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Key factors in designing successful retail omnichannel

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Abstract

Providing an engaging omnichannel is now a survival mandate of modern and future retail as customers engage in multiple channels and touchpoints during their shopping journey. However, many merchants are unable to provide a truly seamless omnichannel experience to their customers. Therefore, lessons learned from the omnichannel of outstanding retailers are valuable. The author researched the omnichannel of those companies to understand the goal and actions of their omnichannel strategy. Hence, based on customer satisfaction levels and economic benefits, the author gives a general assessment of key elements of a winning omnichannel

The chosen five case retailers are recognizable brands for Finnish consumers namely IKEA, Clas Ohlson, Espresso House, Musti ja Mirri, and ZARA. The author used a combination of quantitative and qualitative methodologies to gather and analyze data inductively. A mixed-method of quantitative and qualitative is conducted to analyze and observe the omnichannel of case retailers. In the research, primary data comes from surveys while secondary data was collected from credible data banks.

Covid 19 has sped up the adoption of omnichannel in retail. The case companies give a realistic view of how omnichannel is implemented in retail. The survey examines the expectation and behavior of consumers in a connected omnichannel world. Through analysis and observation of five case retailers, the author identified four main key factors of a general omnichannel namely channel integration, stock visibility, the role of mobile apps, and the adoption of web tools. The author also noted the subjective constraints that emerge due to the small research sample of five case retailers in Finland. The author also gives some recommendations for future research.

Keywords

Omnichannel, omnichannel retail, omnichannel approach, IKEA, Clas Ohlson, Espresso House, Musti ja Mirri, ZARA,

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1 Introduction

1.1 Thesis background

Big data, artificial intelligence, machine learning, and the internet of things, those advancements have completely transformed businesses and revolutionized the retail sector. Consumers, whose behaviors change constantly, are the main driving force of the transformation. Thus, companies need to understand consumer behavior and adapt to changes. Deloitte (2019, 6) encourages businesses to use reverse analysis to grasp the habit and mentality of consumers at different stages of the buying process.

From the viewpoint of customers, with the growth of digital devices and services, the requirements and behaviors of consumers have shifted significantly. As consumers embrace new technology, so does how they interact with businesses changes. With technological advancement embedded in every aspect of our lives, from recreation, education, travel, and buying decisions, consumers are now more in control of choice. In an instant, consumers can now browse a look and compare prices, materials, and shipping costs of a dress before deciding to buy it. They can book flight tickets, book hotels, and complete self-check-ins when traveling. The development of technologies has enabled consumers to take over some functions that were traditionally provided by businesses. Younger buyers are the most enthusiastic individuals. They rate brands based on the satisfactory level of their experience. (McKinsey 2021.) This empowerment requires a level of engagement and understanding between businesses and customers. Companies are expected to actively present online or physically at consumer convenience, anytime, and anywhere.

Covid 19 was a change factor in the retail business. The economic recession, lock-down, and close-contact limitation forced companies to think about how to connect with consumers. During the pandemic, online engagement has never been more crucial. However, when the pandemic situation got better, people started to return to their normal life and go in-store shopping more. Retail companies need to decide whether to reopen and invest in brick-and-mortar stores, go online, or do both to meet the increasingly sophisticated needs of consumers.

As consumers are rapidly switching channels and adapting to new technological advancements, businesses cannot hold on to one single channel. Omnichannel - the new retailing system connecting stores, e-commerce, mobile apps, and social media can help retail companies offer a compelling experience. (Deloitte 2014.) In just a few years, omnichannel shifted from what used to be the bleeding edge of retail to a necessity for survival in

modern competition (McKinsey 2021). The omnichannel unlocks the power of the connected consumers. It helps retail businesses access customers anytime, anywhere with personally tailored experiences. As a result, many retail firms put omnichannel transformation as a strategic move. In addition, omnichannel is a broad concept and the metrics to measure performance vary among different companies. Retail firms do not want to invest in the so-called omnichannel that does not drive proportional real-life values to their businesses. (Deloitte 2015.) Therefore, businesses need to determine the essential elements in designing a successful omnichannel that aligns with the core business strategy.

1.2 Thesis objectives, research questions, and limitations

Thesis objectives

The thesis objective is to find the key factors of a successful omnichannel. The author analyzes five case companies in the retail sector to examine the essential elements that contribute to the success of their omnichannel strategy. Omnichannel is the future of retail, and many companies are racing to build their omnichannel strategy. However, how to get it right and avoid wasting money, there might be some prerequisite elements. According to McKinsey (2021), omnichannel creates value, but a haphazard omnichannel strategy can destroy value. The author recognizes the importance of analyzing case retailers to understand the backbone of their omnichannel. Hence, the author aims to come up with conclusions that might be helpful for any retail business that wants to develop omnichannel for their company.

Research questions

The research main question is: What are the key elements to consider when building omnichannel in retail?

The following sub-question assists the author in answering the main research question. They are:

- Why should retail businesses develop omnichannel?
- What are the similarities and differences between the omnichannel case companies?

Limitations

Some of the answers to the research question are based on empirical observations. Therefore, the experience and domain knowledge of the author places a highly important role in the outcome of the thesis. It is essential that the author keeps an unbiased viewpoint and

obtains information from reliable and credible sources. In terms of sample size, there are five representative case companies in retail. However, sometimes even conclusions based on a large sample size do not guarantee absolute certainty. Therefore, the readers should read the thesis with an open and critical mindset. Finally, only retail companies where the interaction with consumers happens are under investigation, other types of trade relations are out of the topic.

Delimitations

Retailing is such a wide term that encompasses both service and product retailing. The author perceives different types of products and services require distinct approaches. Therefore, to limit the scope of the study within a time constraint, the author chooses to solely focus on product retailing where there is customer interaction and the physical movement of goods. In addition, the selected case companies all sell their products through a variety of sales channels: physical (brick-and-mortar) stores, and online stores. This is primarily because the sales channel integration is significant in an omnichannel strategy. Therefore, the outcome of the thesis is more applicable to product retailers who have a presence in different sales channels and desire to increase revenue by adopting the omnichannel approach. Finally, the chosen case companies are big retailers in Finland where the survey is conducted. Finland has a robust and widespread retail and e-commerce ecosystem. Conclusions of omnichannel retailers in the Finnish market can serve as a reference in other markets such as Nordic countries.

1.3 Theoretical Framework

The theoretical framework informs the readers which theories the author relies on while doing the research (Grant 2017, 22). Channel in this thesis is defined as a customer contact point or a medium through which companies and the consumers engage (Neslin et al., 2006). The term omnichannel was thought to be first introduced in 2010. Nowadays, retailers are familiar with the concept of omnichannel. It's all about providing a consistent, unified, and contextual experience across the whole shopping journey, whether the customer is buying online, via a laptop, or in a physical store. (Wong 2021, 36.) Multi-channel and cross-channel are also dominant parts of the literature. Multi-channel is a complex of brick-and-mortar stores and online platforms referred to as online and offline channels in this thesis.

Approaching from the consumer behavior angle, the author analyses the changes in consumer behaviors. Therefore, the buying process which is known as the value-adding journey is examined. Wilding (2003) explains that the buying journey starts as early as consumers want to buy products until they complete payment and even continues long after

sales (Saghiri et al 2017). As a result of a wider channel connecting customers when buying, the purchasing experience has become increasingly flexible and sophisticated. A complete buying journey is the continuum of five stages namely Awareness, Research, Purchase, Fulfilment, and Loyalty. Understanding the habit and mentality of consumers at each stage assists companies in increasing the level of consumer engagement. (Deloitte 2014,8.) From the viewpoint of retailers, McKinsey (2021) divided the consumer journey into three phases namely Discover and consider, Purchase and enjoy, and Engage and advocate respectively. During each phase of the buying trip, there are three levels of management namely commerce, personalization, and ecosystem. The examination ranges from channel integration or marketing perspective to distribution channel, role of brand, and other related factors of the omnichannel. By charting omnichannel activities in distinct phases, retailers can self-access the performance of their omnichannel.

1.4 Research approach, methodology, and data collection

The author chooses induction as the main research approach of the thesis. According to Ghauri et al. (2020, 19-20), inductive and deductive are the two main research approaches. Induction research, on the one hand, is the overall results drawn from empirical observations. By inductive, the research process starts with observations, through analysis and finding phase to theory building. As a result, a theory is the outcome of the inductive research approach. With deduction, on the other hand, the author uses logical reasoning to conclude. First, several hypotheses from trusted literature are built, then the research accepts or rejects these theories ad hypotheses. In the thesis, the author first collects relevant theoretical literature and then examines case companies to conclude the key elements of building an omnichannel. This is the practice of the inductive approach as the process starts with the observation of five case companies. Figure 1 below illustrates the research approach of the thesis.

Figure 1 Inductive approach

The main research question compasses a broad topic – omnichannel in retail. Using a deductive approach can lead to a biased hypothesis or a hypothesis not covering all aspects of a successful omnichannel. Therefore, an inductive approach is chosen. Answers to the main research question result from the observation of the five case companies.

Research methods

Research methods refer to the systematic, centered, and the sequence of data collection to answer a research question. According to Ghauri et al (2020, 98), there are three types of research methodologies: qualitative, quantitative, and mixed-method. Qualitative methods are a mixture of rational, explorative, and intuitive approaches in which researchers focus on understanding variables from the respondents 'viewpoint. Qualitative researchers need a critical mindset to recognize and avoid biases, as well as obtain social sensitivity while keeping an "outsider" analytical position. Qualitative enables researchers to re-thinking and contemplate established literature, give opinions, and generate new ideas (Johnston 2014, 624). In terms of quantitative, researchers usually employ statistical measurement or other quantification procedures. A mixed-method, the combination of both qualitative and quantitative methodology, can be chosen depending on the types of responses the researcher is looking for. In this thesis, the author uses a mixed-method to collect data. The qualitative data of this thesis are omnichannel-related desktop study materials as well as qualitative answers from the survey. In addition, the quantitative method will be employed to analyze collected data from case companies and the survey.

Data collection

There are two sources of data collection: primary and secondary. Primary data are first-hand information collected with a purpose in mind of the author. On the contrary, secondary data is data that had been collected and available to the public (Dadhe 2016, 67, 71.) The thesis combines knowledge from both primary and secondary sources to find the key intersection points of successful omnichannel. Secondary data comes from books, published materials, and credible online sources. Survey insights are primary data added to answer the second sub-question: What are the impacts of consumer behavior on retail omnichannel strategy. People who answer surveys are customers of chosen case companies. The surveyed describe their buying experience with those companies and are encouraged to give suggestions to meet their expectation. The reason for this is that there would be no or limited information about internal omnichannel sales and consumer satisfaction data from chosen case companies. Customer-centric is the spirit of omnichannel (Mckinsey 2021). Therefore, feedback from consumers can help the author identifies the gap between a proposal strategy and its result in real-life, and somehow understand why companies focus on certain features in their omnichannel strategy. Figure 2 summarizes the research approach, research methodology, and types of data collected for this thesis.

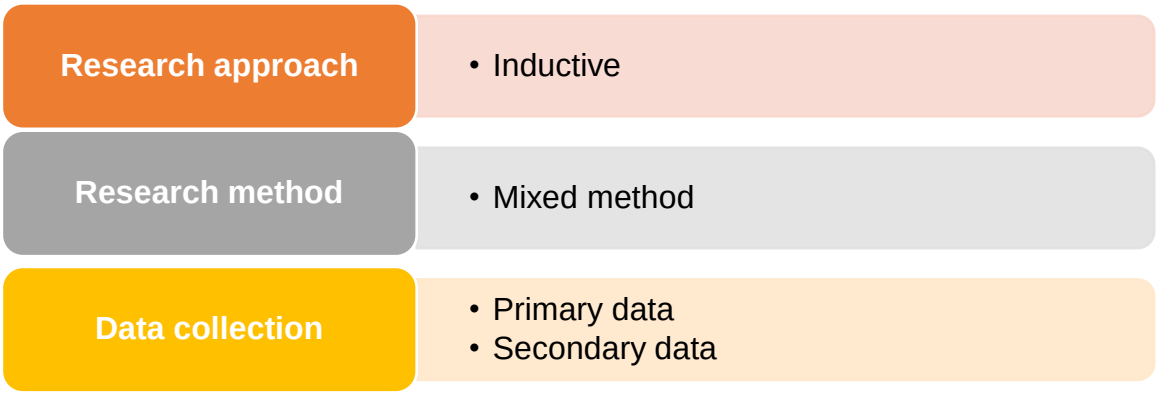


Figure 2 Research approach, research methodology, and data collection

The research approach of the thesis is inductive. A mixed-method is used to effectively analyze both qualitative and quantitative data. In terms of data collection, secondary data makes up the literature theory part, while primary data is collected first-hand via customer surveys.

1.5 Theoretical framework

The thesis consists of theoretical and empirical parts. The theoretical part includes two chapters. First, the introduction chapter states the thesis topic background and lists the objectives, research methodology, and data collection. The second chapter aims to collect and extract essential theoretical knowledge to reflect the importance of omnichannel in a retail company. With a conclusion driven by reliable books and resources, the chapter indicates in what aspects omnichannel trumps other sales channels by comparing them. The empirical part includes chapters three chapters. The third chapter explains the choice of studied case companies from the authors' perspective, and the data collected from those case companies. The next analysis chapter goes deeper into the omnichannel retail of case retailers and the observation of the author. The fifth chapter answers the research questions, assesses the validity and reliability of the research, and gives a recommendation for further research. Finally, the summary chapter concludes the research practice and results of the thesis.

2 Omnichannel in retail

2.1 Single-channel approach

As stated earlier in the literature framework, a channel is a medium or a touchpoint where interactions with customers happen. Retailers having a single channel means they only communicate with customers through a single sales channel. It means those retail companies operate offline or online. Through a single approach, as there is no customer fragmentation across the sales channel, retailers can deliver the wishes of customers and predict demand from previous sales. There are two most common types of single-channel approaches, namely online and offline direct channels. (Verhoef 2015, 2.)

2.2 Multi-channel approach

A multi-channel retailer provides goods or services via many channels or across all channels, with the client having no control over channel interaction and the retailer having no control over channel integration. As neither customers nor retailers have power over channel integrations, all the channels are not interconnected and are, often managed by different teams, and even compete in sales volume (Mirsch 2016, 5). Multi-channel resembles a wheel with spokes whose center is the products that the retailer offers. Customers are on the rim of the wheel and each channel provides a unique and independent buying option (Winkler 2019.) For example, a fashion brand has both physical store chains and social media presence. However, each channel is managed by different persons, with unlike goals and development strategies. The success of social media is measured by the number of interactions, followers, and brand impressions to boost sales and spread the brand's reputation. Although actual transaction does not happen on social media, it drives customers to their physical stores. (Beck al. el 2015, 174.)

2.2.1 Offline channel

The off-line channel is also known as brick-and-mortar retailing. The term usually implies the physical stores of businesses where direct interaction with customers happens. Those brick and motor stores can be fixed locations, temporary showrooms, and pop-up stores. However, in this research, the author refers to offline channels as permanent and fixed business locations. Customers come to stores and spend their shopping experience on-site. Beck al. el 2015, 174.)

2.2.2 Online channel

Online channels enable the entire buying experience to happen online. Online channel surpasses all geographical boundaries. With a strong online presence, retailers can reach customers anytime, anywhere. Digital and technology development is the fuel of online channel popularity. Here are some most popular online channels of communication:

Mobile channel

In 2022, the number of smartphone users is over 6.6 billion people, accounting for approximately 74 percent of the global population (Statista 2022). A drastic increase in the number of mobile users results in greater mobile commerce sales value. In 2022, more than 60 percent of retail traffic comes from mobile devices. Thus, mobile commerce has become a norm. As a result, retailers cannot ignore the importance of the mobile channel. Many retailers have websites or apps that are mobile-friendly. (Keskin 2022.)

Mobile apps and mobile-friendly websites can help businesses deliver various benefits to their customers. First, they serve as media for content like gaming and video streaming apps. Second, mobile apps act as a self-service channel where all products and customer information are displayed. Customers access this information, perform activities, or complete business transaction. Self-service apps in retail are an alternative to a human representative. For example, Marimekko customers can add clothes that suit their size and budget, get advice from the artificial chatbot, be informed about the return policy, and make a payment. Every step of the purchasing process happens without the aid of a salesperson. Finally, the third functionality of mobile apps is enhancing the product experience. People use IKEA Place to turn on and off the lights in houses. BMW remote apps are used to lock or unlock the car. (Kartajaya at. el 2017, 188-190.) The mobile channel is forecasted to be the primary channel of the e-commerce business. With more than half of shopping traffic completed through mobile devices, mobile apps and mobile viewing webpages are highly important. (Smith 2022.)

Desktop channel

68 percent of consumers use Google to search for products before purchasing, and many of their searches are done using desktop devices. Before improving the website for a better buying experience, retailers need to optimize their search ranking and present it to consumers. Despite mobile beating desktop in terms of driving website traffic, desktop still accounts for most online transactions. People find it considerably simpler to make purchases that require multiple steps and confirmation such as airline reservations, on bigger desktop screens. (Keskin 2022.)

Social media

In the recent decade, social media has swiftly changed. With more than 4.6 global users, social media is a go-to sales channel. Social media eliminates geographical and demographical boundaries and enable companies to reach and engage with customers. Given the connectivity we have today, the weight and influence of social opinions have been increasing. Customers pay more attention to their social circle, seeking reviews, and advice both online and offline when making decisions (Kartajaya al. el 2017, 33). Consumers now directly purchase products on their preferred social media channels such as Instagram or Facebook. Many retailers have a view shop button click on their Instagram profile or have products tagged all over buyable content. Customers, with one click, are directed to the product collections. In the 2021 survey, 44 percent of Instagram respondents shop weekly on the platform using shopping features like product tags, and the Shop tab. (Instagram 2021.)

2.3 Multichannel

Multi-channel has multiple advantages as compared to the single-channel approach. Multi-channel retailers can reach customers regardless of their geographical area, which increases brand awareness and level of satisfaction. In addition, during the purchasing process, customers can decide their preferred channel of communication. However, there are conflicts and weaknesses to this approach. The disruption between sales channels causes inconvenience for customers. For example, customers go to online stores to find solutions to their defective products, but the online channel does not provide tailored advice. Thus, the customers go to physical stores and explain the whole problem again to the salesperson. The whole process is time-consuming and unpleasant. In addition, retailers should be geographically accessible to customers, and the salesperson should be well-trained and skillful enough to deal with various potential problems. (Kartajaya al. el 2017.)

2.4 Cross-channel approach

Unlike the multi-channel approach, there is partial integration of several channels in the cross-channel strategy. With a cross-channel approach, customers can switch between certain, not all channels available. (Beck al. el 2015.) Touchpoint is also a part of cross-channel. According to Customer, touchpoints are instances of direct or indirect engagement with retailers (Verhoef 2015, 3). Tv, radio, and billboard are examples of touchpoints.

The cross-channel approach is the transition stage between multichannel and omnichannel. Cross-channels enhance the multi-channel approach by adding connectivity between certain channels and touchpoints, but that integration is still lacking compared to multi-channel approaches. (Mirsch 2016.) Click and collect is a notable feature of the cross-channel approach. Customers can quickly make a purchase online and pick it up at stores.

2.5 The omnichannel approach

Retailers adopt the multichannel approach when their existing channels operate in a separate, isolated manner. On the other hand, some retailers manage to collaborate and integrate some of their sales channels, thus, they are practicing a cross-channel approach. If retailers could leverage the full level of integration across all channels and touchpoints, delivering seamless experiences for customers, they have successfully delivered the omnichannel value. Omni-channel aims to give customers a consistent experience across all channels and touchpoints. Regardless of whether the customers go to the store, browse on the website, order online and pick up at stores, there should be no pain bottleneck or incurring costs. (Deloitte 2014.).

2.6 Comparisons between multi-channel and omnichannel

Multichannel and omnichannel are often used interchangeably. However, there is a significant distinction between the two (Figure 4). While both approaches give clients various interactive touchpoints like social media, the website, phone, in-store, and mobile, the omnichannel strategy integrates these channels, overcoming technical communication gaps that multichannel solutions may have. Customers may buy wherever they are rather than treating channels as separate silos. Omnichannel accounts for cross-channel overflow and provides customers with seamless experiences inside and across channels. (Global Payment, 4.)

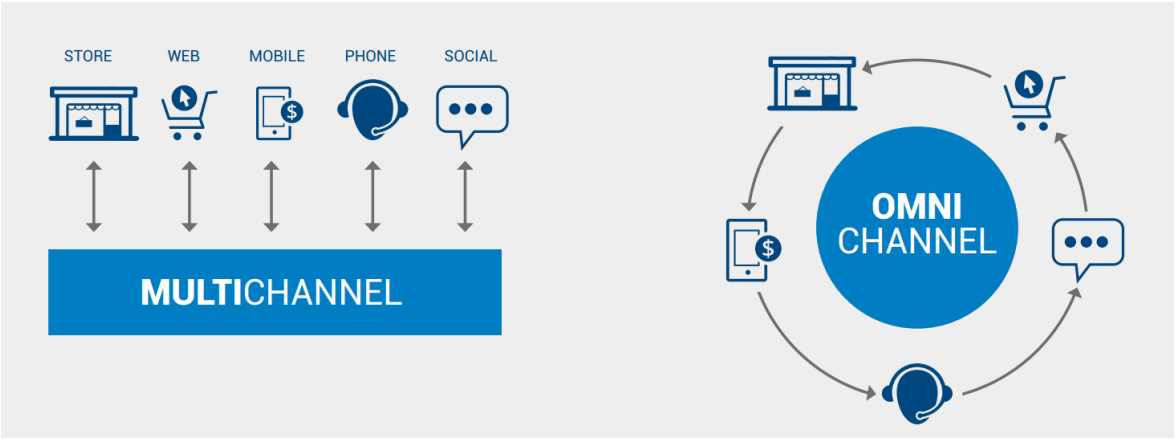


Figure 4 Multichannel vs Omnichannel (Global Payment)

In terms of channel integration, multichannel retailers offer division between channels, while omnichannel retailers aim at full channel integration. The relationship of multichannel firms is channel focus, to drive sales and experience per channel. Omnichannel, on the contrary, is brand focus, offering consumers a holistic buying experience. In other words, multichannel retailers gear towards optimizing consumer integration within each distinct channel, while omnichannel is a consumer-centric approach that optimizes consumer experience wherever interaction happens. Most importantly, in the omnichannel approach, data is shared across channels instead of being kept separate. (Dirsehan 2020, 50-53.) The rise of smart mobile devices, social media, and in-store technology has blurred the border between online and physical channels, and omnichannel retailers are all about blurring the line between online and physical channels (Palmatier at el. 2019, 13).

2.7 The impact of Covid 19 on consumer behavior

The emerging generation

The world is in a generational landmark as Gen Z, people who were born between 1995 and 2009, begin to enter the workforce, and Gen Alpha – people born after 2010 are preparing for the future at schools. And in no time, they will be the main consumers and the driving forces of the global economy. Do these cohort generations differ from their previous? If people in 2009 were surprised and skeptical about the first launch of a touchscreen smartphone (The Drum 2022.) Gen Z is tech-savvy users, while the alpha generation is the most technologically literate generation on the planet. With technology being a part of their lives, younger shoppers are more enthused about new buying methods. According to McKinney (2021), conventional channel boundaries have no significance. Young customers are increasingly evaluating brands and retailers based on the seamless of their buying experience.

Covid 19 pandemic is the booster dose to omnichannel transformation

The pandemic has had profound changes in consumer behavior. With mandated lockdown and contact limitations, people feel less hampered to flock to e-commerce platforms and buy online. According to Statista, there are over 2.1 billion online consumers globally in 2021, up 19 percent compared to those in 2018. This led to a high traffic increase to both popular online platforms and small emerging ones such as official brand websites or small apps. Moreover, low store traffic has forced many brick-and-mortar stores to temporarily or permanently closed. Due to a 44 percent in-stores sales slump, ZARA closed approximately

1200 stores globally in 2020 and sought to boost online sales (Jolly 2020). To gain competitiveness among other retailers, several brick-and-mortar businesses launched their online sites or diversify their product offers. Retailers were compelled to accept solutions that they had previously been hesitant to adopt to provide a seamless experience to consumers. In other words, the covid pandemic raises social reliance on online channels and increases consumer expectations for shopping experiences. However, when people advance to the post-pandemic era, consumers return to brick-and-mortar stores while remaining high expectations for a safer and more compelling personal buying experience developed during the pandemic. According to Almond (2022) in a Forbes article, brick-and-mortar stores cannot be replaced because of their important role in delivering consumer convenience, geographically consumer targeting, customer services, in-store buying experience, and brand loyalty. Therefore, many retailers are transforming from multi-channel to omnichannel approaches to integrate sales channels and meet the expectation of consumers. (Acquila at el. 2022, 441-443.)

2.8 Omnichannel opportunities for retail business

Before making a purchase, consumers go through several channels and touchpoints. A hundred distinct clients will almost certainly take a hundred different pathways to purchase, stressing the need for seamless integration across all channels and a consistent presence at every stage of the buying process. If implemented and managed attentively, omnichannel is the path to value. (McKinsey 2021.) Omnichannel benefits retailers in many aspects.

First, using an omnichannel approach, businesses can contact consumers on their chosen platform, improving engagement and better targeting advertising. Businesses may not only reach a broader audience, but they can also provide a consistent message across channels. (Global Payment 2020, 5.) When purchasing, customers consult a variety of sources for product information, including store displays, retailer websites, online reviews, and social media. According to Forbes (2021), an average of consumers use six touchpoints per purchase. In addition, 40 percent of consumers refuse to engage with a brand if they cannot choose their preferred channels (Salesforce 2021). In addition, omnichannel helps retailers meet the rising expectation of consumers by offering them better services. Modern consumers demand a smooth, customer-focused. Any discrepancy between in-store and online information, or the inability to purchase via a chosen method, raises confusion about the transaction and discourages a customer from committing. With an integrated system of omnichannel, all the requirements of consumers are handled together, which allows firms have better and faster responses. Moreover, omnichannel retail enables data and information to be shared across channels. Important information and service data are continually gathered

through integrated channels. This information helps firms have a continuous view of the client journey, allowing them to improve operations and uncover inefficiencies more quickly.

Customer happiness and loyalty are frequently improved by better company operations. (Globalpayment 2020, 5). Besides, Deloitte (2014) also highlights the cross-border opportunity of omnichannel. Omnichannel helps retailers expand their global footprint, capturing international sales in an agile manner. Overall, omnichannel engage more consumers, drives sales, enhances the shopping experience, and increases brand loyalty.

3 Case company selection and data collection

3.1 Case company selection

To answer the main research question of the key elements of building an omnichannel, the author examines the omnichannel of five case companies. The selected companies mandatorily meet the following criteria:

- The retail companies have physical stores and operate within the Finnish market.
- The retailers must have more than one sales channel (brick and motor, online website e-commerce, or mobile shopping app).

After market inspections, the author landed on five companies: IKEA – the biggest furniture manufacturer and retailer in the world; ZARA – the fashion retailer that ranked 11th among the best global omnichannel retailers in 2021 by Orchestra; Clas Ohlson – the leisure and home electronics retailers, Omni-experience winner by the annual Swedish Retail Award in 2020; Musti ja Mirri – the miscellaneous store retailers that dominate the pet´s food and pet-related products in Finland; and Espresso House – the largest Nordic coffeehouse chain.

IKEA

IKEA was founded in 1943 by Ingvar Kamprad in Sweden. Started as a mail-order catalog in a small forest town, today it is the largest home furnishings company in the world. Since the beginning, the mission of IKEA is to create a better everyday life for people. Hence, IKEA's products portfolio includes a diverse choice of well-designed, effective and functional home furnishing products at affordable prices for as many people as possible. In 2022, the home furnishing retailers has 466 stores in 63 markets. (IKEA 2022a.) Table 1 shows important indicators of IKEA from the fiscal year 2019 (FY19) to the fiscal year 2021

IKEA	FY19	FY20	FY21
Retail sales	41.3 billion EUR	39.6 billion EUR	41.9 billion EUR
Number of employees	211000	217 000	245 000
Number of global stores	433	445	
Website visits	2.8 billion visits	4 billion	5 billion

Table 1. IKEA key figures from 2019 to 2021 (IKEA 2022a)

Despite the prolonged lockdown and challenges posed by the pandemic, the sales revenue in the fiscal year (FY) rose 6.3 percent compared to FY19 and was back to the rising momentum. Although there was a time 75% of all its global stores closed, IKEA opened 45 new stores with over 225,000 co-workers in total. (IKEA 2022b.) During the pandemic, people work from home, and the demand for furniture to transform their homes into study and workplaces increased sharply. IKEA embraces the opportunity and makes a leap of digital transformation. The firm combines the merger of the digital and physical ecosystem to provide customers with seamless and personalized experiences. (Frau 2021.). In 2021, the online sales of IKEA grew 73 percent marking five billion visits. Its global stores welcomed another 775 million customers. Despite there being a time whereby 75 percent of its stores had to close following the lockdown rules, the soar in online sales through the website and apps pushed up sales volume. The online share of total revenue rose from 18 percent to 30 percent in FY21 (Ingka 2021a).

IKEA is transitioning from multichannel to omnichannel retail in response to changing customer behavior. As customers are constantly switching channels, IKEA delivers customers seamless online and offline buying journeys. To build a customer-centric omnichannel, IKEA has been renovating stores to operate as fulfillment centers, as well as redesigning IKEA.com and upgrading the IKEA app. AI and augmented reality were applied to optimize operating costs and bring value to customers. (Frau 2021.)

Espresso House

Espresso House, founded in 1996 by Charles Asker and Elisabet Asker, is the largest coffee house chain in Nordic countries. The revenue of the coffee firm in 2018 was around 131 million euros. Espresso House is a private company and unlike other coffee chains, the firm owns most of its stores. Espresso House is one of the fastest-growing coffee shop chains in Europe. Until 2020, the Swedish firm has 488 stores in five countries with more than half located in Sweden. (WorldCoffeePortal 2022.) The coffee chain offers customers quality Arabica specialty coffee, as well as a various selection of drinks, baked goods, and salad at a competitive price. The first Espresso House in Finland was opened in the fall of 2015. During six years of operation, in 2021 there are 51 stores in Finland. The brand, which promotes Italian coffee culture and a cozy living room atmosphere, has subsequently expanded to dozens of locations around Finland.

Clas Ohlson

Clas Ohlson, founded in 1918, is a Swedish retail chain company dedicated to providing products and services to tackle daily practical problems. Started as a mail-order company, Clas Ohlson now has multiple stores in five countries: Sweden, Norway, Finland, and the

UK. The retail chain offers a wide range of products of over 12000 items in five main categories: home, electrical, leisure, hardware, and multimedia. (Clas Ohlson 2022a.) The retail chain with over a century of history is now evolving to the changing behavior of modern customers. After the fiscal year of 2020- 2021, Clas Ohlson has 228 stores in four countries: Sweden (97), Norway (90), Finland (40), and England (1), with over 4500 co-workers, and approximately 8.3 billion SEK in revenue (Clas Ohlson 2021,3).

In 2020, Clas Ohlson was the award winner of Retail Chain of the year and Omni-experience of the year by the annual Swedish Retail Award. The award holder caught the eye of the judges by its unique strategy which combines a relevant product selection, an accessible shop network, an e-commerce operation on its own and other platforms, and gives a distinctive customer support and service offering. (Clas Ohlson 2022b.)

Musti ja Mirri

Musti ja Mirri is the leading pet specialty shop chain in Nordic countries. In FY21, Musti ja Mirri has 312 stores in three countries: Finland (134), Sweden (128), and Norway (50). The net sales in FY21 are 340 million euros, and online sales make up one-fifth of total net sales. In Finland, the retailer holds 31 percent of the total pet food market shares. In recent years, the company has been direct towards expanding both store locations and online businesses. Musti ja Mirri's omnichannel mixes the convenience of physical stores with online shopping and focuses on building loyal customers (Musti 2021, 5-15.)

Net Promoter Score (NPS) is the primary metric used by Musti ja Mirri to track customer satisfaction and experience. The company has an impressive NPS score of 80 in Finland. This means that 80 over 100 customers would recommend its products or service to a friend or colleague. The remarkable NPS score indicates that Musti ja Mirri is doing something so right that its customers are satisfied and remain loyal to the brand. The company is a representative case of increasing sales and customers' loyalty by building omnichannel. (Lumoa 2022.)

ZARA

ZARA is a Spanish fast-fashion clothing and accessories founded in 1975 by Amancio and Rosalía Mera. The last decade witnessed an aggressively expand of ZARA into the global markets. ZARA stores may now be found in every developed country. In 2021, The clothing retailer has 2246 shops strategically located in big cities in 96 markets. Leading the trend of instant fashion during the last decade, ZARA has long been a forerunner in fast fashion, famous for its very responsive supply chain. (ZARA 2022.)

3.2 Data collection and survey development

Considering both quantitative and qualitative study methodology, the author conducts an online survey to collect and analyze primary data. The survey form is sent online to customers in Finland who made purchases from at least one of five case companies over the last six months. The survey aims to map the customer behavior and collect recommendations for a better omnichannel experience. As customers are the driving forces of the retail revolution to omnichannel, it is important to understand how customers perceive their omnichannel experience versus what omnichannel features they get. Hence, the survey data helps specify why retailers focus on specific elements of their omnichannel and not others. This helps refine the most basic elements of building an omnichannel and avoid mentioning too many other uncomprehensive and indispensable factors.

Furthermore, given limited time and resources, an online survey is an excellent way to contact a big number of geographically scattered participants (Blumberg et al, 2014). Besides, the online self-completion survey allows respondents to complete the survey at their leisure, at their own pace, potentially increasing the response rate.

The survey took approximately five minutes to complete. As stated earlier, the respondents have purchased from at least one out of five companies: ZARA, Espresso House, Musti ja Mirri, Clas Ohlson, and IKEA over the last six months. The subject survey is clearly stated at the beginning to avoid reaching the wrong target audience. First, the author walks through the concept of omnichannel and the goal of the survey. The questionnaire is structured into six sections. In the first section, customers indicate their shopping preference and rates the factors that might affect their buying experience. The next four sections specify a case company to map customer buying pattern and their experience. If a customer does not purchase from

4 Analysis

4.1 Features aim at sales channel integration

In the survey, the author asked respondents to rate the importance of various factors affecting their in-store and online experience (Figure 3,4). For online purchases, product price, quality, return policy, and delivery costs are top concerns having big impacts on their buying decision. About in-store shopping, quality, product availability, return policy, and the price has the highest very-important votes. The value of an omnichannel is the ability to serve customers in multiple aspects. Therefore, the author made a comparative assessment between five case companies to examine which omnichannel features are offered to meet the needs and expectations of consumers.

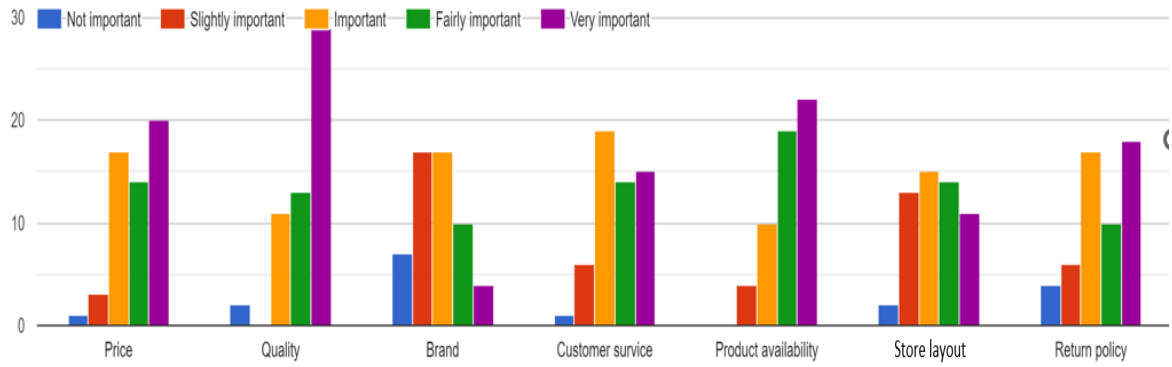


Figure 3 Factors influencing online shopping experience

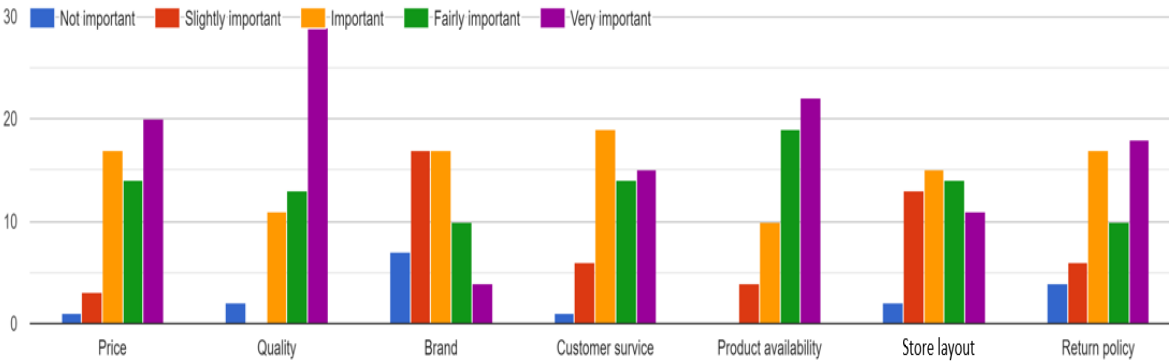


Figure 4 Factors that influence the in-store shopping experience

Based on survey results and criteria of omnichannel given by Total Retail (2021, 3), the author assesses five case companies (Table 1) on various aspects below:

- Buy online, pick up at stores: consumers can search and order online but pick up at chosen stores, curbside pickup, or none of these above.

- Search in-store products online: The ability of consumers can check for product availability of chosen stores via digital platforms (mobile app, online website).
- Shared cart: A shared cart is a single shopping cart that allows customers to purchase across several channels and access their cart from their phone, computer, or even in-store.
- Loyalty across the channel: The author assesses whether online and offline purchases are recorded in one place. Thus, incentives and loyalty points for registered consumers can be received and used across channels.
- Return and exchange across the channel: Consumers can return and exchange products across channels, regardless of which channels they bought them from. For example, a customer who purchased ZARA jeans online can return them at the nearest ZARA stores.
- Pricing consistency: the author examines the consistency of product prices across channels.
- In-store mobile payment: In-store mobile payment is the ability for customers can pay via the brand's app on their mobile phone.

	Pricing consistency	In-store mobile payment	Return & exchange across channels	Shared cart	Loyalty point	Search in-store products online	Buy online, pick-up at stores
IKEA	☑	☒	☑	☑	☑	☑	☑
ZARA	☑	☒	☑	☑	☑	☑	☑
Espresso House	☑	☑	☒	☑	☑	☒	☑
Clas Ohlson	☑	☒	☑	☑	☑	☑	☑
Musti ja Mirri	☑	☒	☑	☑	☑	☑	☑

Table 1 Omnichannel retail features

None of the five case retailers have the full seven listed omnichannel features. Pricing consistency, shared cast, shared loyalty points, and buy online pick-up at stores appear at all five omnichannel retailers. Espresso House is the only one offering in-store mobile payment.

4.2 Omnichannel customers journey assessment charting

According to McKinsey, companies benefit the most from their omnichannel strategy when the ambition and capacity of the firms meet the desired buying experience of aspirational customers. The customer journey has three phases namely Discover and consider, Purchase and enjoy, Engage and advocate respectively. During each phase of the buying trip, there are three levels of management from commerce, personalization, and ecosystem to access the level of cross-channel experience, level of relevant and tailored offers, and how retailers blend in with the lifestyle and needs of the customers. (McKinsey 2021.) The author applies that assessment model charting to analyze case five case companies.

IKEA

	Commerce	**Personalization**	**Ecosystem**
	Online to offline (O2O) cross channel experience	Custom, tailored and targeted engagement	Integration with the needs and lifestyles of customers
	Product awareness:	**Customized offers**	**Content for the day**
Discover and consider	actively create content and presence across channels: online, ads, social media, IKEA catalog, IKEA app Bring IKEA to inner-city dwellers with the IKEA franchise system, and new ways of meeting customers with smaller compact stores and showrooms (IKEA 2021)	Having Consumer & Insight team analyze detailed customers preference. Remarketing strategy, predict fulfillment Working together under the IKEA franchise system to better target consumers and improve offer relevance	Content focuses on lifestyle inspiration, and imagination with a consistent theme to inspire and reach the wish for a better life of customers. Schedule posting on social media, and product content from the small living facets to inspire and spread sustainable living.

	Convenience and clarity	**Integrated shopping**	**Seamless experience across channels**
Purchase and enjoy	IKEA Click and Collect: Buy online, pickup at the store. Free choice of paying, picking up, and delivery method in every store In-store return or contact Customer Support Center to have it picked up from home.	Full e-commerce function via IKEA website and mobile app Smooth transition, shared cart, and loyalty points between IKEA webpage, IKEA app, and at stores for IKEA membership (sign-up account)	IKEA Place app brings services to the house. IKEA Place using augmented reality (AR) with 2000 products in true scales 3D representation of their homes IKEA showroom shows the application and creativity of the products
	App and loyalty	**After transaction**	**Sense of community**
Engagement and advocate	Earning a star for every 1-euro worth of goods purchased, special offers and discounts, free hot drinks, and membership member prices at IKEA restaurant Membership benefits are collected and used across IKEA channels.	Tailored SMS or email messages Online assembly and fixing service via contactless call and appointment, Collecting and recycling old products, paying for customers to return old products for recycling or refurbishment	Promoting green and sustainable living with The People and Planet strategy Positioning the Nordic lifestyle and minimalist architecture, place high importance on product function, quality, sustainability, and affordability.

ZARA

	Commerce	**Personalization**	**Ecosystem**
	Online to offline (O2O) cross channel experience	Custom, tailored and targeted engagement	Integration with the needs and lifestyles of customers
	Product awareness:	**Customized offers**	**Content for the day**

	Active appearance on social media sites: ZARA has more than 50 million Instagram followers Appealing to fashionistas on social media for brand evangelists. Investing in in-store layout, and location	Trained employees who are sensitive to the needs of customers. Harnesses the power of consumers' data by paying for premium web technology	Catching up with the latest trend on the runway and bringing the runway trend to the mass customers. Creating relevant content on social media such as mix-and-match clothes.
Purchase and enjoy	**Convenience and clarity**	**Integrated shopping**	**Seamless experience across channels**
	Multiple buying channels, flexible and clear delivery, and return method	Easy switching between an online and offline channel with integrated information and order details. Digital receipts stored in-app to speed up checkout lines	Multiple omnichannel functions such as click and go, click and find, scanning items, click and try, and store mode Booking changing rooms at stores without waiting in line.
Engagement and advocate	**App and loyalty**	**After transaction**	**Sense of community**
	Promoting membership with benefits across channels. Registered consumers are given QR codes.	Relevant products or products that match with purchased ones are recommended to consumers. App users receive notifications about updates and unfinished purchases.	Putting customers at the core of its design Modern, youthful, trendy yet highly applicable and affordable products Creating a community of fashion enthusiasts who wants to quickly catch up with fashion trends

Clas Ohlson

	Commerce	**Personalization**	**Ecosystem**
	Online to offline (O2O) cross channel experience	Custom, tailored and targeted engagement	Integration with the needs and lifestyles of customers
Discover and consider	**Product awareness:**	**Customized offers**	**Content for the day**
	Building strong brand recognition and emotional connection with consumers via broadcast advertising, print advertising, and during customers' journey at brick mortar stores Optimizing SEO to boost online. search (Clas Ohlson 2018.)	Using AI tools to increase buying conversion rate. Analyzing market trends and watching the buying journey of consumers to give product offers.	Dynamic products recommendation based on history purchase, season, or holiday trends. Content is dynamically changed based on the demand of consumers, season trends, or holidays.
Purchase and enjoy	**Convenience and clarity**	**Integrated shopping**	**Seamless experience across channels**
	Consumers can choose buying and delivery methods at their convenience.	There are still boundaries in buying online and at stores. Clas Ohlson is poorly rated 2 out of 5 on AppStore.	Collaboration with Wolt to deliver purchased items to the doorstep of consumers within an hour (Wolt 2020) Click and collect within 30 minutes
Engagement and advocate	**App and loyalty**	**After transaction**	**Sense of community**
	Loyalty program via a physical membership card and its mobile app with a deep discount, and special product prices.	Personalized email and SMS to consumers Recycling electronic materials and batteries for consumers. Return and exchange policy	Having a strong brand recognition and emotional connection with Finnish consumers. well-known for giving all kinds of home and leisure products.

Musti ja Mirri

	Commerce	**Personalization**	**Ecosystem**
Discover and consider	**Product awareness:**	**Customized offers**	**Content for the day**
	Easily accessible location and attractive store layout. Traditional marketing via advertising, printed catalogs, and leaflet Engaging consumers on social media	Targeting pet parents based on the development phase and characteristics of pets throughout their whole life cycle. Making use of consumers' data to cater to the need of pet parents	Active posting on social media
Purchase and enjoy	**Convenience and clarity**	**Integrated shopping**	**Seamless experience across channels**
	Clear product details, payment methods, delivery options, and other policies.	Offering integrated digital services of three-level: live shopping, masterclasses, and book online experts. An ecosystem of services aiming to satisfy both physical and online buying experiences.	Expert advice is offered across channels. Store personnel can give real-time conversations to make online consumers feel like they are shopping at stores.
Engagement and advocate	**App and loyalty**	**After transaction**	**Sense of community**
	Pet club, training, insurance, vet services, discounts, and fast delivery. The loyal program offers a holistic solution to problems and entertainment needs to pet parents throughout their per life.	A lifetime food care service for pet parents. Musti masterclass with courses online about pet parenting on various topic	Offering an ecosystem for pet parents throughout the lifespan of the pet Creating a community for pet parents where they can meet, train, and play together.

Espresso House

	Commerce	Personalization	Ecosystem
Discover and consider	**Product awareness:**	**Customized offers**	**Content for the day**
	Presence on social media especially Facebook, Instagram, Espresso House mobile app Stores located in the hustle and central area. Store display in pedestrians' lanes.	Partnering with marketing agency DoubleClicknet Using analytics and tracking tools to collect consumer data (Build with 2022). Collecting cookies in exchange to free Wi-Fi at stores	Marketing content focusing on elevating products and offers, for example, drink of the day, chocolate ball day, and Friday picnic with pecan and caramel bun. Daily news about new products
Purchase and enjoy	**Convenience and clarity**	**Integrated shopping**	**Seamless experience across channels**
	Time-saving and convenient online order with a mobile app Comfortable and relaxed store atmosphere	Smooth order via mobile and self-pickup ready drinks and food. Purchase history is recorded, and consumers can easily repeat old purchases with a click	Free choice of adding additional ingredients to their drinks via mobile app for direct requests. Send gifts in form of products or money to friends via a mobile app.
Engagement and advocate	**App and loyalty**	**After transaction**	**Sense of community**
	The Espresso House app is designed for advanced loyalty, offering discounts, gifts, and monthly descriptions.	Tailored notifications, emails about new deals and discounts	Reflecting the taste of Finnish and the coffee drinking culture. Meeting place for friends' reunion, studying, and relaxing after-work

4.3 Observation

4.3.1 Channel integration for a better omnichannel experience

Click and collect

Five case companies developed multiple features that integrate online and offline channels for a seamless experience. Among those, click-and-collect is among the first offered features. In the world of omnichannel, the click-and-collect model is the connecting wire between the online platform and brick-and-mortar stores. It enables consumers to research, purchase, and pick up at the store. Click-and-collect helps consumers overcome conventional barriers when shopping online such as the uncertainty about product size or quality. In addition, consumers can save time shopping at stores without any incurred costs. (Chan 2018.)

According to the survey, more than 60 percent of IKEA consumers in Finland acknowledge and search for IKEA products online, but 75 percent of them buy at stores. Consumers are switching between channels throughout their buying journey. Acknowledging that, IKEA offers a contactless shopping experience called click and collect to integrate brick-and-mortar stores with digital commerce and enable consumers to buy at their best convenience. Moreover, during the pandemic, IKEA offers the click and collect near you – a mobile delivery service allowing consumers to pick up at the chosen location in their neighborhood. (Ingka 2021b.) The new click and collect points were opened in Lahti, Lappeenranta, Mikkeli, and other cities for drive-through delivery. The survey asked 29 consumers of IKEA in Finland, five of them, accounting for more than 17 percent, chose to click-and-collect for their most recent purchase over the last six months. The click and collect model responds to a proportion of IKEA consumers' shopping habits while ensuring affordable costs of delivery for consumers. Overall, retail sales at stores 2021 of IKEA increased by 5.8 percent, driven by online activities and higher interest in home furnishing (IKEA 2022a).

ZARA and Clas Ohlson click-and-collect allow consumers to pick up their order after 30 minutes. This unique mix of store and e-commerce delivery has become the most popular delivery option of Clas Ohlson for online sales during the pandemic due to its flexibility and safety (Clas Ohlson 2020). With click-and-collect, brick-and-mortar stores are the meeting places where retailers can deeper understand the personal needs of customers. In addition, the stores serve as a logistic hub of online sales for faster and more cost-effective delivery. In conclusion, click-and-collect helps case retailers drive in in-store traffics, and fill in the gap of multichannel. The feature helps consumers with busy lifestyles save time, and fulfill demands quickly at their convenience without incurring costs.

Stock visibility

According to the survey, 75 percent of respondents answered they would go online and search for product availability before buying. Nothing irritates customers more than seeing an item online and discovering it is out of stock when they arrive at the store. Both five case retailers show visible tock numbers to consumers when ordering online and offline. Shoppers will be able to view what stock is available in which locations if retailers use the correct online inventory management and eCommerce technologies. The ability to manage and show available stocks to consumers is the backbone of click-and-collect features. (Chan 2018.)

ZARA store mode (Figure 6) embedded within its app shows consumers stocks of their chosen stores, allowing them to choose a suitable path to purchase.

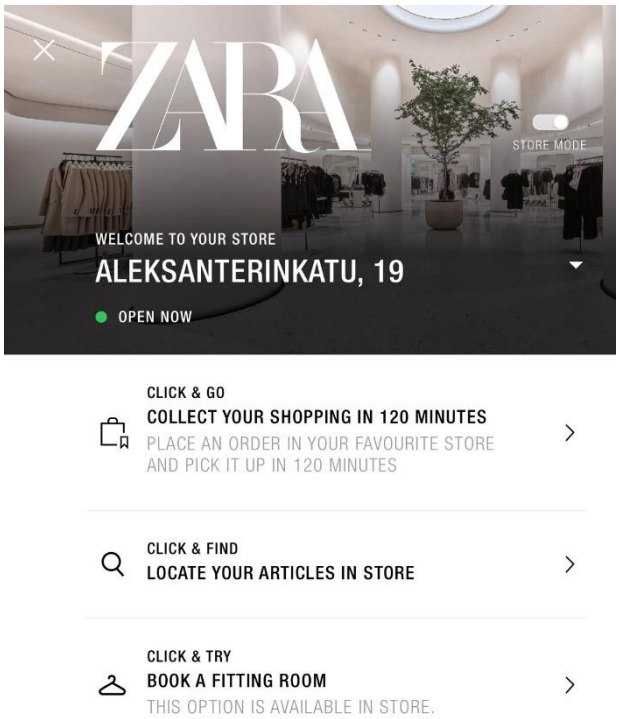


Figure 5 Store mode on the ZARA app

App users can check in any stores of geographical selection, know the real-time products and sizes available in that specific location, and go pick-up in 30 minutes using a QR code. If consumers do not want to pay before touching products physically, they can opt for Click-and-find. App technology quickly navigates buyers to product locations in that specific store, minimizing the time for searching or asking for assistance from ZARA staff. (Chan 2018.) In addition to applying the latest technology to expose in-store stock to consumers, ZARA took a holistic warehouse management transformation to comprehensively control logistics and

distribution in the supply chain (ZARA 2021). IKEA, Clas Ohlson (Figure 7), and Musti ja Mirri also show the visibility and location of the selected item at stores.

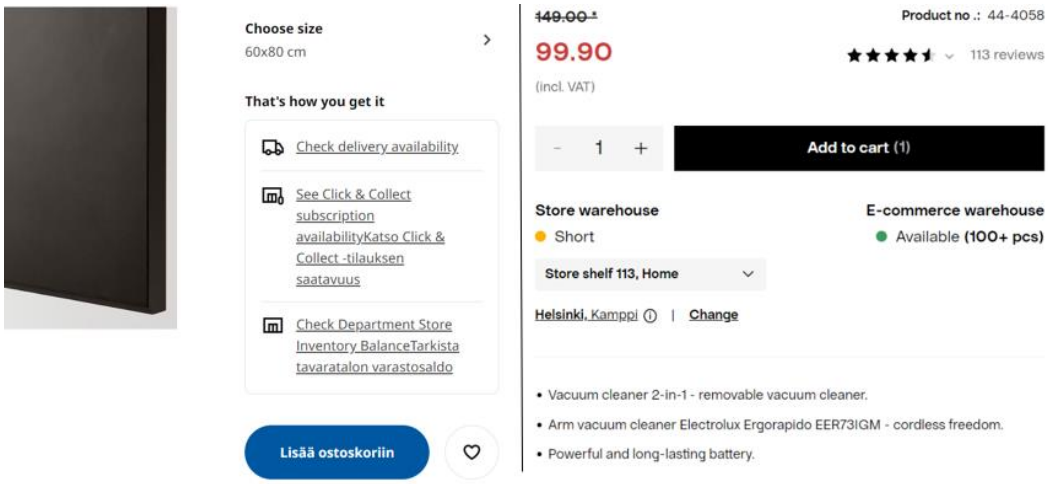


Figure 6 IKEA and Clas Ohlson web interfaces

Consumers of IKEA, Clas Ohlson, and Musti ja Mirri can check the real-time stock before buying. Musti ja Mirri partner with Relex to build an integrated system that not only manages stock value and availability but also forecast and allocation inventory (Relex 2022). With an inventory system that interfaces with other systems to maintain a real-time inventory count on websites or apps, consumers can see what is available to buy at a chosen location. Thus, it reduces the unpleasant feeling when consumers arrive at stores and know the product is out of stock. Retailers need to have an efficient sales management system at stores by adopting the latest technology. Hence, data is smoothly shared across channels and automatically updated.

4.3.2 Mobile apps place an important role in omnichannel

According to the survey, 81 percent of respondents uses their smartphone while shopping. When being asked about what buying-related activities they do online, Figure 8 illustrates their top answers.

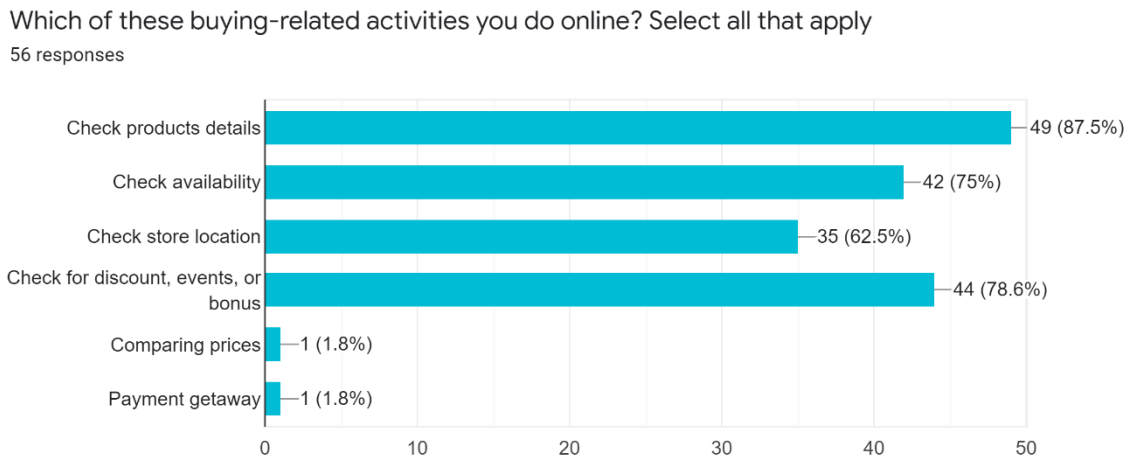


Figure 7 Top buying activities happen online

Case retailers both encourage consumers to download the app for full-customer experiences. The author would examine what these five case companies' apps have to offer. First, IKEA has three different apps namely IKEA app, IKEA Place, and IKEA Home Smart. IKEA Place uses argument technology to make good design accessible to everyone. App users can virtually place 3-D products using their background. IKEA Home smart offers consumers control of very IKEA smart products at home. Turning on and off the music, setting the house brightness, or controlling the air purifier are performed at a touch of a button or with your voice. About IKEA app, the biggest furniture retailer refers to it as the world´s smallest compact IKEA store that can fit in your pocket. (IKEA 2022b.) Initially launched in July 2019, two years later in August 2021, the app has more than 31 million download times, 9.5 million unique global monthly users, and is averagely rated 4.6 out of five (Ingka 2021b). Clas Ohlson has two widely known apps particularly Clas Ohlson and Clas Ohlson Home. Clas Ohlson Home initially launched in 2012, functions like IKEA Home smart app, and Clas Ohlson resembles the IKEA app. Clas Ohlson app is only available in Finnish and English, with more than 100 thousand downloads on Google Play (Google Play 2022). Espresso House app, according to Umain (2022), has more than 1.2 million downloads, over six hundred thousand monthly active users, and 3500 purchases daily. Musti ja Mirri has Musti ja Mirri Paikannus to track activities, locate, or race pets on a map. The software is free to download and test, but you'll need a location to access all of the functions. (Musti 2022.)

Mobile apps contribute to online sales

The mobile app greatly contributes to the purchase stage of the consumer journey. Case retailers both provide apps with omnichannel features that promote convenience, reliability, and seamless experience. IKEA apps and ZARA deliver full e-commerce function, create

sharable shopping lists, and search product availability. Internal data of IKEA shows that the app is successfully driving sales. (Ingka 2021b.) ZARA app has a strategic role in the omnichannel strategy of clothing retailers. The app built with leading features aims to extend the fashion experience on every occasion and location. It eliminates the barriers between the physical and virtual worlds. (Inditex 2021, 47.) About Clas Ohlson, since the company embrace the omnichannel strategy, the retailer started developing the app for mobile and tablet users due to the dramatic increase in online shopping via smartphones.

Case retailers are using mobile apps to promote consumer loyalty

The chosen case retailers except Musti ja Mirri both enable consumers to collect loyalty points seamlessly across channels including via apps on smartphones or tablets. App users have a higher retention rate, which refers to the higher number of unique users using the app continuously over a period. The app encourages consumers to return to the app, explore new content, and start a new sales journey. A quarter of IKEA app users who first interact with the brand use app again in the following month. (Ingka 2021c.) Espresso House might have the most generous loyalty program out of five case retailers. The figure below shows the main channels that consumers interact with Espresso House and how often their purchase is made via the app.

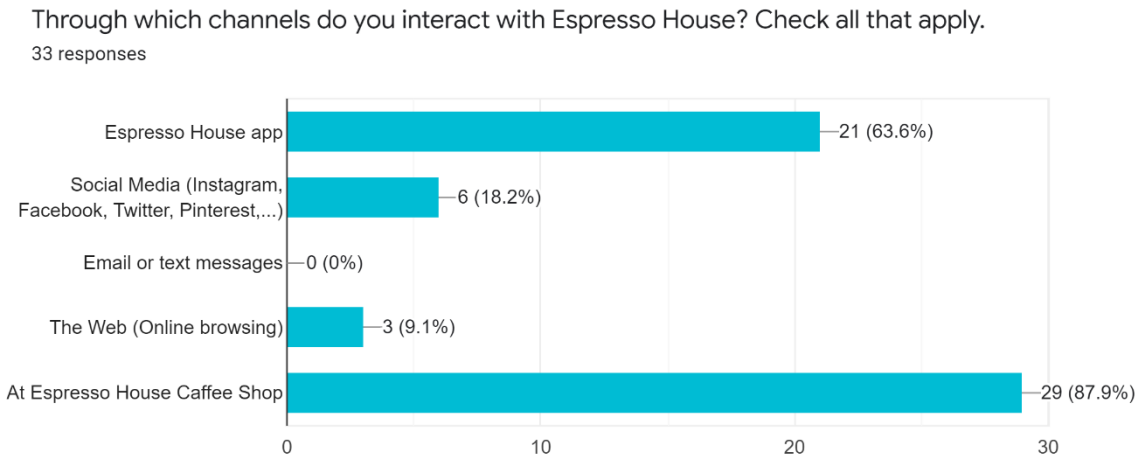


Figure 8 Number of customers interacting with the different channels of Espresso House

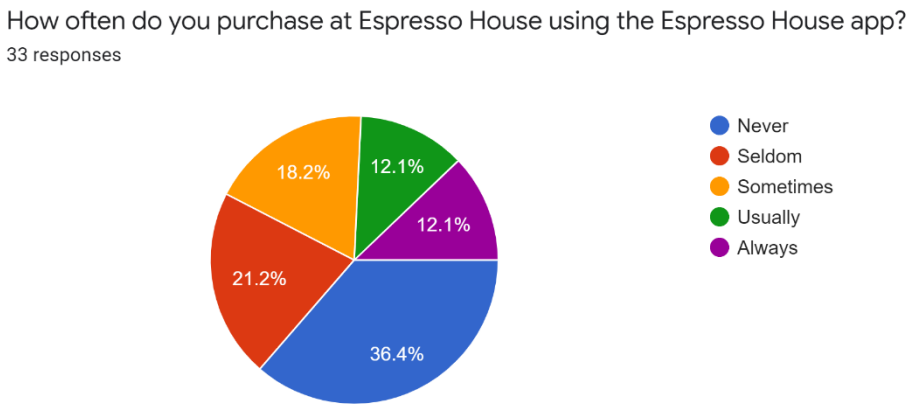


Figure 9 Frequencies of purchase via Espresso House app

More than 60 percent of the survey´s respondents use the Espresso House app, and 40 percent of those consumers who have the app on their phone frequently always use the app to order. When respondents were asked why they keep the Espresso House app on their smartphone, 85 percent of their answers are related to collecting loyalty benefits. This impressive figure suggests that Espresso House is doing good with its loyalty strategy.

Mobile apps stimulate shopping enjoyment and fill the gap between online and offline shopping

In terms of proximity, the mobile app is the most convenient and personal channel for consumers. Therefore, IKEA and ZARA designed mobile apps that bring excitement, and a breath of fresh air to consumers. IKEA realized the consumer concerns which are having no clue whether the sizes or color of the products suit their spaces. Thus, IKEA Place uses augmented reality (AR) technology and print catalog to resolve the concern. Consumers can take a picture of the space in their home and furnish it by placing 3D true-scale products. (IKEA 2022.) The app enables consumers to examine products in real spaces, use their senses, and have human interaction like they are at brick-and-mortar stores. ZARA, on the flip side, adopted a different approach, offering an augmented reality app to use in shops with outfit displays and window displays. Consumers can watch AR models posing and walking around in a dress of the latest collection. Although the ZARA AR app does not apply to stores in Finland, this is a bold move of ZARA trying to lead the trend of augmented reality shopping. (Matera 2018.) In recent years, many world-famous fashion brands such as Luis Vuitton, Gucci, and Burberry have implemented AR shopping features in their mobile app (Paine 2018).

Mobile apps collect consumer data and send personalize SMS, email, or pop-up notification

The apps of both five case retailers require consumers to log in. Thus, consumer data is collected. Each user has a unique portfolio that is constantly updated during the buying journey. The case retailers would SMS, e-mail, and a pop-up notification message straight from the retailer's mobile app to advocate and engage consumers after or before the transaction. Mobile apps would ask users to track their location. If consumers give the app the consent to track location all the time or while using the app, the location data allows case retailers to better understand the lifestyle and purchasing habits of that consumers. After that, app technology could combine this information with purchase history to create a compelling promotional offer. Adverting via mobile apps has high time and location relevance to consumers. (Wong 2021, 99-100.) Figure 11 below illustrates the percentage of respondents allows to share their personal data with retailers.

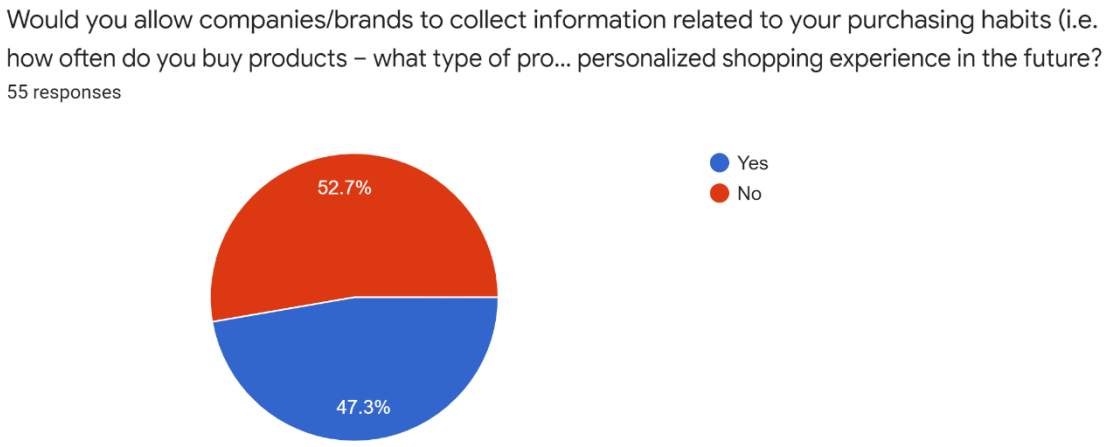


Figure 10 How many respondents allow companies to collect consumer information

The figure shows that more than half of respondents still do not allow retailers to collect purchase-related information. However, once the case retailer successfully convinces consumers to download their app, they can collect willingly given an email address, mobile number, consent cookies, and possibly users location once consumers create an app account.

Brick-and-mortar store's experience enhanced with online experience

Musti ja Mirri put its brick-and-mortar stores at the heart of its omnichannel business model. In 2021, the biggest pet care retailers in Finland acquired 17 franchise stores directly operated by Musti Group. Directly operating its brick-and-mortar stores is a strategic move that

enables the retailers to provide consumers with a consistent and award-winning store experience. Through the acquisition of Finnish stores under franchising agreements, the leading pet care retailer aims to improve operational efficiency and synergies within brick-and-mortar chains. (Cision 2021.) Musti ja Mirri stores are in a busy mall. However, the cornerstone of the store's concept that drives customers is expert advice offered by store personnel. Musti specialists who are highly engaged, motivated, and well-trained are a significant competitive advantage of Musti ja Mirri and are critical to the omnichannel strategy of the retailer. (Musti Group 2021, 13-15.) Musti's online channel complements the physical in-store offering.

4.3.3 Rapid growth in technology spending

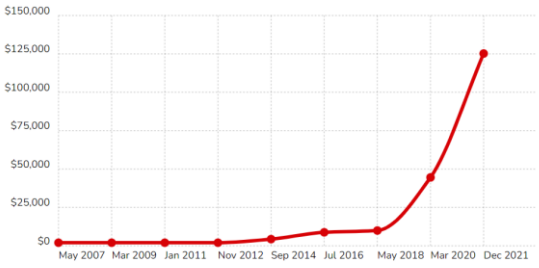
Harnessing bleeding-edge technology such as artificial intelligence, machine learning, and the internet of things undeniably brings various benefits to companies. However, technology adoption greatly depends on the budget and business goals of the companies. When analyzing the personalization stage, the author recognizes retailers place high importance on understanding the consumer journey. Both five companies use technology to better target customers and improve site performance. Therefore, they adopt web analysis and tracking tools to measure their performance and maximize reach. Website analytics and tracking tool will monitor, measure, and report on website traffic, user clicks, and performance (Stanley 2022). Google Analytics (Figure 12), one of the most popular web tracking and analysis tools, shows how consumers reach and engage with the websites, helps retailers decide which content has the highest reach, troubleshoot errors, and so on. Some technology tools are used to optimize search keywords, social media, and mobile app performance. (Shah 2020.) Those powerful insights help retailers make data-driven decisions on their websites, mobile apps, and social media sites.

Figure 11 Google Analytics (Google 2022)

The most widely used free tools are Google Analytics which allows firms to look at their data across the web and app to fully understand the consumer journey. Five case retailers use various types of web tools with the latest technology to improve their performance. Besides free or trial versions, many tools offer paid versions that unlock premium features and process big data. (Google 2022.) Due to the fierce competition in e-commerce and the growth of analytics and tracking technology, IKEA, ZARA, Espresso House, Clas Ohlson, and Musti ja Mirri has vigorously spent money on web technology tools over the past years to stay ahead of their competitors.

Analysis of web technology expenses of five case retailers

Buildwith allows people to examine what websites are built with (Crozdesk 2022). The author uses the Builwith website to find the technology stack of the five case companies to know what web technology they use in their omnichannel retail. The table below illustrates spending on detectable web technology of five case companies.

IKEA (125,227 USD/year) Skyrock spending on web technology: Akama mPulse, Opimizedly, Content Square to improve site performance and personalization, and SaleCycle to recover	

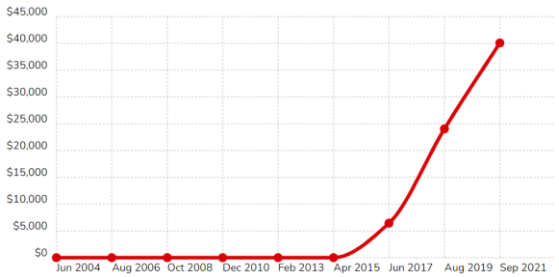
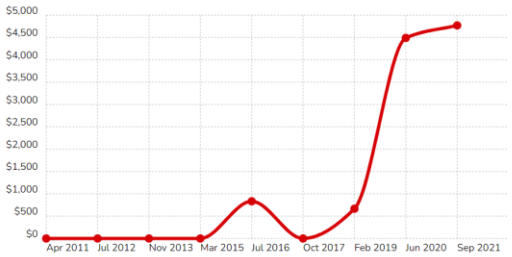
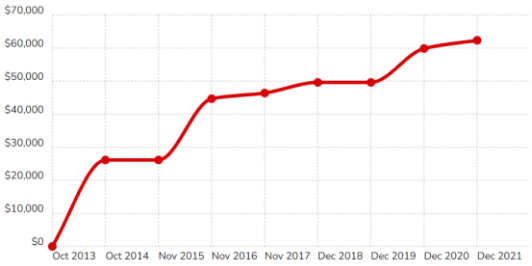
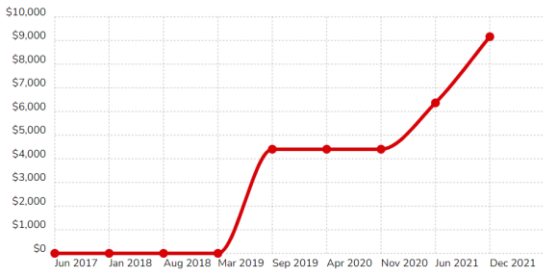
sales and retarget consumers. (Buildwith 2022a.)	
ZARA (40,068 USD/year) Akamai mPulse to improve application performance, ThreatMetrix for fraud protection. Adopting Quibit, an e-commerce tool using artificial intelligence, to create product recommendations, personalized content, and customer data insights. (Buildwith 2022b.)	
Espresso House (4,700 USD/year) Taking advantage of free tools offered by Google and Facebook. Using search engine optimization (SEO) tools and securing user authentication for its Espresso App. (Buildwith 2022c.)	
Clas Ohlson (62,337 USD/year) Adwords for keyword optimizing (ThinkwithGoogle 2017), Using Vergic since 2014 to enable consumers to directly connect with its staff via an advanced online chatbox. (Buildwith 2022d)	
Musti ja Mirri (9,163 USD/year) Using analytics and tracking tools Leadfeeder to target people visiting sites. In addition, the leading pet chain uses CookiesBot – a cookies management tool. (Buildwith 2022e.)	

Table 2 Web technology spending

Clas Ohlson is among the pioneers in Europe embracing omnichannel and has gained remarkable benefits. Clas Ohlson first put building omnichannel with a focus on online and mobile shopping as its strategic move in its 2014 annual report (Clas Ohlson 2015). Since that year, spending on web technological tools has been increasing. IKEA, Espresso House, Musti ja Miri, and ZARA ´s omnichannel experience were fueled by the pandemic. There is a vivid correlation between going omnichannel and spending on technology, especially for analysis and tracking tools (Table 2). ZARA, from zero spending in 2015, reached 25,000 USD yearly spent in August 2019 and continued to increase 60 percent a year later. Web technology expenses of Musti ja Mirri double in the year 2021. Finally, IKEA and Espresso House adopted various premium web tools which results in skyrocketed spending.

5 Key findings, reflections, and suggestions

5.1 Answers to the research question

Sub-question 1: Why should retail businesses develop omnichannel?

- The omnichannel approach optimizes engagement and brand awareness

As stated earlier, modern consumers switch between multiple channels and touchpoints within one purchase journey. Omnichannel retailers seamlessly interact with consumers across the channel. Consumers have the power to choose their preferred channels to interact with retailers. In addition, a broad presence both online and offline helps companies reach more potential consumers, increases brand awareness, and stimulates buying intention. Overall, an active presence results in higher sales revenues and brand reputation.

- Omnichannel retailers can meet the higher expectation and demands of modern consumers

Omnichannel retailers meet consumers where they are regardless of time, channels, or location, and make the purchase journey more exciting and convenient for them. Channel integration of the omnichannel approach reduces the pain of channel switching. Moreover, staff and retailers are better informed to assist consumers and create compelling experiences.

- Shared data and resources result in higher consumer satisfaction and loyalty

With an omnichannel approach, data and resources are integrated. Businesses may acquire data from consumers, inventory, or suppliers only once rather than at each touchpoint. Companies do not need to develop and implement plans for each channel when they provide a holistic viewpoint. Thus, enhanced operational efficiency and cost savings are the results of implementing an omnichannel strategy. In addition, shared data gives a comprehensive understanding of consumer behavior, therefore, firms could make data-driven decisions to accelerate sales and attract loyal consumers. Shared resources such as real-time consumer service or expert advice amplify shopping enjoyment.

Sub-question 2: What do the omnichannel five case retailer have in common?

First, the case retailers offer consumers multiple features such as click-and-collect, mobile payment, shared card, and loyalty programs to create a seamless experience across channels. Channel integration is the main goal; however, the level of channel integration varies between different case studies. Second, both five case companies have robust supply chains and enhanced online inventory capabilities to improve consumer satisfaction. Inventory systems communicate with other systems allowing click-and-collect, curbside pick-up, and so on. It is important that buyers can search online, filter search results, see product

availability and choose a pick-up location. In addition, online inventory management allows case retailers to optimize their delivery options and sales channel integration. Brick-and-mortar stores serve as warehouses. Retailers can choose the nearest warehouse to deliver to consumers which are cost-saving and time-saving. Third, retailers offer consumers one or multiple versions of mobile apps. In recent years, mobile development is given considerable concern and financial investment to increase app user volume. Third, brick-and-mortar stores remain important meeting places for delivering customer service and experience. Store location and store layout greatly contribute to the success of their omnichannel. Finally, both five case companies witnessed a rapid increase in spending on web tools in recent years. Many premium web tools for keyword optimizing, A/B testing, personalization, tracking and analysis were adopted to measure and improve performance, as well as give data-driven suggestions to increase sales.

Main research question: What are the key elements to consider when building omnichannel in retail?

- Integration across the channel with multiple omnichannel features

The spirit of omnichannel retail is creating a seamless consumer experience across the channel. Therefore, smooth channel integration is a must-have element. Retailers should provide various omnichannel features such as click-and-collect, shared cart, flexible return options, and a unique and excellent consumer experience. An omnichannel retailer should go beyond purchase numbers and allow consumers to immerse in a brand experience. From building brand recognition, and personalization to forming a community, there is a connection and complement among different channels. Implementing the right omnichannel features following the business goals matching with consumer behavior would drive sales and consumer satisfaction. Retailers should consider adopting omnichannel features that are proven to drive real-business values to blur the barriers between online and offline channels.

- Robust tock management that enables stock visibility to consumers

Both five case companies revolutionized their supply chain efficiency and tock management strategy to enable stock visibility to consumers. Thus, a robust and proper functioning inventory system is critical to any retailer in building a successful omnichannel. As stated earlier, stock availability influences the emotion and the decision to purchase an item of consumers. Therefore, retailers should embrace the right technology to shared and manage inventory data across systems. A real-time stock accuracy that communicates across channels and updates automatically brings various benefits to the retailers. First, consumers are informed of available-to-purchase products as well as product in-store locations. This reduces the unnecessary time looking for items at stores and avoids negative feelings due to

out-of-stock. Second, with an interconnected inventory system, each brick-and-mortar store can serve as a warehouse creating more flexible and convenient delivery options. The systems can estimate the delivery time for that item, and then offer consumers a precise arrival time in minutes. In addition, harnessing real-time stock visibility enables click-and-collect and curbside pickup to function smoothly. Finally, sales staff can give data-informed answers to the questions of consumers or know when inventories need restocking.

- The mobile app plays an important role in the omnichannel experience and consumer loyalty

smartphones to many people are an inseparable item. Therefore, having a mobile app These apps are synchronized and connected with the core product is a key element of an omnichannel. Mobile app requires consumers to log-in which to collect consumers data to deliver more efficient personalized marketing messages. In omnichannel retail, the mobile app serves as a self-service channel for consumers to complete a shopping journey from searching for product details to paying for purchases. A mobile app packed with various omnichannel features delivers a seamless experience to app users. Moreover, retailers should develop mobile apps embracing bleeding-edge technology such as augmented reality or artificial intelligence to uniquely engage consumers.

- Retailers should implement suitable web tools to understand consumer behavior and optimize business performance.

Targeting the right consumers at the right time with the right products is at the core of improving the consumer experience. Consumer behavior is constantly changing, and a fiercely competitive environment leaves no room for intuitive decisions. Web tools allow retailers to make consumer-centric and data-driven decisions. Tracking and analysis software records the activities of consumers on websites or apps, measure performance, attract more visitors, boost conversions, and increase income. The goal is to better target consumers, predict behavior, improve personalization offerings, and save costs by leaving out irrelevant factors.

5.2 Validity and Reliability

In terms of research validity, both theoretical and empirical investigations were done using reliable data banks and credible academic sources such as published books, official papers from credited publishers, and reputable Internet sources. Most of the theory has been published in the last five years to capture the latest knowledge in the field. The author combines relevant theoretical materials from multiple sources to increase credibility and persuasion. Regarding empirical research, a mixed approach of quantitative and qualitative is conducted. Data collected comes from the released public document of the case retailers such

as annual reports, financial and sustainability reports, or official websites. The survey is carried out with careful guidance and clarity. The author avoids questions that lead to biased answers and makes sure to get replies from the right respondents. By the end of the study, all the research questions had been properly addressed. In general, due to the high validity in data collecting and data processing practice, the results would not vary greatly if the practice was repeated.

5.3 Suggestions for Further Research

As the thesis examines the omnichannel approach based on consumers' journeys, there are some suggestions for further research to complement and broaden the omnichannel perspective. Omnichannel is a broad and resourceful concept that most retailers want to fully adopt and grasp omnichannel opportunities. As stated in the limitation part, the chosen target audience of the thesis is retailers directly selling tangible products to consumers. Therefore, the author suggests conducting other research about omnichannel in the service industry such as insurance, finance and banking, or the transport and logistics sector. Furthermore, because the analysis was limited to five case companies operating in the Finnish market, the author suggests that a bigger observation of enterprises with varied geographic locations and operating sizes will be examined to obtain a more accurate conclusion not only in Finland but in other markets as well. In addition, future research can look at omnichannel from omnichannel marketing, omnichannel strategy, or omnichannel management perspective to dig deeper into the omnichannel concept from different aspects. Finally, the omnichannel retailer's approach is not new but still not mature. During and after the peak of covid 19 pandemic, many retailers quickly transform their business goals and implement the omnichannel approach. However, whether those companies are delivering a truly omnichannel in retail remains a difficult question. With the rapid changes in social and technological development, omnichannel retail is constantly evolving with new features and consumer experiences. Therefore, the author suggests that studying omnichannel retailers in different periods is an interesting topic. From single channel to multi-channel, to so far the omnichannel, is omnichannel the ultimate evolution of future retail experience?

6 Summary

The retailing landscape is driven by the constantly changing behavior of consumers. Due to the rapid advancement of technology and behavior change due to the covid pandemic, the connected consumers expect a seamless omnichannel during their shopping experience. Retailers are put under pressure to deliver omnichannel value to meet the high demand and expectations of consumers. However, omnichannel is a broad and vague concept. Few retailers who aim to build an omnichannel succeed in offering a real omnichannel experience. To determine key factors of a successful omnichannel in retail, the author assesses the omnichannel strategy of five renowned retailers in Finland. By observation and analysis, the thesis aims to point out what key elements omnichannel of those case companies share in common. Thus, the author reveals the prerequisite factors of building omnichannel in retail, which serves as a reference for business owners who desire to adopt the omnichannel approach to their companies.

The research uses the inductive approach. The author examines IKEA, Clas Ohlson, Espresso House, Musti ja Mirri, and ZARA, using a mixed-method of quantitative and qualitative. A combination of primary data from consumers survey and secondary data from reliable public sources helps the author to answer the research questions. The research begins with relevant literature about omnichannel in retail including different types of sales channels, the revolution from multichannel to omnichannel, and the omnichannel opportunities. The empirical research reveals four important elements of building an omnichannel. The author recognizes the significance of channel integration and stock visibility to the satisfactory level of consumers. Mobile app occupies an indispensable part in omnichannel. This explains why both five case companies highlight the urge to engage consumers via mobile apps. Case retailers also splurge money to harness consumer data and optimize engagement by implementing web tools with leading technological advancements. In general, the thesis met its goal by appropriately answering all research questions while maintaining a high degree of validity and reliability. However, the author understands the limitation and delimitations of the research. Therefore, many suggestions for further research are given.

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Appendix 1. Survey form

Consumer behavior on retail omnichannel

The omnichannel approach aims to give customers a seamless experience across sales channels and touchpoints. The survey aims to map the customer buying process, and the buying satisfaction level of Finnish Customers of five companies: IKEA, Zara, Espresso House, Musti Ja Mirri, and Clas Ohlson.

*The survey is dedicated to people who have made purchases over the last six months with one of these five brands: IKEA, Zara, Espresso House, Musti Ja Mirri, and Clas Ohlson only.

dangphiyen2408@gmail.com (not shared) Switch account Draft restored

* Required

How old are you? *

- (●) Under 25
- ( ) 26 - 40
- ( ) 40 - 59
- ( ) 60+

Gender: *

- (●) Male
- ( ) Female
- ( ) Prefer not to say
- ( ) Other

Do you use your phone/tablet while shopping in-store? *

- (●) Yes
- ( ) No

Which of these buying-related activities you do online? Select all that apply *

- [ ] Check products details
- [ ] Check availability
- [ ] Check store location
- [ ] Check for discount, events, or bonus
- [ ] Other:

This is a required question

While purchasing products IN-STORE how important is: *

	Not important	Slightly important	Important	Fairly important	Very important
Price	( )	( )	( )	(●)	( )
Quality	( )	( )	( )	(●)	( )
Brand	( )	( )	( )	( )	(●)
Customer survice	( )	( )	( )	(●)	( )
Product availability	( )	( )	( )	( )	(●)
Shoping experience (shop layouts, user experience)	( )	( )	( )	( )	(●)
Return policy	( )	( )	( )	(●)	( )

While purchasing products ONLINE how important is: *

	Not important	Slightly important	Important	Fairly important	Very important
Price	○	○	○	○	◉
Brand	○	○	○	◉	○
Perceived Quality	○	○	○	○	◉
Reviews	○	○	○	○	◉
Return policy	○	○	○	◉	○
Click and collect (Buy online, pick up at store)	○	○	○	◉	○
Delivery cost	○	○	○	◉	○
Delivery method	○	○	○	◉	○
Chatbox/real-time customer service	○	○	○	○	◉
Shopping experience (app design, layout, loadtime)	○	○	○	◉	○

Would you allow companies/brands to collect information related to your purchasing habits (i.e. how often do you buy products – what type of product – how much do you usually spend etc.) in order to get a personalized shopping experience in the future? *

- (●) Yes
- ( ) No

Do you buy products from IKEA over the last six months? *

- ( ) Yes
- (●) No

ZARA

Do you by products from ZARA in the last 6 months? *

- ( ) Yes
- (●) No

Zara survey

Think about your most recent purchase with Zara and answer the questions below

Think about your latest purchase with Zara and map your buying pattern together! *

Awareness: How do you know about Zara´s new products and sales campaign? Search: How did you find additional information/product details. Purchase: Where did your purchase happen? Return and Exchange: Where do you return and exchange products.

	Online	At Stores	Others
Awareness	○	○	○
Search for additional info	○	○	○
Purchase	○	○	○
Return and Exchange	○	○	○

Through which channels do you interact with Zara? Check all that apply. *

- [ ] Zara app
- [ ] Social Media (Instagram, Facebook, Twitter, Pinterest,...)
- [ ] Email or text messages
- [ ] The Web (Online browsing)
- [ ] At Zara Stores
- [ ] Other: _____

What do you use ZARA app for? *

- [ ] Get products details and purchase
- [ ] Browse In-store mode to Click and Go, Book a fitting room, ...
- [ ] Return and Exchange
- [ ] I don´t have ZARA app
- [ ] Other: _____

Espresso House Survey

Do you purchase from Espresso House over the last 6 months? *

- (●) Yes
- ( ) No

Through which channels do you interact with Espresso House? Check all that apply. *

- [ ] Espresso House app
- [ ] Social Media (Instagram, Facebook, Twitter, Pinterest,...)
- [ ] Email or text messages
- [ ] The Web (Online browsing)
- [ ] At Espresso House Caffee Shop
- [ ] Other:

How often do you purchase at Espresso House using the Espresso House app?

- ◯ Never
- ◯ Seldom
- ◯ Sometimes
- ◯ Usually
- ◯ Always
- ◯ Other: _____

What make you keep the Espresso House App on your phone?

Your answer

Do you experience inconvinience/difficulties when ordering through apps and picking up at the pick-up counter/kassa?

- ◯ No
- ◯ Yes

What can Espresso House do to enhance your buying experience? *

Your answer

Musti ja Mirri

Do you purchase products from Musti ja Mirri in the last 6 months? *

- ◯ Yes
- ◯ No

Let´s map your buying pattern with Musti ja Mirri together *

Awareness: How do you know about Musti ja Mirri´s new products and sales campaign? Search: How did you find additional information/product details. Purchase: Where did your purchase happen? Return and Exchange: Where do you return and exchange products.

	Online	At Stores	Other
Awareness	◯	◯	◯
Search for more info	◯	◯	◯
Purchase	◯	◯	◯
Return and exchange	◯	◯	◯

What can Musti ja Mirri do to enhance your buying experience? *

Your answer

Clas Ohlson

Thank you for making this far in this survey. Only a few questions left!

Do you buy products from Clas Ohlson in the last 6 months? *

- ◯ Yes
- ◯ No

Do you have Clas Ohlson app on your phone/tablet? *

- ◯ Yes
- ◯ No

Do you have Clas Ohlson membership? *

- ◯ Yes
- ◯ No

What can be improved during the buying process to enhance customer´s experience? *

Your answer