

“ Adopting the ecommerce
online to offline (O2O) Model
for Better Retail Growth ”

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GROWTH OF ECOMMERCE

- E-commerce is growing ten times faster than any other channels in the world, for example, its growth rate is reported to nearly triple the rate of entire industry in the USA in first 3 quarters of 2017.
- E-retail sales are projected to account for 14.6% of all retail sales worldwide in 2020, equivalent to 27 trillion US Dollars.
- Those huge number of E-commerce's revenue and how fast it is growing are really worrying traditional retailers.



Why O2O?

- The scenario of online channels wiping out offline ones seems to be impossible, since the retail industry has shifted into a new concept of Online to Offline (O2O) in which online and offline channels share the same importance in achieving success.



Why O2O?

- The most significant signals of this shift recently are the Amazon's Whole Foods deal and Alibaba's strengthening its O2O strategy, which shows the interest of the e-commerce giants in moving to a business combining online and offline channels.
- Those who want to better their retailing commerce, it's time to start learning about O2O commerce, how it works, how it benefits your business and how to start an O2O business.



Meaning and the Momentum of O2O

- O2O stands for Online to Offline (or Offline-to-Online). **This is a new business model in which retailers using both online and offline channels as an intensive strategy.**
- Using online marketing and advertising methods, retailers find potential customers online, raise their awareness of products and services, and draw them to make purchases in brick-and-mortar stores



ONLINE **2** OFFLINE

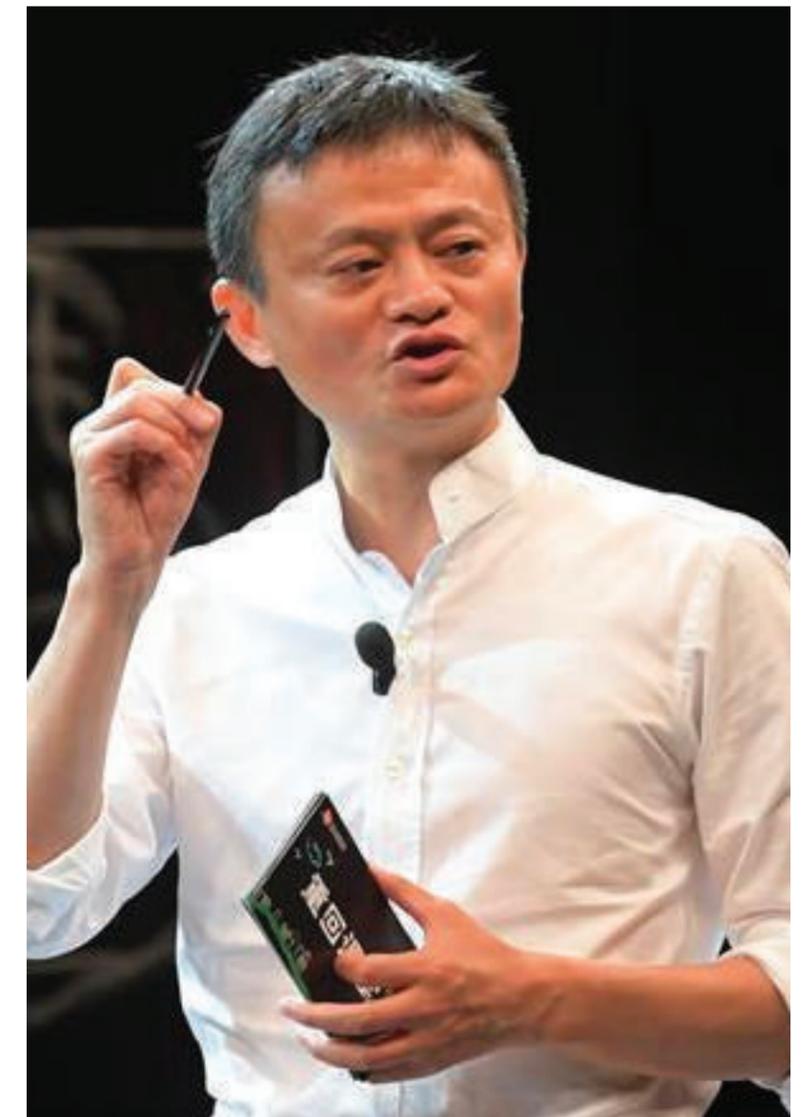
Meaning and the Momentum of O2O

- This concept raised for the first time a few years ago, in the context of online channels expanding its popularity, but becoming complements of physical stores instead of competitors.



History of O2O

- Initially, the O2O revolution was led by Alibaba, the second worldwide e-commerce giant. In a conference held in Hangzhou in 2016, Jack Ma, the founder and chairman of Alibaba had coined a concept of “New Retail” which is driven by “the integration of online, offline, logistics and data across a single value chain.” As for the reason, he pointed out that **“with e-commerce itself rapidly becoming a ‘traditional business’, pure e-commerce players will soon face tremendous challenges”**.



History of O2O

- Recently, the Amazon's acquisition of Whole Foods also shocked the world, signaling for its extending footprint into offline sales channels.
- That the two largest e-retailer on earth showed their interest in the O2O commerce is the strongest evidence for how powerful is this retail model.



History of O2O

- Back in 2010, people started to highly regard the potential of Online to Offline commerce as calling it a “trillion dollar opportunity”. At the very first stage, **the main core of this strategy was “to find customers online and bring them to the real-world store”**. Based on this idea, retailers have improved the O2O strategy, making it more efficient and powerful.



Benefits of O2O Business

- **The first and most important benefit that O2O brings out to retailers is the brand reputation. Branding is much simpler and more efficient with online capabilities like advertising, social media, mobile wallet, SMS, mobile app, push messages, proximity services, combined with real-time data analytics, system integration, and AI.**



Benefits of O2O Business

- **Another key factor to the success of the O2O business is that it enhances customers' loyalty and increases revenue at the same time.**
- **O2O commerce follows a strategy that allows the retailer to optimize customer experience. During their shopping journey, customers are provided with online and offline benefits that they can't resist. With all the information about the brands, products or service available online, customers can make quicker and smarter decisions on what they're gonna buy.**



Benefits of O2O Business

- O2O commerce also lets retailers build up a database of customers' information including their name, age, address, interest and even shopping behavior. It then improves the customer engagement strategy of the brands, leading to higher level of customer loyalty. Once a company earns engagement from customers, that company will see a dramatic increase in revenue, both short-term and long-term.



Benefits of O2O Business

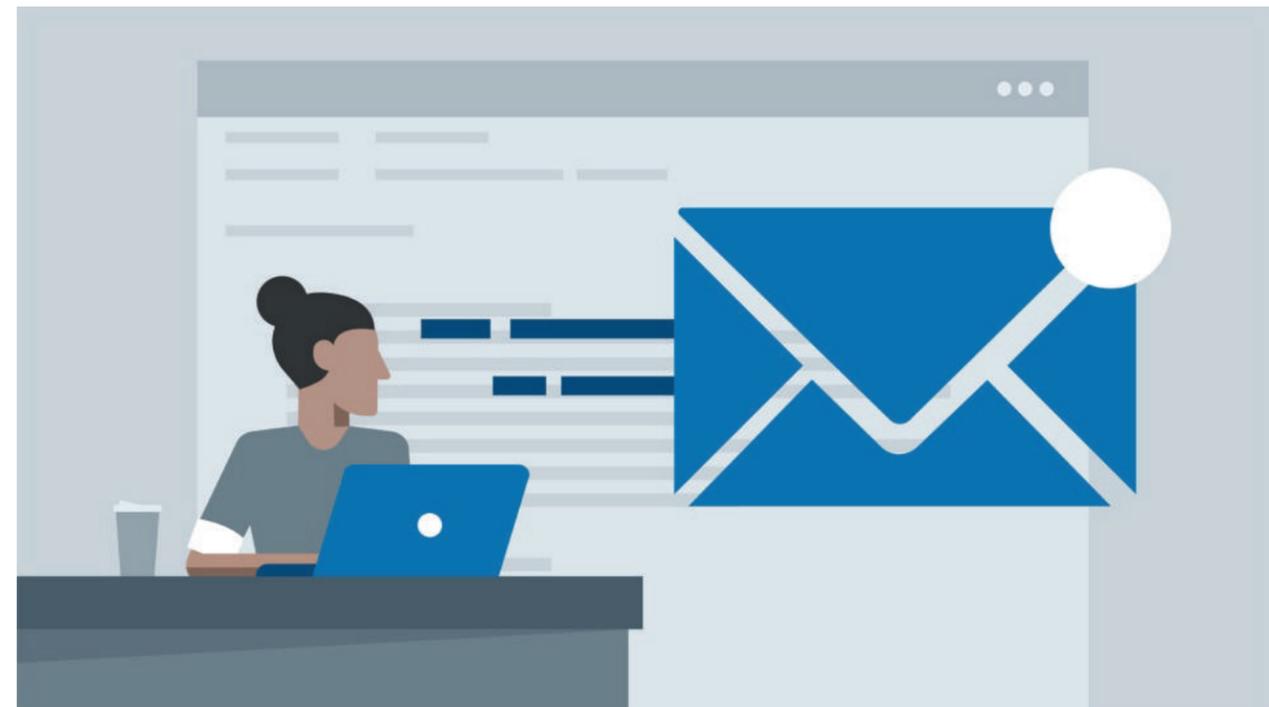
- One more benefit of O2O retail is that this strategy accelerates your speed to market by minimizing the time to market.
- Collecting customers' interest and shopping behavior online, O2O helps reduce the length of time it takes from a product being conceived until its being available for sale. For example, online channels can let a fashion brand know which items, colors or styles are the most-searched, helping them anticipate the demands of customers and avoid out-of-stock status.



Why is Online Expansion Necessary for Store Owners?



- With store owners, an online expansion is inevitable to improve their business at the age of digitalization. **First and foremost, online channels make collecting lead and customers' data for marketing purposes much easier and more effective.**



Why is Online Expansion Necessary for Store Owners?



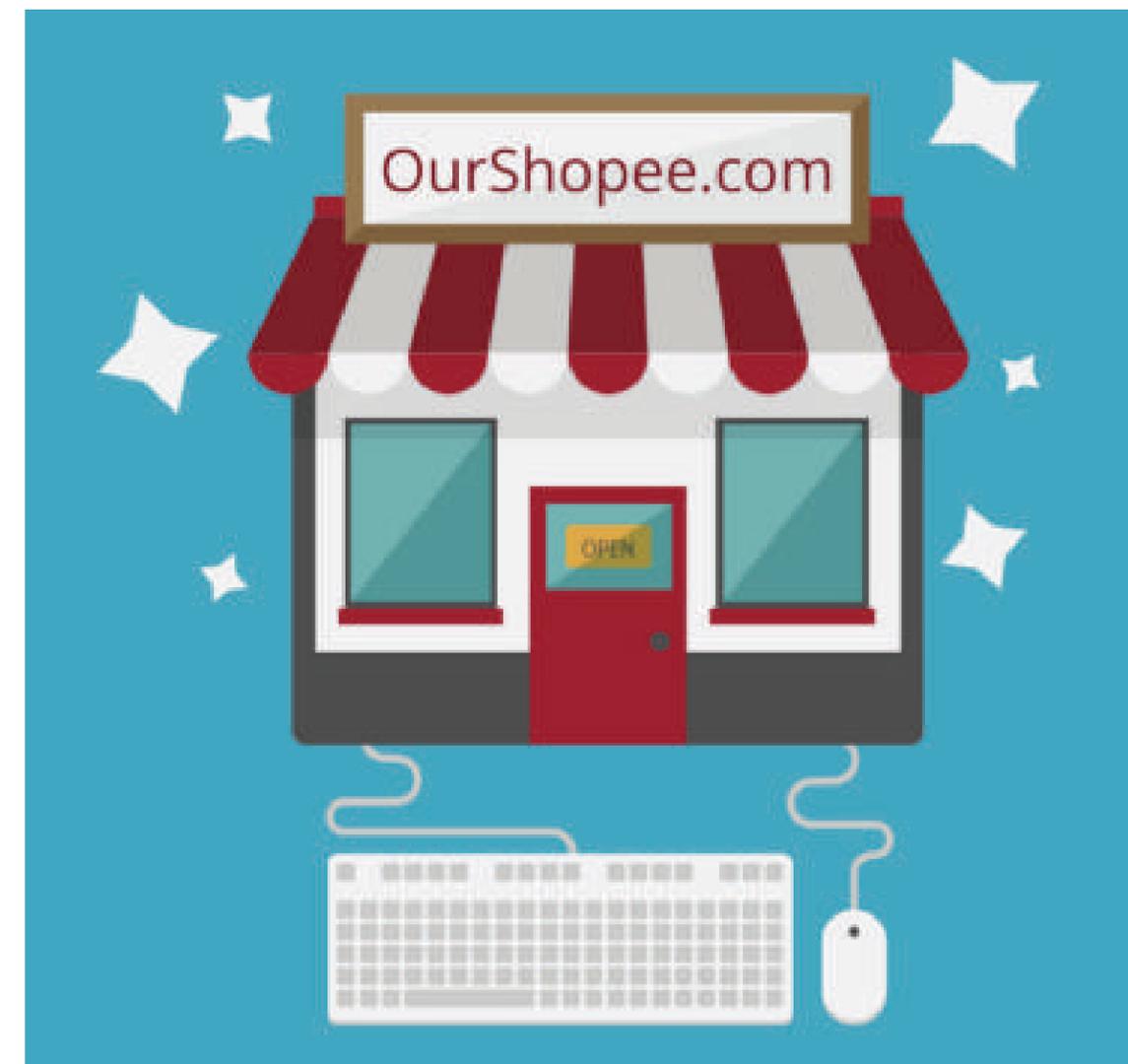
- **online channels help retailers reach new prospective customers when they use search engines.**
- **In the “Internet of Things” era when half of the global population own a smartphone, shoppers are searching for products online before buying anything on a daily basis. Therefore, selling in physical stores only will miss out many potential customers and lessen the revenue.**



Why is Online Expansion Necessary for Store Owners?



- **Another factor that makes a webstore important to the retailer is that it allows customers to shop where and when they are, and in the way they prefer.**
- **Online channels make your business available 24/7 for customers. They don't have to wait until 8 am the following day to buy a dress that they fall in love or rush after working hours to queue up for a lipstick.**



The Importance of Physical Stores

- Last but not least, customers will be served in a more professional manner with online customer support.
- Online methods allow retailers to communicate better with customers since they segment them into different groups based on the personalized information. Customers will get information and services that are designed to target them, which brings about more effective support while at the same time avoiding wasted time and money on unnecessary service.



The Importance of Physical Stores

- **The Reason that Urges Giant Digital Retailers Expand their Offline Footprints**
- **However fast the e-commerce growing, more than 80% of purchasing is still happening in brick and mortar stores.** This is because no convenience can replace the feeling of trust and satisfaction when a customer can see directly and touch a product.



The Importance of Physical Stores



- **Physical stores also create high revenue since statistics show that customers who order online and pick up in store, or exchange items in store tend to buy extra things.**
- **In-store pickup seems to be one of the hottest features that e-commerce businesses offer these days. It allows customers to start their buying journey online and finish it offline, as long as they are satisfied with the products and have a convenient shopping experience. Besides, the in-store return is also a popular tactic of retailers, since they realize that most of the customers find it so complicated and time-consuming to send back an item via mail or courier.**

The Importance of Physical Stores



- **One more reason why an e-commerce business needs a physical store is that face-to-face customer service is proved to boost sales.**
- **Though customers now can search for information online, they're still interested in receiving products advice from store staff. A survey of Time Trade's State of Report points out that 30% of customers want to get suggestions from sales assistants and 90% of them tend to buy after receiving a reliable recommendation from staff in store.**

The Importance of Physical Stores



- Other key factors that make physical stores become powerful compliments of e-commerce is that it saves times and money with better logistics, and boost traffic to the online shops.



CONCLUSION



- As the retail world is transforming and innovating every day, retailers must stay tuned and keep themselves updated with all the latest revolution. It's obvious that O2O business is now one of the most popular strategies throughout the retail industry and no one wants to be the outsider of this race.



Thank You