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# COVID-19, The Ideal Opportunity to Move into the Omni-Channel Retailing

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Since the emergence of the Internet, the retail sector is experiencing one of its most disruptive stages. Both academics and business practitioners have been betting for years on the importance of Omni-Channel Retailing (OCR). However, for many retailers OCR was a missing subject and they did not count on the great turning point that has occurred, the COVID-19. The coronavirus pandemic has boosted online retail sales, which are estimated to have grown by 209%. Those retailers that did not have the online channel will have suffered significant losses in their income statements. The COVID-19, while a great challenge for retailers, is also a great opportunity. Customers have drawn a new normal in their decision-making, where the Internet and the smartphone play a major role, without physical stores losing their leading position. With these considerations in mind, the researcher insists on the importance of the fashion industry in this turbulent period and proposes a series of guidelines for retailers to emerge stronger from this situation and adapt without major problems to the new normality. It is up to the top management of retailers to restructure their business model with the current omni-shopper in mind, and how to implement that business model without making the sales force feel threatened.

**Keywords:** Omni-Channel Retailing (OCR); Retail; Apparel sector; COVID-19

**Introduction**

In today's environment it seems inevitable to start any conversation without reference to the COVID-19. Individuals have faced (many of them for the first time in their lives) the restriction of many of the activities they considered common and routine. Mostly, those that are done outside their homes or involve establishing close ties between people. Thus, drinking a cup of coffee, going to the gym, walking or shopping are done differently. Keeping safety distances, wearing masks and washing hands with hydroalcoholic gel regularly every time one enters, leaves or is in an enclosed place and the continuous outbreaks that occur largely discourage individuals from doing these activities at least as often as they did in the stage prior to COVID-19. The direct consequence is a negative effect on the economy of developed countries, since the tertiary sector (services) contributes most to their GDP.

Also, the way of working has changed. Teleworking, without being really a new methodology, has been well received in some sectors that saw this discipline as something impossible or complicated. This is the case of education, real estate services or even the chemical industry. Therefore, the decrease in the thousands of daily trips from homes to workplaces is another element that negatively influences the income of companies such as transports and cafes, restaurants or food-trucks near the workplaces.

So, it can be concluded that the COVID-19 has created a "new normal" that has changed the way of living and, consequently, consumers behavior. Whenever a crisis occurs, be it health, economic or war-related, experts describe the new consumers behavior as a "structural change" to which companies have to adapt if they want to stay in the business environment. In this sense,

the structural change derived from the coronavirus pandemic has caused individuals to be more at home or to travel to nearby areas. That's why Fast-Moving Consumer Goods (FMCG) retailers have benefited from the new normal. They have increased their sales, especially, the e-commerce. For example, Walmart experienced 460% growth in daily downloads of its "Walmart Grocery" app during the coronavirus pandemic, surpassing Amazon's app by 20%.

On the other hand, digital content downloads have also benefited. Government restrictions on going to big stadiums to watch basketball, football, rugby matches..., and individuals' fear of going to cinemas and theaters are causing companies like Disney to change their sales strategies. Disney has introduced its online platform "Disney+" with premieres and shortening the release time with respect to cinemas. This is an alternative way of recovering income that is taken for granted that they will not be good in the cinema. In addition, the brand image will be improved by having the company behave responsibly.

Fun and food, specifically fast-food, have a very close tie, as they are usually consumed together. Nowadays, these habits have been transferred in a high percentage from outside to inside the homes. Thanks to platforms that allow video calls such as Skype, WhatsApp, TEAMS or Zoom, family (not living together in the same house) and friends share moments that involve drinking a beer or soda, or eating a snack while they comment on a movie, the last match or simply talk and have a fun time (stimulating social relationships). But, if the new normal makes us spend more time at home, What about the fashion industry?, Will it be among the economic sectors benefited or harmed by the COVID-19?, Will retailers know how to adapt to the new normal drawn by consumers who, far from resigning themselves, have known how to quickly transform their lives and reinvent the way they have fun?

## Discussion

Some people with a skeptical view about the importance of the fashion industry in the economy of developed countries, often consider that pandemic coronavirus will make this sector of expendable products evident. In this sense, it is inevitable to remember Meryl Streep playing role Miranda Priestly, an editor of a prestigious fashion magazine in the film "The Devil Wears Prada". In "blue sweater scene" [1], Miranda Priestly comments to her assistant Andy (Anne Hathaway), whose opinion about fashion is banal and totally dispensable, the importance it has and how all of us participate to a greater or lesser extent, directly or indirectly, in this sector. "This... 'stuff'? Oh... ok. I see, you think this has nothing to do with you. You go to your closet and you select out, oh I don't know, that lumpy blue sweater, for instance, because you're trying to tell the world that you take yourself too seriously to care about what you put on your back. But what you don't know is that that sweater is not just blue, it's not turquoise, it's not lapis, it's actually cerulean [...] And then cerulean quickly showed up [...]. Then it

filtered down through the department stores and then trickled on down into some tragic 'casual corner' where you, no doubt, fished it out of some clearance bin. However, that blue represents millions of dollars and countless jobs and so it's sort of comical how you think that you've made a choice that exempts you from the fashion industry when, in fact, you're wearing the sweater that was selected for you by the people in this room."

How can a sector that represents a market value of \$406 billion and employs 7,260.7 million people worldwide be insignificant (Fashion United, 2020)? [1]. Clothing defines our way of being, thinking and even our emotional state. In this way, it is able to reflect our profession or fit us into one of the existing urban tribes. It doesn't matter if we are inside or outside our home. So, even if a lawyer meets a client by video call, it doesn't seem very logical to think (at least, nowadays) that he/she will do it with a tracksuit. Similarly, a Goth who drinks a "virtual beer" with his/her friends will most likely do so in a black suit, even if it is home wear. Therefore, the fashion industry is neither banal nor in danger, it is simply necessary to reinvent it.

If we look at the top of the value chain, reinvention has already taken place. A large number of fashion designers are committed to including home wear in their collections, as well as materials that provide comfort and that can be used to go out or work from home (and give a professional image in a video conference). Similarly, the latest fashion shows in Milan, Paris or Madrid have adapted to the new normal. Before the COVID-19, many fashion designers were already complaining about the costs of doing a catwalk. Vogue estimated that New York Fashion Week shows could cost more than \$300,000 each. Even Karl Lagerfeld's fashion shows for Chanel at the Grand Palais in Paris were bigger than that. In this sense, taking advantage of the coronavirus pandemic, many fashion designers have joined the current initiated by Tom Ford or Narciso Rodriguez opting for more exclusive shows for a minority of select customers. Other fashion houses, on the other hand, do not renounce to the spectacularism of the catwalks and make performances using new technologies such as 3D or augmented reality. Chanel has already presented its first virtual catwalk in which, for the first time, it reaches the mainstream almost at the same time as the most exclusive sectors. The French maison has sent the link to its customer database so that they have access to the latest collection, which has not lost its essence.

However, if one analyzes the retailers, one can see that they are adapting to the new normal not as quickly as one would expect from such important figures within the value chain and who are in direct contact with the customer. This lack of reaction is peculiar because it is not the first-time retailers are faced with deep crises. Why should they be afraid? The difference between the coronavirus pandemic and previous crises is that retailers can benefit from new technologies, particularly, the Internet. Consumers are already seeing online shopping as just another way to purchase products.

The COVID-19 has helped them overcome the barriers they still have (e.g., trust, security, inadequacy of certain products such as FMCG), and online sales have increased by 209% [2].

But, including information and communication technologies (ICT) means that the future of physical stores is uncertain. In other words, will everyone buy online? The answer is absolutely not. In fact, consumers have returned to physical stores. Simply, as academics and business practitioners have been betting for years, the physical and virtual environments have to coexist. Omni-Channel Retailing (OCR) should be the business model that retailers rely on. Customers no longer differentiate between offline and online channels. They simply want to buy. And as a result, retailers must facilitate a seamless customer journey. In other words, shoppers' decision-making should be made through different offline (physical store, catalog...) and online (Internet, cell phones, social networks...) touchpoints.

In addition, according to PwC (2018) physical stores must provide a "phygital" experience. The sales rooms will no longer be the channel where customers "necessarily" have to buy. They will serve to attract the customer's attention and get his/her loyalty. According to Viejo-Fernández et al. [3], they will be a mix between flagship-stores and showrooms where there is a reduced number of fixed assets and the one exhibited (which may vary) will be the one you want to draw the customer's attention to. Next to each piece there will be available a Tablet that allows to extend the information on the article in question (productive process, materials, colors, sizes, shoppers' evaluations if they exist...) and, if the customer wishes it, to exercise the purchase online. On the other hand, interactive mirrors and virtual fitting rooms will be an essential element for the nowadays customers who are not always willing to try on a new garment, or who simply want to see the clothes in different colors and have fun while spending a day shopping.

The inclusion of the mobile phones in-store is now a reality. Customers want to pay with their smartphone, even if there is no coronavirus pandemic. Mosquera A, et al. [4] also say that applications that include smartphones, such as those that scan QR codes or read product RFID tags, make decision-making easier and allow consumers to have a more consolidated opinion of what they want to buy. For their part, Huang L, et al. [5], propose that smartphones encourage impulse buying behavior. Thus, retailers will be able to increase impulse purchases given the characteristics of these devices by using all the possibilities that mobile marketing provides.

On the other hand, and to complete the orientation to the external customer, retailers also have to orient themselves to the internal customer (employees). Sales staff must be trained to serve the actual omni-shopper. Recruitment, selection and training policies will be aimed at creating the figure of the 4.0 salesperson [6]. In this sense, to the traditional competencies of a salesperson, among which empathy, listening skills or effective communication

should be highlighted, it is necessary to add other competencies that facilitate sales in the current environment where the weight of ICT is so prominent.

According to Gil J [6], this 4.0 salesperson should be an expert in digital marketing given the hyper connectivity of today's consumers, know the social media in which they are informed before buying the product, know what they are commenting on and what they prefer or reject (to improve the service). Knowledge management is also relevant, since having information about what the consumer thinks and wants allows to adapt the company's offer (make personalized product recommendations). Also, it needs to be creative understood this concept as a synonym of resilience, being able to adapt to the challenges of persuading today's consumer who, thanks to ICT, is increasingly informed about the characteristics of the product they want to buy and its price. Finally, the so-called "talent 4.0" competition implies that the salesperson must seek excellence in the results, which involves making sales so that retail companies can meet their commercial objectives, through the different physical and virtual channels that they make available, preventing them from going to the competition.

## Conclusion

As the specialist's comment, crises create structural changes. The question is whether the fashion industry will adapt to this new reality drawn after the coronavirus pandemic. Fashion designers have already bet on design, comfort, sustainability and durability. But some retailers are still "catching the wave". In this sense, if they want to stay in today's competitive market, they will have to be resilient and adapt to the needs of today's omni-shoppers.

E-commerce is already a reality and those retailers who do not have this sales option will probably not survive. However, although the online channel played a major role during COVID-19, physical stores have reopened, and consumers are coming to buy. However, the retail sector will have to carry out a deep restructuring in this channel. The physical stores will become a way to attract shoppers (analogous to the current concept of flagship store). The experience of emotions (see, touch, try the product) inside the sales room and a total transparency in providing information supported by the appropriate technological tools (intelligent devices), leaving free the option to buy in the physical store itself or in the retailer's virtual store inside and / or outside the sales room, will be a way to get that desired commitment and give a response to what the consumer is demanding, the lack of channels or seamless experience.

While these ideas are something that academic literature and many business practitioners have been predicting since the advent of ICT in the business environment, the question is how long it will take for retailers to fully implement OCR. Now is the ideal moment, this new reality is a challenge, but also an opportunity to reinvent themselves and adapt to what consumers want. Especially the 2020 consumer who has also been resilient and adapted to a profound

change in his or her life, looking for understanding from those he or she is buying from. It only takes to be brave and strategic. Retailers have done it before. Specifically, in 1918 with the Spanish flu pandemic. They were able to emerge victorious in a society that was devastated after the First World War and shaken by a pandemic with far fewer economic and technological means than today.

As actor and martial artist Bruce Lee said in his last interview, "be water, my friend". Because everything changes, it does so constantly, sometimes more abruptly and sometimes more naturally. It's not a bad thing, it's just life!

### Acknowledgement

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### Conflict of Interest

Author declare no conflict of interest.

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