel retail business model			
Multichannel and Omnichannel	Multichannel at Retail and Omni-channel: Challenges for Marketing and Logistics	Joao Luiz Gilberto de Carvalho Marcos Cortez Campomar	12/1/2014	Showing the integration between marketing and logistics at retail by integrating the distribution available channels
	The Effect of Multichannel and Omnichannel Retailing at Physical Store	Fei Gao Vishal V. Agrawal Shiliang Cui	3/16/2021	Discussing the effects of omnichannel in physical store and selection of store in multichannel and omnichannel
	Moving from Multi-channel to Omni-channel Retailing: Special Issue Introduction	Park Thaichon Ian Phau Scott Weaven	9/8/2020	Showing the marketing theory and practices in multichannel and omnichannel retailing
		Alexander Hubner Johannes Wollenburg Andreas Holzapfel	8/3/2015	Analyzing the logistical development options for retailers in integrated omnichannel fulfillment

	Retail Logistics in the Transition from Multichannel to Omnichannel			
Omnichannel in Warehouse	Adapting Warehouse Operations and Design to Omnichannel Logistics	Joakim Hans Kembro Andreas Norrman Ebba Eriksson	6/20/2018	Showing the lackings of warehouse operations in multi & omnichannel and deriving a comprehensive & structured agenda on it
	The Effect of Optimizing Warehouse Locations on Omnichannel Designs	Mitchell A. Millstein Cancer Bilir James F. Campbell	10/30/2021	Determining the optimal locations of omnichannel warehouse and optimizing it's benefits
	Omnichannel Supply Chain - OMS to WMS	Vaidyanathan Venkatasubramanian	2/1/2021	Explaining the omnichannel strategies during pandemic and impacts of different factors along with warehouse management in OC
	Information Effects of Warehouse Automation on Sales in Omnichannel Retailing	Takumi Tagashira		

5. Area of research

5.1 Omnichannel:

The word omnichannel divides and narrates itself into two parts - 'Omni' & 'Channel' where Omni refers to 'All' & channel expounds on the way of approaching the customers, which can be a social media sites, websites, search engines, and many more.

Omnichannel prioritizes the customer's experience. In an omnichannel system, the customer is the primary concern. In the era of Covid-19, customers are engrossed in the diversified options from online to retail.

So, the definition that fits the omnichannel most is that the system combines both the digital and physical selling & buying experience to boost the customers to have a seamless experience & as explicated by Rosenblum & Kilcourse.

The Omnichannel system connects all the channels mutually so that customers can move around with their independence.

A report published by the 'RSR Research' in April 2021 states that although 56% percent of businesses are thinking about not implementing the omnichannel as this seems a challenge for them, 61% of businesses have a mindset to implement the system as this seems a ray of hope.

5.2 Multichannel:

Multichannel is multiple channels of communication. It means talking in different ways. Multichannel is widely used among the marketing professionals and familiar to them and customer service to referring to a brand's interactions with leads and customers across diverse channels. Multichannel can be both online and offline and can include physical store, email, voice, chat, and print. Businesses that are to approach with multichannel strategies to customers focus on being present where their customers are. Businesses mostly like to establish their presence on the channels with which most customers like to interact. The multichannel approach basically adopts two or more channels. But they don't focus on providing a seamless experience to the customers on those channels, rather they focus on formulating strategies based on those channels and how to make the channels engage with the customers and reach out to the maximum number of customers.

So multichannel uses multiple channels to spread the messages. Here channels are separated and don't interact with each other. The main objective of multichannel is to cast the net as far and wide as possible so that the number of people can be maximized who can encounter the brand. As such one of the key metrics is customer engagement. Multichannel is about offering customer choices. It's about increasing the number of channels so that customers can choose which channel they would like to interact with. Again, multichannel would simply refer to the channels available to the customers where some channels can be preferable over the others.

5.3 Warehouse Management system (WMS):

The warehouse Management System consists of software and processes that are widely used in the manufacturing and retail industries. It provides visibility into a business's entire inventory and controls the supply chain, and orders fulfillment operations from the distribution center to the in-store shelf. It is the act of organizing and controlling a warehouse in the most optimal way. The main purpose is to ensure goods and materials move through warehouses in the most efficient way. WMS has a great impact on SCM by managing order fulfillment processes that are used alongside or integrated with other related systems.

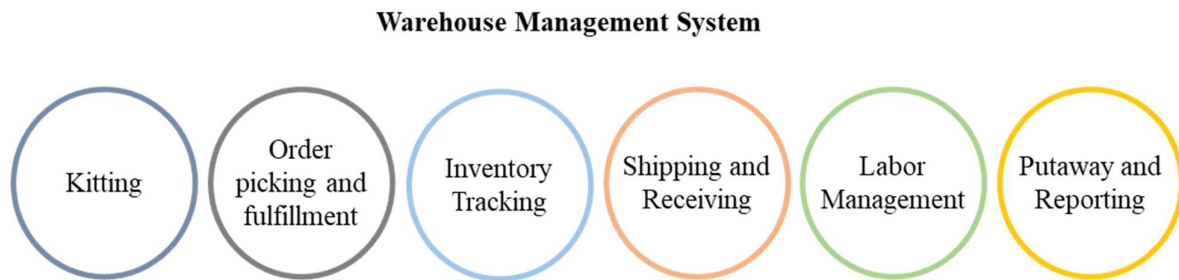


Figure 1: Warehouse Management

To fulfill orders quickly and accurately, an absolute staple of good warehouse management is required. By choosing an optimal picking system (single order, batch picking, zone picking, wave picking), then optimizing those packing processes, and finally shipping orders, WMS fulfills its strategies. The supply chain depends on warehousing for its management. The ways of storing and managing goods have a great effect on business strategy. Supply chain management with an omnichannel system has to embrace a network approach to servicing customers where all members work together. There are two types of warehouses, general warehouse and distribution warehouse. The impacts of WMS in the supply chain are,

- Reduces warehouse labor cost
- Maximizes warehouse layout with warehouse security
- Improves inventory and pick-up store accuracy
- Ensuring real-time access to quality information
- Decreases errors in picking and shipping goods
- Ensuring a streamlined warehouse process
- Improves customer service, flexibility, and responsiveness

5.4 Retail Industry:

“Retailing includes all the activities involved in selling goods or services to the final consumers for the personal and non-business use”, according to Phillip Kotler. The sale of goods and services to consumers, mainly purchasing goods in large quantities from manufacturers through wholesalers and selling in smaller quantities to consumers is defined as ‘Retail’. Worldwide, there are many different retail sectors including department stores, groceries, convenience, electrical, discounts, independents, etc. Retailing also includes buying, advertising, data processing, and maintaining inventory as well as anticipating customer wants, ensuring material according to demand, financing, and acquiring market information. Some of the large retail chains buy directly from manufacturers rather than wholesalers to make the supply chain

efficient. Retailers are the last stop in the supply chain before the products end up in the shopping cart.

The retail industry shows a steady growth year on year and employs a huge number of workers worldwide. The top 250 global retailers have combined sales of around \$4 trillion USD and the top ten retailers account for \$1.2 trillion according to the globe. This industry is predominant in most developed countries. Almost 10-15% of the GDP of most developed nations depends on the retail industry. In 2020, the US retail industry generated \$5.57 trillion in sales.

Most common examples of retail are traditional brick-and-mortar stores such as Walmart, Bestbuy, and Target. For pandemic 2020, a huge customer is turning online for their shopping needs and this is a resonance for online retailers. E-commerce sales increased by 32% over the fourth quarter of 2020. Amazon, eBay, and Netflix are examples of online retailers. Some retailers focus on home delivery sales and some combine different distribution methods.

6. Methodology

6.1 Omnichannel Supply Chain:

Omnichannel is a combination of customer satisfaction & the management of operations inside a company. The management comes by holding the hands of the supply chain. Omnichannel creates a chain of channels and for that, the company has to ensure that every channel can keep in sync in between them to fulfill the customer & this is where the supply chain needs to be



changed and turned into an omnichannel supply chain. The omnichannel supply chain ensures a constant flow of products in the channels.

Figure 2: Omnichannel

In omnichannel only one supply chain is established to fulfill the demand of every channel. So, the omnichannel supply chain calls for strong yet flexible inventory management. Also, the

formation of a distribution center substitutes one central distribution channel with some separated regional distribution channels.

A report by Business to community states that a 9.5% increase in annual revenue by the use of strong omnichannel. Also 7.5% decrease in cost over years.

6.2 Multichannel supply-chain:

Multichannel supply chains provide many purchasing options to the customers. Buyers may purchase from stores or online. These multiple supply chain channels tend to remain separated from each other. Each separate supply chain has its own department with individual warehouses and transportation. Multichannel supply chains tend to develop organizational silos that focus solely on serving one channel. In a multichannel supply chain, each channel has its own system and similarity between these channels can be both visible or not.

6.3 Omnichannel in Warehouse:

Omnichannel is a new wave of multichannel supply chain approach in respect to serving customers across different sales channels and for this warehouse management is very essential for business growth. An omnichannel warehouse generally describes a single warehouse that can take and fulfill orders from retail locations from other warehouses or any other channels. In omnichannel supply chain strategy retailers must respond faster with Warehouse management system software which maximizes fulfillment capabilities. To ensure the maximum SCM effective system and successfully attain clients' expectations regarding product quality, delivery, and consistency, companies need to implement an intelligent WMS dashboard system. This system should set proper KPIs to assess business health and help to make the key decision that aids in business operation.

In an omnichannel supply chain, orders come from all platforms or directions including in-store orders, online orders, e-commerce orders, and customer service-assisted orders. A single warehouse can't handle all orders in an efficient way. Turning all warehouses into an omnichannel system can be a great solution. With the development of advanced technology, using omnichannel warehouses reduces shipping time, ensures better collaboration between stores, e-commerce, and order fulfillment, increases sequence accuracy through integration, and expands shipping options such as click and collect delivery options. Companies need to move toward omnichannel warehouses to keep pace with the dynamic world.

6.4 Omnichannel Retail:

Omnichannel retail brings a new vision to the supply chain. The brick-and-mortar shop must upgrade with the omnichannel strategy. Omnichannel strategy for retailing integrates the whole experience of the customers while not only focusing on the website but also brick and mortar. Often a company faces that they cannot return a product or exchange a product in the store, as the customer has bought the product from the online website. This happens widely and creates customer dissatisfaction. Online retail does not unstable the balance of the cost optimization, but it needs a new strategy as per the situation of the company.

A statement of Arhi Kivilahti, Retail Strategy Consultant at Ada Insights narrates that McKinsey & Company represented an estimation that the 11-14% cost occurs in case of store picking & in case of delivery it is about 10-13%. So, not a huge difference occurs with the different procedures.

A study by Harvard University conducted with the perspective of 46,000 shoppers that shows about 73% of people choose to buy products from multiple channels.

In this scenario, if omnichannel retailing has to be performed then the supply chain has to be fixed. Like the way, Disney is handling the presence of the customers through the website & also they are connecting their customers through the apps. Starting from ride fixing to the photo booth maintenance and delivery Disney is maintaining both channels flexibly.

7. Conclusion

The omnichannel has a great opportunity yet a long way to run ahead. Limitation occurs when the implementation of omnichannel over multi-channel comes in case of Bangladesh. Though world's corporate giants are now thinking of moving towards the omnichannel supply chain for a better cost management and customer bonding. But multi-channel is now the most common one to follow. Some future work can be done by collecting data from the customers end, also from the shoppers end to prove the actual effect on retail & warehouse from omnichannel supply chain. The strategy for establishing best supply chain planning for the implementation of omnichannel in Bangladesh.

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