DEPARTMENT OF BUSINESS MANAGEMENT

INVESTIGATING THE PERCEPTIONS OF OMNICHANNELS AMONG RETAIL MANAGERS IN NELSON MANDELA BAY

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DECLARATION

We, Cola Pullen (215131541) and Kirsty Louwskitter (216503264), hereby declare that the content of this treatise, entitled "Investigating the perceptions of omnichannels among retail managers in Nelson Mandela Bay", is our own original work. It has not previously been submitted for assessment of any postgraduate qualification at another university or for another qualification, and that all sources used or quoted have been acknowledged and indicated as complete references.

COLA PULLEN   **KIRSTY LOUWSKITTER**

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COLA PULLEN AND KIRSTY LOUWSKITTER

ABSTRACT

Given the importance of businesses being able to grow their sales and market share through the use of omnichannel strategy types, such as mobile sales channels, catalogue sales channels, online sales channels and the physical store. However, there is a lack of research relating to how omnichannel strategies can benefit retailers. Regardless of omnichannels being around for a few years now, not much is known on the definite impact of omnichannel strategies by retailers. Furthermore, omnichannel strategies is a recent phenomenon as this impact retail businesses. Thus, the primary objective of this study is to investigate the perception associated with the use of omnichannels in the retail industry.

Based on the primary objective of the study, a positivistic research paradigm, in conjunction with a quantitative research method was deemed most suitable.

A full literature review was conducted on the benefits of implementing omnichannel strategies within businesses, such as retailers. Thereafter, an investigation was undertaken to be able to establish the perceptions of omnichannel strategies by retail managers. The business environmental factors were used to analyse these perceptions along with statements relating to omnichannel strategies. The measuring instrument used for this study, a questionnaire, was constructed from secondary literature sources. A total of 100 questionnaires were distributed and all 100 were returned and usable. The opinions of the respondents of the questionnaire were obtained from using a 5-point Likert scale method, which varied from strongly agreed (1) to strongly disagreed (5) to clearly express the respondent's sentiments on the statements made. A convenience sampling method was used to identify the respondents.

Furthermore, the usable questionnaires that were gathered from the respondents was examined through Statistical analysis. Descriptive statistics and frequency were calculated to summarise and allow interpretation of the data. The different descriptive statistics that were used to analyse the data was the measures of central tendency and dispersion, kurtosis and skewness. Whereas, the measure of central tendency included

the mode, median and mean. The mode included the score that occurred most frequently; it was calculated by using Microsoft Excel 2016, Formulas/More functions/Statistical/ Mode. The median is defined as the score that has an equal number above and below it, by using Microsoft Excel 2016 it can be calculated by using the function, Formulas/More functions/Statistical/ Median. The mean is the average of all the within the data set, the function for calculating the mean on Microsoft Excel 2016 is /More functions/Statistical/Average.

The standard deviation measures the deviation of each score from the mean and then averages the deviations. The mode of function used on Microsoft Excel 2016 to calculate the standard deviation is Formulas/More functions/Statistical/ STDEV. Skewness can be defined as the degree of asymmetry of a distribution. It was calculated on Microsoft Excel 2016 by using the function, Formulas/More functions/Statistical/ SKEW. Kurtosis refers to how peaked or flat the distribution is function and was calculated with the function, Formulas/More functions/Statistical/ KURT on Microsoft Excel 2016.

Therefore, the empirical results have contributed to the perceptions of omnichannels among the retail industry literature.It focused on four factors such as micro-environment, macro-environment, different types of channels and omnichannel strategies. It was found within this study that retail managers' perception of omnichannel strategies is of a positive nature. Managers from different retail businesses agree that the use of an omnichannel strategy had revealed more opportunities for the business. It was also found that customers' needs are changing, and this has led to a demand for the business to develop a stream of multiple channels.

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CHAPTER ONE

INTRODUCTION AND BACKGROUND TO THE STUDY

1.1   INTRODUCTION

In the growing world of internet technology, an expansion for shopping strategies beyond traditional methods has been developed (Beck & Rygl, 2015:170). Online shopping has become a popular method throughout the world mainly because consumers have found it convenient and easy to bargain and shop at the comfort of their home or office (Hasan, 2016:224 and Shen, Cai & Guo, 2016:130). This has paved the way for a wide range of new omnichannel businesses, for example, Yuppiechef operating in the online and offline retail industry (Wiener, Hobach & Saunders, 2018:15 and Yuppiechef, 2019).

In this Chapter, a background to the study will be provided, including the formulation of the problem statement, which will address the perceived gap in the literature. Thereafter, the research objectives which include the primary, secondary, methodological research objectives and research questions will be discussed. A brief literature review containing a summarised version of the theory in Chapter Two. The research design and methodology will give an overview of how the study will be conducted. Furthermore, the scope of the study will provide the limitations of the study. The intended contribution of the study will be discussed. The key concepts of this study will be defined. Lastly, the structure of the research will be provided within this study.

1.2   BACKGROUND TO THE STUDY

Many offline businesses from various industries have established an online presence alongside their traditional offline business resulting in an omnichannel business model that incorporates two or more channels (Chopra, 2016:135 and Wiener, *et al.* 2018:15). According to sources Booysen (2018); Goldstruck (2012:2) and Hoogduijn (2018), internet shopping has turned into a progressively developing industry in South Africa.

South Africa has a population of 22% who currently use the internet, this population has agreed to having purchased online, while 48% said they plan to do so in the future (IT News Africa, 2015:1). The number of online shoppers is predicted to nearly triple in South Africa, making the country a noteworthy E-commerce force on the continent (IT News Africa, 2015:1). World Wide Worx predicted that from 2018 to 2020, the increase in online retail sales from 2016 had doubled to almost R20billion (Goldstruck, 2019:3).

Therefore, there is growth in South African E-commerce. However, in contrast to the traditional order of business expansion, recent trends had revealed that businesses establish an online business first; and then thereafter starts an offline business (Popescu, 2015:104 and Shen, *et al.* 2016:130). This strategy is unorthodox compared to the traditional way of expanding towards omnichannel as a business model.

An example of a business that followed this trend would be the case of Yuppiechef, a premier kitchen and homeware store (Yuppiechef, 2019). This non-traditional method is currently emerging in various other online businesses including, Amazon, eBay and eyewear brand Warby Parker (Kaplan, 2018 and Shen, *et al.* 2016:130). The impact of this new phenomenon on the future of online retail will be investigated and discussed. The objective of this study is to investigate the perceptions of retail managers on the use of omnichannel in the retail industry within Nelson Mandela Bay

.1.3   PROBLEM STATEMENT

In light of the above, research into omnichannel strategies is required. The problem statement of this study is thus to investigate the establishment and expansion of an omnichannel-focused business.

Established merchandisers are inclined to run an e-shop while managing their physical shop, whereas, these platforms reach national and international markets, expecting a rapid blending of online and offline experience known as omnichannel retailing (Bell, Gallino & Moreno, 2014:45 and Popescu, 2015:104). According to Melis, Campo, Breugelmans & Lamey (2015:272) and Shen, *et al.* (2016:129) both agreed that the rapid development in E-commerce increases consumer retention and customer acquisition.

This has inclined pure-play businesses in expanding their business offline (Shen, *et al.* 2016:130). In 2010, more than 80% of retailers in the United States were comprised of multichannel operators (Shen, *et al.* 2016:129). Despite the increase of E-commerce, retailers should be able to parallel run online and offline business successfully (Wiener, *et al.* 2018:15).

Though online shopping in South Africa has made great progress; however, it is behind compared with the rest of the world (Rudansky-Kloppers, 2016:1187). As e-shopping in South Africa still consist of a small proportion of overall retailing (Goldstruck, 2019:3). Part of this small proportion are E-commerce small- and medium enterprises (SME) which 60% of new businesses fail and only 10% succeed, as a result of lower barriers to entry and lack of marketing (Peterman, 2015:1). Therefore, the consideration of E-commerce SMEs is crucial to the development of the South African economy due to high levels of unemployment and socio-economic issues.

More factors contributing to the above-mentioned issues would be technological influence such as the population not having access to the internet; as a result, they cannot shop online (Hasan, 2016:225). This can be due to the cost of the internet being relatively higher in South Africa in comparison with other countries(Hasan, 2016:225). Additionally, the supply chain is known to be quite unreliable due to delivery issues of products ordered by courier companies being untrustworthy (Hasan, 2016:225). Furthermore, it takes a while for consumers to get their products because online stores do not normally carry stock, which means the consumer waits longer (Hasan, 2016:225). According to Rudansky-Kloppers (2016:1189), consumers are also afraid to consent their bank details because of fraud. Therefore, the research study would provide the influence of micro- and macro-environment on omnichannel businesses.

There have not been many studies done on retail managers' perception of omnichannel strategies within the retail industry. Therefore, limited information is available on this topic and more in-depth research is required regarding omnichannel strategies.

1.4 RESEARCH OBJECTIVES

The primary objective of this study is to investigate the perception associated with the use of omnichannel strategies in the retail industry. In order to achieve the primary objective of this study; the following secondary objectives have been formulated:

SO[1] To investigate the perception of retail managers with regard to several micro-environmental factors associated with non-traditional channels;

SO[2] To investigate the perception of retail managers with regard to several macro-environmental factors associated with non-traditional channels;

SO[3] To investigate the use of omnichannels in the retail industry;

SO[4] To investigate traditional and non-traditional channels used in the retail industry.

1.4.1 Methodological objectives

In order to achieve the above-mentioned primary research objectives, the following methodological objectives have been identified:

MO[1] To undertake a theoretical investigation into the use of omnichannels;

MO[2] To determine the appropriate research methodology to address the identified research problem and research objectives;

MO[3] To develop an appropriate measuring instrument that will be used to empirically test the influence of the business environment framework on retail businesses;

MO[4] To provide conclusions and recommendations based on the findings of this research, which could assist emerging businesses and pure-play digital retailers.

MO[5] To use the business environment framework to answer the research question proposed in the study.

1.4.2 Research question

Based on the problem statement, primary, secondary and methodological objectives of this study, the following research questions are posed:

- How do the micro-environmental factors affect retail managers' perceptions of non-traditional channels?
- How do the macro-environmental factors affect retail managers' perceptions of non-traditional channels?
- What is the impact of omnichannels in the retail industry?
- What is the significance of traditional and non-traditional channels in the business environment?

1.5 LITERATURE OVERVIEW ON OMNICHANNEL BUSINESSES

Online shopping has increased exponentially in recent years (Melis, *et al.* 2015:272). Previously, brick-and-mortar retail stores were unique in enabling consumers to use their physical senses as a method to promote merchandise, this allowed satisfaction. Meanwhile, internet retailers captured consumers' attention through low prices, product selection and content, for example, product reviews and ratings (Brynjolfsson, Jeffrey & Rahman, 2013:2). In addition, Xubing (2009:1) specified that a plausible reason for this is the time it spares, and the convenience as compared to traditional shopping, whereas in conventional retailing, consumers need to visit the physical store. Subsequently, many retail companies have expanded to an online presence as well.

Others ventured initially as a pure-play retailer, a channel solely operating online. In 2004, Amazon.com had been ranked top of 400 as Internet Retailer Annually. The company has nearly more than 49 million active customers (Vries, 2005:1). It has won over consumers with its broad range of products, a well-known brand name, a site that's easy to navigate and a good reputation for reliability (Vries, 2005:1). Yuppiechef a store that merchandise over 650 leading brands, started as a pure-play retailer in South Africa (Yuppiechef, 2019). The store won numerous South African E-commerce awards such as the best E-commerce store from 2010 to 2015, best employer 2017 and best shopping

process 2011 to 2013 (Yuppiechef, 2019). With the success of online retailing, both companies ventured to omnichannel the non-traditional way of starting a business. Yuppiechef (2019) states that the future is omnichannel; a combination of physical store and E-commerce.

Although the growth of omnichannel strategies in South Africa is evident. Brynjolfsson, *et al.* (2013:2) acknowledged that the movement of omnichannel retail experience would diminish, as the distinction between the physical store and online changes perception of virtual showroom. As brick-and-mortar stores would decrease and internet shopping would be competitive. This change in online retailing has impacted business decisions. Eroglua, Machleit and Davis (2001:177) refer to online shopping as a way of doing business; consumers are declining interest in traditional shopping formats and combined with technological developments which resulted in retailers considering an online presence.

However, for many companies the establishment of an online channel poses major challenges, despite the optimistic investments in digital retailing (Morschett & Schu 2014:107, Westland & Au, 2001:57). Huang (2011:115) agreed that online retailers well established or not have been struggling to build brand recognition and build customer loyalty. Specifically, Small and Medium Enterprises, which is due to the lack of resources available (Morschett & Schu, 2014:107). Adjacent to lack of resources, consumers perceive a higher risk of online business that is less familiar such as small enterprises (Melis, *et al.* 2015:272).

Retailers such as Amazon and 1-800-Flowers are the earliest innovators and well established pure-play businesses. (Jin & Robey, 2000:47).Amazon purchased Whole Food Markets that was worth $13.7 billion in 2017, unfortunately, after 10 consecutive years of trying, online shoppers showed few interests in purchasing their groceries from an online store. After the poor result in sales, the business decided to open a physical store instead (Soper, 2019).

In South Africa, many questioned the business performance of Yuppiechef as the motives venturing to a physical store. Andrew Smith representative of Yuppiechef stated that the company believed E-commerce was the future of retailing that this channel would "win and others would die" (Groenewald, 2017). Yuppiechef has experienced a growth between 2007 and 2011, with a rate of 300 percent and has achieved a year-on-year growth rate of 100 percent (BusinessTech, 2014). However, Smith realised many South Africans were old-fashioned and the business lacked access to a large target market (Groenewald, 2017). As many questioned the motives of pure-play venturing into omnichannel, the non-traditional method would be analysed with the business environment. Therefore, indicating the how the non-traditional method would be affected.

1.6   PROPOSED FACTORS IMPACTING THE OMNICHANNEL STRATEGY: THE ONLINE BUSINESS ENVIRONMENT

The primary objective of this study is to investigate the perception associated with the use of omnichannels in the retail industry. The following factors are proposed using the business environment to indicate how they affect the retail industry. The business environment consists of the micro- and macroenvironment. This section will highlight the impact that the different factors within each of these environments have an omnichannel.

1.6.1   Micro-environment

These are the factors close to the firm that has an impact on how it conducts its business (Kotler & Armstrong, 2014:70). These factors can be controlled by the firm and changed easily and include the following;

- The firm, a traditional store's ability to fulfil consumers' expectations lies within the physical designs, social, as well as aesthetic elements, whereas, a website's ability to attract and retain online consumers is through carefully designed website screens and interfaces;

- Consumers, a main motivation for online shopping is the ability by consumers to search for items more conveniently (Close & Kukar-Kinney, 2010:988). This is one of the main drivers for companies to venture into pure-play online businesses;

- Rivals, competitors are companies that offer a similar product offering (Kotler & Armstrong, 2014:73). The online market is very competitive; there are many companies that have an online store with their traditional one;

- Publics, this can be seen as any group that has an actual or potential impact on a firm's ability to achieve its objectives (Kotler & Armstrong, 2014:73). The various publics' views have a direct impact on how the business operates; and

- Suppliers, these are the businesses that provide the firm with components, raw materials and other supplies needed in order to produce the final product (Kotler & Armstrong, 2014:74). Suppliers play a very important role in the production of the products that a business sell. It impacts the efficiency and effectiveness of the production facilities.

1.6.2 Macro-environment

This is the larger environment of forces in which the firm operates that shape opportunities and pose threats (Kotler & Armstrong, 2014:73). According to Beck and Rygl (2015:170) omnichannel should be analysed according to these four main conceptual categories:

- Economic environment, this environment entails the customer's spending patterns and buying power (Kotler & Armstrong, 2014:80). The attitude and confidence a consumer have toward online shopping experiences is also an important factor to determine. Consumer's confidence can be increased by creating more reliable payment methods since a large portion of consumers do not qualify for credit cards (Hasan, 2016:225);

- Technological environment, the technological environment is the forces within the industry that create new technologies (Kotler & Armstrong, 2014:82). Online shopping is also expected to become a significant factor as technology advances and consumers familiarise themselves with it (Anesbury, Nenycz-Thiel, Dawes, & Kennedy, 2016:261);

- Social environment, social change manifests itself in changing tastes, purchasing behaviour and priorities of consumers and marketers need to understand and identify these changing trends (Kotler & Armstrong, 2014:82);

- Political and Legal environment, the political and legal environment sets the basic rules for how a business should operate in society (Kotler & Armstrong, 2014:82). Within in each industry is a set of rules and this is no different for the retail industry. There are certain policies that companies need to abide by.

1.7   RESEARCH DESIGN AND METHODOLOGY

In this section the following topics will be discussed, firstly, a literature review indicating an overview on secondary research. Secondly, an empirical investigation illustrating an overview of primary research will be discussed. Furthermore, the research design, paradigm and methodology. Followed by the population, sampling and data collection. In addition, the design of the measuring instrument and lastly, the data analysis.

1.7.1   Secondary research

Secondary research is a frequently used research method; it uses information that is collected by others, especially information collected through primary research (Ellram & Tate, 2016:250). Examples of secondary research include information on the internet, journal articles, newspaper articles, annual reports and business reports (Plooy-Cilliers, Davis & Bezuidenhout, 2016:103).

To achieve the primary objective of the study, the secondary research of the study will consist of an extensive literature review in order to identify and describe the nature and importance of investigating omnichannels within the retail industry. The secondary research of the study will be conducted by consulting a variety of relevant textbooks and well-known journal articles. In addition, the library facilities available at Nelson Mandela University will be used to access National and International databases, such as Emerald, EBSCOhost and Sabinet, which will be used to identify proceeding research on online businesses.

1.7.2 Primary research

According to Plooy-Cilliers, *et al*. (2016:315) primary research provides direct of first-hand evidence regarding an event, object, person or work. It accounts for any research that's conducted for answering research question and solving research problem by means of eyewitnesses (Plooy-Cilliers, *et al.* 2016:103). The researchers will be using a positivistic paradigm, which states that only information gathered through observation by using the senses is trustworthy (Aliyu, Bello, Kasim & Martin, 2014:79). This paradigm is dependent on quantifiable observations which lead to a Statistical analysis. Thus, a quantitative methodology will be used to conduct the research. The proposed factors within the business environment will then be tested by means of a large-scale empirical study. Questionnaires would be used as survey method, distributed to respondents of this study.

1.7.2.1 Research design, paradigm and methodology

There are three popular approaches to research paradigm namely qualitative, quantitative and a combination of the two (Teherani, Martimianakis, Stenfors-Hayes, Wadhwa & Varpio, 2015:669). Quantitative methods present Statistical data, while qualitative research presents interpretive data (Plooy-Cilliers, *et al.* 2016:14)

The research paradigm that was chosen for this topic was the quantitative research method. The quantitative method uses the positivistic approach entailing numerical data, collected and analysed, using certain Statistical techniques. Surveys are the preferred data collection method, whilst questionnaires were used as a data collection. This approach is widely known as a scientific or experimentalist approach (Shmoop University, 2018:1).

A positivist position maintains that scientific knowledge consists of facts (Antwi & Hamza, 2016). The knowledge is non-subjective, as researcher gains empirical evidence to ensure that knowledge gained are based scientifically, facts alone, rather than personal feelings and opinions (Plooy-Cilliers, *et al.* 2016:19). The reason for choosing this paradigm is that the research will consist of Statistical data instead of using personal viewpoints.

1.7.2.2 Population, sampling and data collection

A research population is known as the total group of people or objects, which are primary, focused and from whom information is required for the research study (Explorable, 2019 and Plooy-Cilliers, *et al.* 2016:132). Sampling, on the other hand, defined as the selected portion from the population, which the research is based on (Cherry, 2018:1). The sample, therefore, should be indicative of the population for the researcher to gain accurate results which are a true reflection of the whole population (Cherry, 2018:1). Thus, the respondents for this investigation would be retail managers of omnichannel retail business in Nelson Mandela Bay.

Data collection is the methods used to gather primary data, for example, surveys, experiments and observations. The authors chose surveys as the most appropriate method for this study.

1.7.2.3 Design of the measuring instrument

The items of the measuring instrument were sourced from existing measuring instruments used in similar research, and which have been deemed both, valid and reliable. The respondents were required to complete a structured self-administered questionnaire which was used as the basis for the data collection. Respondents were required to evaluate their responses using an intensity rating scale, namely the Likert scale, as well as dichotomous questions. The questionnaire was accompanied by a cover letter and will consist of sections on the business environment factors.

The cover letter that accompanied the questionnaire highlights the research topic, the objective of the research, as well as the promise of confidentiality. Furthermore, an instruction for the completion of the questionnaire was included, as well as details applicable to Nelson Mandela University and the division responsible for the research, namely the Unit for Applied Business Management. Section A of the questionnaire focused on the micro-environmental factors, followed by Section B that focuses on the macro-environmental factors. Section C focused on the different types of channels used by businesses, and Section D will represent the omnichannel strategies. Lastly, Section

E focused on the general demographic information relating to the respondent and the particular omnichannel business in question.

1.7.2.4 Data analysis

Data analysis is the process of converting raw data into meaningful information (Northern Illinois University, 2017). For the purpose of this study, the primary data collected from the research questionnaire will be captured in Microsoft Excel 2016. Once the data is cleaned, the Statistical program known as Statistica version 12 will be utilised to analyse the captured data. All the respondents' information would be held confidential, and all the respondents' identities had remained anonymous.

1.8   THE SCOPE OF THE STUDY

This study was limited to omnichannel businesses in Nelson Mandela Bay area. As the information for this was accessible, all individuals that do not own businesses, pure-play business and brick-and-mortar dual retailers were excluded from this study. The researchers distributed 100 questionnaires in total and received all 100 from the respondents. These 100 questionnaires were all usable and viable.

1.9   CONTRIBUTION OF THE STUDY

The current study attempts to contribute to the perceptions of omnichannel among the retail industry literature. It focuses on four factors such as micro-environment, macro-environment, different types of channels and omnichannel strategies. These four factors will be investigated to determine whether they influence the retail industry in Nelson Mandela Bay.

1.10   DEFINITION OF KEY CONCEPTS

- Omnichannel: referred to as the complete alignment of the different channels and touch points, resulting in an optimal-brand customer experience (Hure, Picot-Coupey & Ackerman, 2017:315).

- Online Shopping: Online shopping is defined as purchasing items from internet retailers as opposed to a shop or store (Your Dictionary, 2018:1).

- Retailing: defined as the activity of selling goods direct to the public, particularly in small quantities (Collins Dictionary, 2019).

- E-commerce: is defined as commercial transaction that is conducted electronically on the internet (Oxford Dictionary, 2019).

1.11 THE STRUCTURE OF THE RESEARCH

The structure of the research is as follows:

- Chapter One provides an introduction and background to the study. In addition, reference was made to the problem statement, the research objectives, including primary, secondary, and methodological research objectives. The chapter will conclude with the research questions and the scope of the study.

- Chapter Two will provide a literature review based on omnichannel strategies as well as the impact of the business environment factors. The chapter will commence theories related to the study. It will look at what an omnichannel is and how it impacts businesses. The chapter will provide information on the various types of omnichannels that are available to businesses.

- Chapter Three will focus on the research design and methodology used in this study and the rationale behind the selected methodology, by elaborating on the sample and sampling techniques, the measuring instrument to be used and the primary data collection method that will be utilised. This chapter will conclude with the Statistical techniques used.

- Chapter Four will focus on the empirical results of the study and the interpretation there of.

- Chapter Five will conclude the study by providing a brief overview of the proceeding chapters, together with a summary of the study. Based on the findings and literature review and the empirical investigations conclusions will be drawn. Furthermore, the contributions and limitations will be proposed.

CHAPTER TWO

LITERATURE REVIEW OF OMNICHANNEL STRATEGIES WITHIN THE RETAIL INDUSTRY

2.1   INTRODUCTION

In the previous chapter, the primary objective was to investigate the perception associated with the use of omnichannels in the retail industry. In order to achieve the primary objective of this study; the secondary objectives formulated are to investigate the perception of retail managers regarding several micro-environmental factors associated with non- traditional channels. To investigate the perception of retail managers with regard to several macro-environmental factors associated with non- traditional channels. To investigate the use of omnichannels in the retail industry. To investigate traditional and non-traditional channels used in the retail industry.

This chapter the focus will give a theoretical base for the research by highlighting the relevance of omnichannel on non-traditional online business. With specific reference to the retail industry, defining omnichannel strategies, as well as discussing the advantages and disadvantages of omnichannel affecting businesses such as retailers, in order to determine the nature of the study.

2.2   RETAIL SALES CHANNELS

In retail, most of the sales account from the function of in-store selling, as the greatest benefit offered by physical stores is the opportunity of a sensory experience such as touch, smell, taste, see and hear (Chopra, 2016:137; Levy, Weitz & Grewal, 2019:68 and Shen, *et al.* 2016:133). The physical store serves as a display area and picks location (Chopra, 2016:135). Despite new technology such as three-dimension view of enhancing presentation online, it does not exceed visual or physical handling of a product (Levy, *et al.* 2019:68).

Along with physically handling a product, personal service is often a critical part of stores. The purpose of a salesperson is to interact with customers for the benefit of establishing a personal relationship, services and gain trust (Levy, *et al.* 2019:69 and Shen, *et al.* 2016:133). This service strengthens the retail brand as customer demand cognitive effort especially for complex utilitarian products (Shen, *et al.* 2016:133). In the retail industry, Yuppiechef has ready availability of skilled professionals such as store managers, sales assistants and regional manages equipped to accommodate customers (ORiSA, 2019). Customers are seeking personal experience with the product with additional services from skilled professionals. This reduces the perception of doubt surrounding a brand and product.

Figure 1: The information and fulfillment matrix
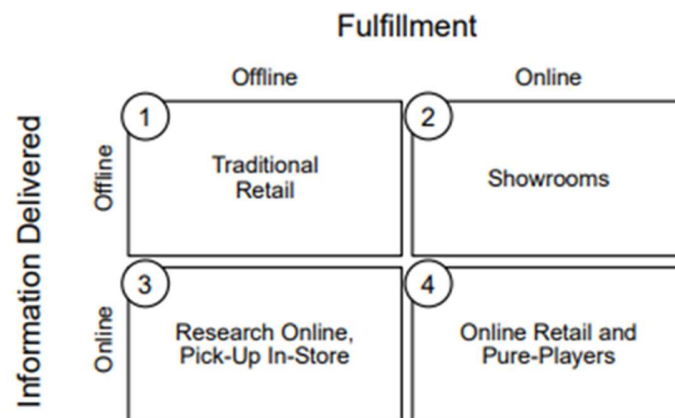
Source: Bell, Gallino and Moreno (2016:3)

Figure 1 illustrates the four combinations of fulfillment and information delivery made possible at the digital economy. By implementing a wide variety of channel options, the retailers can balance the strengths and weaknesses encountered in each of the channels chosen (Bell, *et al.* 2016:3). Research done on omnichannel strategies examines the interplay between the upper left and lower right channels, for example, physical (offline) store and E-commerce (online store). An omnichannel retailer caters to customers with different preference with how they want their information and fulfilment to be carried out,

for example, if they want to receive information online, offline or a mixture of the two (Bell, *et al.* 2016:3).

2.2.1 Physical store channel

Retailers that sell physical store products manage two elements; the product itself and the services that are provided to facilitate the transaction (Fisher, Gallino & Jiaqi Xu, 2019:1). Retail stores effectively try to reduce uncertainty such as the perceived risk of fraud or unpleasant feelings. Customers have more confidence in offline stores over online (Levy, *et al.* 2019:69). Creating a better relationship with customers and building brand loyalty through personal interaction.

There are more benefits allied with physical stores. As physical stores are the only channel which consumers can make transaction of a cash payment and receive a product instantly. Some customers prefer this over electronic as this reduces potential interest payment done (Levy, *et al.* 2019:69). Physical store in totality allows convenience for consumers who instantly prefer products, personal advice and cash payments. Thus, consumers prefer faster delivery. The impact of omnichannel could create faster delivery and increase offline store sales through overall market expansion. The presence of physical store may strengthen or weaken the effectiveness of faster delivery for the online store (Fisher, *et al.* 2019:1). Therefore, it is important that retailers have a good understanding of the effectiveness of cross delivery between online and the physical sales channel.

2.2.2 Online sales channel

The physical store has been associated with the ability to provide service quality and have delivery time reduced from their online stores (Fisher, *et al.* 2019:1). Alternatively, faster delivery and expected to increase online stores sales. Technology has made this possible for online stores to exist, but it is also the reason why online stores have less contact with their customers (Terblanche, Beneke, Bruwer, Corbishley, Frazer, Nel, Pentz, & Venter, 2016:208). This means that direct physical customer interaction is non-existent in a pure-

play business. This does not mean that customer relationship is not possible; it is just more difficult to establish it.

Online stores face more competition because they do not only compete in the local market but internationally as well (Terblanche, *et al.* 2016:208). International online stores often achieve greater economies of scale and they can offer better prices than those of local online stores (Terblanche, *et al.* 2016:208). Urban Studies (2014) conducted research in the South African metropolitan areas on South African online retail trends. The study found that approximately 54% of respondents whom shop online prefer to click and collect, whilst some respondents preferred to research online and buy in-store. Urban Studies (2014) further revealed that in South Africa, clothing bought online, in-store and a combination of both comprised 10%, 60% and 30% of purchases respectively. Of the 40% of online and mixed purchases, 79% preferred door to door delivery by courier rather than registered post as the deteriorating postal service has struggled to absorb the workload in South Africa (Prinsloo, 2015:8) and were reported to have high theft levels. Competitive intensity is also increased because more entrepreneurs are opening up online stores due to the low cost involved in the startup (Terblanche, *et al*. 2016:206).

When it comes to physical products customers can experience the tangibility of the product, for example, being able to touch it. Online stores do not provide customers with this option as they cannot touch or inspect a product before they decide to purchase it (Terblanche, *et al*. 2016:208). This created a decrease in sales due to quality uncertainty, pure-play retailers such as Amazon and Apple opened a physical store which enabled their customers to check products before purchasing them (Tojo & Matsubayashi 2012:281). This is important when it comes to specialty products, especially because these types of products are normally expensive.

An aspect of online shopping that displeases customers is the costs associated with getting the product delivered to them (Terblanche, *et al.* 2016:208). The extent of the deliver cost has a major influence on whether the customer will purchase the product or not (Terblanche, *et al*. 2016:206). For example, if the price of the product is R200 and the deliver cost is R50 can cause the customer to not complete the online transaction.

Yuppiechef owner Smith stated that a retail rental cost in South Africa are relatively the same as door-to door delivery of an online order. It is therefore particularly expensive (Penstone, 2017).

2.2.3 Mobile sales channel

Internet retailing involves retailers interacting with consumers in setting such as computer, laptop, table or mobile phone. The impact of mobile commerce and social media is rapidly increasing. As customers are pressuring retailers to deliver seamless channels across physical, websites and mobile platforms (Wallace & Smith, 2017:1 and Schmaus, Maekelburger & Felsmann, 2017:6). One benefit of adding internet channels is number of alternative retailers that are available to consumers as stores and catalogues are limited to their size (Levy, *et al.* 2019:71). Mobile sales channel has an unlimited amount of space, making it possible for them to have deeper assortments of merchandise and expanded offerings (Terblanche, *et al.* 2016:207).

Physical retail stores not only have limited stock, but some people prefer online stores as this lessens unnecessary contact time with sales representatives. According to Shen, *et al.* (2016:133) consumers prefer shopping online as the perception of salespeople are aggressive or annoying. Therefore, less physical contact is preferred. Internet retailing provides more information which assist consumers in making better buying decisions, without physically interacting with people.

Companies gather specific information that is tailored to the needs of a consumer (Shen, *et al.* 2016:133). The customers buying behaviour can be obtained through capability of online stores to access real-time customer insight (Terblanche, *et al.* 2016:207). This information gives the online stores better insight into the purchasing data and shopping behaviour data as opposed to traditional stores only giving the purchase data (Terblanche, *et al.* 2016:207).

An interactive nature is also established as customers can personalise merchandise through web technologies (Levy, *et al.* 2019:71). This expands retail market without having to build a new store with high startup cost (Levy, *et al.* 2019:71).To start an online

business is less costly than starting a traditional store (Terblanche, *et al.* 2016:206). The reason for this is because online stores do not require as much initial investment like the physical store (Terblanche, *et al.* 2016:206). This is due to online stores not needing a physical store; therefore, they save costs from not buying a building and the maintenance of it. This is beneficial to SME's starting a business as retailers and wholesalers are behind to the adoption of cost surrounding distribution and expertise, which sets these businesses at a disadvantage (Morschett & Schu, 2014:107). Yuppiechef stated that E-commerce enabled the business to start an online retail business with no merchandise, staff or expenses of physical store (Groenewald, 2017). Therefore, they saved costs from not buying a building and the maintenance of it.

2.2.4 Catalogue sales channel

Catalogue sales channel allows the ability to shop on paper, it never closes because of its ability to operate 24 hours a day, seven days a week (Terblanche, *et al.* 2016:206). It resembles the act of shopping online with time and space conveyance, as buyers cannot touch or smell the item (Zahra, Rasheed & Hasan, 2018:141). Without retailers having the fix cost of a 24-hour store such as water, electricity and labour. As orders are automatically stored in the system after customers purchase an item. This enhances the customer shopping experience, because while traditional stores are closed the online stores still operate. Thus, making it more convenient for the customer as they can shop whenever it is suitable for them (Terblanche*, et al.* 2016:206).

With the convenience of online shopping, online retailing has made it possible for businesses to reach national and international markets (Terblanche, *et al.* 2016:206). This is because the internet is everywhere unlike with a traditional store that is bound to a specific location (Terblanche, *et al.* 2016:206). When it comes to the delivery of the products to the international customers, online stores outsource the delivering to logistics companies making it available to consumers. Retailers and consumers found that using catalogue sales channel in conjunction with online has made it easier to access information about the business or products (Serena & Margherita, 2016:16). As online shopping is based on information given in the catalogue (Zahra, *et al.* 2018:148).

However, consumers search for information online but decide to purchase offline in traditional stores from the products selected online. This is called web-rooming, when consumers have access to both the physical store and online channel (Serena & Margherita, 2016:16). Alternatively, online retail stores should improve the information accuracy. As consumers are dissatisfied with finding prices of products, information or quality differences from catalogue versus the physical store. Therefore, retailers should be consistent with information that is provided by both catalogue and online store (Zahra, *et al.* 2018:148).

2.3 DEFINING THE OMNICHANNEL

A retail channel defines the way a retailer sells and delivers merchandise and services to customers. Traditional retail channel is a physical store, whereas non-traditional retailers use variety of non-store channels such as mobile, internet, social media and catalogues (Levy, *et al.* 2019:67). There are various other methods that retailers use to communicate their value proposition to their customers. When a customer is looking for information about a business they go on the internet and search for its website. The change in customer behaviour and habits has influenced a stream of multiple channels (Juaneda-Ayensa, Mosquera & Murillo, 2016:1). Customers, like businesses are evolving with time, what has worked in the past are not necessarily going to work in the present. This has introduced a new term called multichannel. Multichannel in the most stringent form of the term, it is the creation of a new solo channel in conjunction with the retailer's traditional channel, without a link between either of the two channels (Brezes, 2016:93 and Levy, *et al.* 2019:67). Each of the channels that a business uses within a multichannel strategy operates in isolation; nothing gets shared between the channels. This channel offers more than one channel to sell and deliver merchandise to customers (Levy, *et al.* 2019:67). There is no sharing of consumer information and even operate under different brands. The channels have their own business operations and there is no overlapping of their operating functions. Each channel that the firm uses works in on its own (Brezes, 2016:93).

Whereas, cross-sectional strategies are introduced with the increase of opening physical stores and showrooms by pure-play businesses, and traditional retailers are becoming more active with their online presence. The ability to deliver the full order to the right place, on time, in the perfect condition, with the correct documentation and invoice is essential in achieving perfect order fulfilment. Omni-distribution systems therefore require extensive flexibility and system integration to achieve perfect cross channel order fulfilment (Ranbaran, 2017:21). It is important for researchers and practitioners to understand how the omnichannel strategies affect consumer demand and the efficiency of a business' operations (Bell, *et al.* 2016:1). This will help them to outwit their competitors on a larger scale.

Although the omnichannel approach is seen as the reality of the retail industry due to the fast growing of the online component in the United States, offline retailing is still the anchor that holds the sector together (Bell, *et al.* 2016:1). The part that was highlighted within this strategy was the intention of connection between the channels, to motivate the movement of consumers from one channel to the other and to produce more sales within the organisation (Brezes, 2019:93). With the emergence of omnichannel retailing demands retailers to be transparent of the supply chain with the cross-channel capabilities which can be fulfilled from anywhere using the omnichannel distribution system (Ranbaran, 2017:21).

Figure 2: The evolution of omnichannel strategies
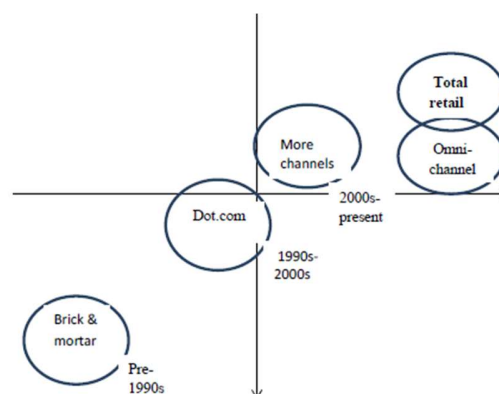
Source: Belu and Marinoiu (2014:119)

The intention of is to integrate online and offline and unifying all channels. Rigby, (2011:67) defines omnichannel as a cohesive sales experience that blend the advantages of physical stores with information experience of online shopping. Figure 2 indicates the change in trends of how consumers no longer purchase solely in-store or alone, instead they shop across different channels (Lee, Chan, Chong & Thandni, 2019:1). This shows that a physical store (brick and mortar) is no longer solely sufficient to satisfy customer needs, they are demanding more channels. This makes the use of an omnichannel strategy an asset to any business, because it is the best of both physical and digital. This channel provides seamless and synchronised customer experience, using all retail shopping channels (Levy, *et al.* 2019:67). Thus, making it easier for businesses to attract customers and grow their market share.

2.4   ADVANTAGES AND DISADVANTAGES OF OMNICHANNEL RETAILING

The introduction of omnichannel strengthens and complements advantages associated with online channels. As customers seek variety compared to offline stores, online stores offer a broad range of products (Shen, *et al.* 2016:134). It allows customers to gather specific and unique information supporting their needs. It is beneficial as information may be exchanged through physical contact in retail store or online when shopping. Omnichannel principles have always been around in the retail landscape in Africa, this is evident from the history and current situation (Shozoloza, 2015:1). The integration of omnichannel allows the physical store to serve as a showroom and pick location for online store (Chopra, 2016:135). The result of this integration enabled the retail industry to obtain competitive advantages over competitors (Lee, *et al.* 2019:1).As customers are drawn towards this channel, offline businesses with E-commerce capabilities should pay more attention to their online channel, to increase the customer's experience (Carlson, O'Cass & Ahrholdt, 2015:90). The synergy that will exist between the channels will depend on the company's ability to combine the channels (Cao & Li, 2015:198). According to Chinomona, Masinge & Sandada, (2014:334) websites that are more efficient and easier to understand by customers makes the transaction better and this result in a revisit or a repeat purchase. With the segmentation of customers in the omnichannel environment it is important for online businesses to distinguish between the

newly acquired customers and their existing ones (Singh & Srivastava, 2018:51). While new customers are more resistant to make use of the different channels, the existing ones who are already familiar with online channels will be more comfortable in moving towards an omnichannel world (Singh & Srivastava, 2018:51).

The use of omnichannel strategies has brought difficulties for retailers and it is not always easy to manage these strategies (Hure, Picot-Coupey&Ackerman, 2017:314). According to Ailawadi & Farris, (2017:121) becoming an omnichannel retailer is difficult, as each channel is equally important and requires own channel management practises. Integration is required not within one segment only but across multiple channels. The integration of omnichannel has enforced rapid movement caught by numerous academic experts' attention in the perception of omnichannel in online and offline retailers (Brezes, 2019:93). According to Cao and Li (2015:198) the action of adding new channels creates plenty of opportunities for a business, however there are various complexities. Although the idea is to unify shopping experience, developing omnichannel initiatives has brought complexity and is difficult to manage for retailers (Hure, *et al.* 2017:314). Ailawadi and Farris (2017:121) agrees to this statement and states that each channel is equally important and requires their own channel management practices, making omnichannel challenging.

Retailers need to provide consistent brand image for the business as well the merchandise across all channels. This could be challenging, for example, Patagonia reinforced the business image of selling high quality, environmental equipment in its stores as well online. The business needs to constantly attain to this image by monitoring procurement (Levy, *et al.* 2019:79). This integration is required not only within one segment by across multiple channels. Retailers struggle to provide integration shopping experience due to various channels demanding various skills as well, as unique resources (Levy, *et al*. 2019:79). This could be problematic as supply chain often disappoints or human error can harm business image. Therefore, supply chain relationship is crucial in offering an omnichannel experience; the additional partnership comes with risk such as management, maintenance and secure results (Chakraborty & Chung, 2014:386).

Another difficulty is that different assortments are often found for each channel. The omnichannel retailers have broader merchandise than physical store this is due to storage space and expenses (Levy, *et al.* 2019:79). Channel mitigation is also represented as consumers gather information such as pricing from one channel then buys cheaper products from competitor. This is a challenge to business as customers are lost in the process to competitors (Levy, *et al.* 2019:81). This is an uncontrollable factor for a business but to keep prices constant.

2.5 IMPACT OF OMNICHANNEL ON RETAIL BUSINESSES

Omnichannel strategy interrupts barriers between channels allowing convenience shopping (Juaneda-Ayensa, *et al.* 2016:1 and Yrjola, Spence & Saarijarvi, 2018:1). Thus, making the businesses' operations smoother due to the link that exists between the different channels. An alternative to access all channels, as a result retailer have become immense to integration due to intense competition (Gao & Su, 2017:84; and Shen, *et al.* 2016:129). They need to be aware of what their competitors are doing with regards to the channels they use to reach their target market. Therefore, the perception of retailers has been shifted towards an omnichannel strategy.

According to Brezes (2019:93), Gao & Su (2017:84) and Hure, *et al.* (2017:314) collectively agree that the spirit of omnichannel retailing has become a norm in the industry. Traditional retailers have realised the importance of communicating with their customers by using more than one channel (Bell, *et al.* 2016:2; and Rigby, 2011:67). This is seen to be beneficial for the growth of a retail business. The impact of omnichannel allows all types of retailers from various geographical areas to interact more frequently with their customers through the different touch points which they encounter in the business (Bell, *et al.* 2016:2). Through the ability of accessing customers from different geographic areas retailers can gain customer loyalty and build relationships. There are many factors that have led to this realisation. There has been confusion amongst academic experts about the three concepts (Brezes, 2019:93). They have viewed the concepts as one in the past but in recent years more studies have been done to differentiate between them.

As a result of integration to omnichannel Yuppiechef had made changes to the brand in order to unify the company amongst all channels. The company has chosen to change the name from Yuppiechef.com to solely Yuppiechef. Therefore, making the name more appropriate for their new omnichannel strategy. Yuppiechef.com was only the right fit for the company when it was a pure-play retailer now it has expanded to a physical store. Allowing live digital interference as well such as online reviews displayed in store (Penstone, 2017).

In today's day and age with customer's staying constantly connected, searching and finding new products then eventually purchasing these products, this often involves shopping through the use of various channels (Gao & Su, 2017:84). With the emergence of more and more channels consumers are adapting to this, resulting in the change of their buying behaviour and habits (Juaneda-Ayensa, *et al.* 2016:1). Customers are seeking for ways in which they can spend less time browsing for products and services, essentially finding more convenient methods of shopping.

An omnichannel strategy helps a customer to use different channel to fulfil their shopping needs anywhere and at any given time (Juaneda-Ayensa, *et al.* 2016:1). They can now shop at the comfort of their homes, buying groceries or clothing without having to leave the house. As customers become more intelligent by gathering information on different ways to enhance their shopping experience, they extensively make use of the various alternative channels available to them (Gao &Su, 2017:84). By providing real interaction an omnichannel strategy provides customers with unique, effortless and a complete shopping experience, breaking down the barriers that exist between channels (Juaneda-Ayensa, *et al.* 2016:1 and Verhoef, Kannan & Inman, 2015:176). Customers therefore seek alternative channel options when purchasing a product. This has led to the increased pressure on retailers to integrate the benefits received from both the digital and physical worlds at each of the points of the customer's experience (Gao &Su, 2017:84). If retailers do not make use of the different channels available to them, they will lose their customers to competitors. It is important to stay up to date with ways to enhance the customer's experience with the store. As this builds customer loyalty and further strengthens the relationship.

According to Shen, *et al.* (2016:129) more that 80% of cross-sectional retailers in United States is comprised of multichannel operations. This shows that cross-sectional retailers are using their channels as a competitive advantage. The concept of an omnichannel strategy is seen as an evolution of the multichannel strategy used in retailing (Juaneda-Ayensa, *et al.* 2016:2). This concept has been in operation for many years in retailing, businesses could not distinguish between an omnichannel and a multichannel. Even though the multichannel strategy offers a division between the digital and physical stores, an omnichannel strategy gives customers the flexibility to move between the different channels in a single transaction process without any resistance (Juaneda-Ayensa, *et al.* 2016:2).

In the past this was not possible to do, but due to the advancement in technology it is now possible for customers to choose which channel best suit their shopping needs. The development of technology over the years has made multichannel and omnichannel possible, as retailers saw opportunity in E-commerce. This has influenced many retailers in ramping technological advancements and introduces product reviews and pricing strategies. This movement has changed the perception towards non-traditional channel. Hubner, Holzapfel and Kuhn (2016:256) stated that pure-play retailers are establishing physical stores to expand their service offerings. This is the essence of omnichannel retailing, which is swiftly becoming the norm within the retail industry (Gao &Su, 2017:84). Many retailers are establishing an omnichannel presence to access a broader audience and accommodate to the needs of consumers.

According to Hure, *et al.* (2017:314) the movement between various channels is standard for a positive customer experience. As customers is an essential factor for any retailer. However, there are weaknesses in offline and online retailing because of perceived risk such as online trust. Therefore, it is difficult to establish an omnichannel business. The definition and impact of omnichannel business would be discussed as follows.

2.6   NON-TRADITIONAL CHANNEL

Although the integration of online and offline business has become popular, e-retailers are now witnessing the opposite trend called the non-traditional channel (Shen, *et al.* 2016:130). According to Bell, *et al.* (2016:1) traditional retailers are gradually ramping their internet presence while, pure-play retailers open stores and physical showrooms. Shen, *et al.* (2016:130) agrees that a variety of firms that started online are expanding their business offline, expecting to improve sales, customer loyalty, efficiency in delivery, leading to customer satisfaction.

There are a few businesses that have already followed this approach, for example, eBay has moved offline to complement its online store. They saw that it would be best for the business to add another channel for greater customer reach. In 2011, the largest business-to-customer online store in China, Taoboa mall opened a physical store (Shen, *et al* 2016:130). This was an unexpected strategy for the company to follow since it was already a success. Addition to this Yuppiechef followed the same trend, the company considered omnichannel as the future of retailing, due to South Africans still preferring a physical shopping experience when buying certain products. The company believed that the combination of both physical and E-commerce allowed freedom for customers to interact at their own terms (Yuppiechef, 2019). Consumers can decide for themselves to either shop on Yuppiechef's online store or go to the physical store for a more vivid shopping experience. Furthermore, Amazon increased their market ability by expanding the service and introducing new channels to help customers interact more often (Levy, *et al.* 2019:6). This allowed them to gain access to a larger customer base.

Despite the popularity of this non-traditional practice of adding brick-to-clicks there is limited literature about this concept. Most previous literature investigates the existence of traditional channels adding physical store to an online channel (Shen, *et al.* 2016:130). Fundamentally, retailers are intrigued by the integration of omnichannel strategies because online and offline channels differ in their ability to execute product information and fulfillment, known as core channel functions (Bell, *et al.* 2016:2).

2.7 FACTORS INFLUENCING AN OMNICHANNEL STRATEGY

There are various factors that have an influence or an impact as to why an organisation decides to incorporate an omnichannel strategy. The factors are customers, technology, pricing and strategic objectives.

2.7.1 Customers

Although consumers are increasingly becoming accustomed to traditional offline channels, adding an offline channel to existing online would not necessarily drive consumers to traditional shopping (Shen, *et al* 2016:132). Consumer relationship accounts for a balance between both digital excellence and human interaction in order to succeed. Whether business decides to integrate different channels would not guarantee brand loyalty but the actual efficiency and capabilities of each channels.

Therefore, retailers are responsible to ensure consistency between all channels. Consumers are increasingly accustomed to the use of technology to interact with retailers (Belleghem, 2015:2 and Ranbaran, 2017:21). According to Grewal, Roggeveen and Nordfalt (2017:1) shoppers are influenced by new technologies, business model and predictive retail analysis. Retailers can connect with consumers by offering value and providing information; through this retailer have opportunity in creating deep customer relationship. Therefore, it is imperative for companies to digitally transform according to the needs of consumers. Chaffey, *et al.* (2015:34) and Shen, *et al.* (2016:132) proposed that the barriers in E-commerce shopping are based on consumers perceiving no benefit in shopping online, lack of trust, security problems, lack of skills and cost involved with purchasing.

In order for a business to have effective customer relationship management there needs to be a balance between both digital excellence and the way in which the employees interact with customers (Belleghem, 2015:2 and Grewal, *et al.* 2017:1). The use of an online shopping cart can also be viewed as a form of gathering information and online shopping research tool (Close & Kukar-Kinney, 2010:988). Thus, making it easier for businesses to gather the data needed in order to satisfy their customers.

With the rise of the Internet and the creation of user-generated content, an increasing number of customers read the reviews of a product before they decide to purchase it (Kwark, Chen & Raghunathan, 2014:93). Online product reviews have a strong influence on the purchasing decisions of customers. Customers seek to find more information about a specific product or service before purchasing it.

The product review system can be used by the firm as a strategic tool to influence the customer's decision to purchase their products (Jin, Hu & He, 2014:552). It can also be used to enhance their shopping experience as well as increase the profits of the firm (Jin, *et al.* 2014:552; and Ahmad & Laroche, 2015:202).

The studies that have been done recently on customer product review have focused on two major dimensions, namely, the volume and valence (Jin, *et al.* 2014:553). The volume consists of the overall number of reviews and the valence is the review ratings (Jin, *et al.* 2014:552). According to Ahmad and Laroche (2015:202) it is estimated that 97 percent of consumers read consumers' review and are influenced by them. Once a product has high rate reviews and audience this attracts customers in purchasing a product. The 'Word of Mouth' that is available online is known as 'Electronic Word of Mouth' and online product reviews are one form of this (Ahmad & Laroche, 2015:202). Electronic Word of Mouth has the power to remove any uncertainty that a consumer might have towards a product (Ahmad & Laroche, 2015:202). Increasing the trust of customers and influencing them to purchase.

Nowadays customers look toward the opinions and support of others when evaluating a product or service that have not experienced before (Hilken, Heller, Chylinski, Keeling, Mahr & de Ruyter, 2018:512). This is because people have a natural tendency to share their experiences with their peers; therefore, customers always read reviews written by their peers or go shopping with them (Hilken, *et al.* 2018:512 and Ahmad & Laroche 2015:202). Online product reviews have become an important information source for consumers to mitigate the uncertainty about the quality of a product and about its fit to consumers' needs (Kwark, *et al.* 2014:93). Shoppers have the platform to communicate through various channels.

Customers also look on social media platforms such as Snapchat where others often share their real-time shopping experiences (Hilken, *et al.* 2018:512). By the simple way of just asking family and friends to rearrange placeholder around their home, people can get a new perspective on things can be done differently (Hilken, *et al.* 2018:512). Often retailers post products on social media platforms to enhance the attraction towards the store. On social media customers are able to state grievances or positively encourage others to buy a specific product. Therefore, this can either be detrimental to the continuity of a business or a benefit.

Anesbury, *et al.* (2016:261), propose that online consumers are more loyal to brands and are less sensitive to price as opposed to traditional shoppers. However, according to Shen, *et al.* (2016:134) offline channels allow customers to establish a personal relationship with the company, establishing a long-term relationship that can lead to greater customer trust in online presence. As retailers have the ability of personally approach customers and engage to create brand loyalty.

2.7.2 Technology

Organisations have adopted the application of technology instruments as a method to transform their business (Chaffey, *et al.* 2015:4).As technological advances improve the ability for customers to achieve real-time information and increase opportunities for better sales in retail industry (Chakroborty & Chung, 2014:386). Therefore, businesses know that they cannot afford to be behind when it comes to the latest technological inventions. This has especially been the case within the retail industry, new technology to better satisfy customer needs is being developed constantly. The technological environment is the forces within the industry that create new technologies (Kotler & Armstrong, 2014: 82).

There are companies that have their own in-house R&D department. The advancements in technology have continued to be a way for retailers to have a competitive advantage over their competitors (Grewal, *et al.* 2017:1). It has helped businesses to better satisfy the needs of their customers by using the latest technology to improve a customer's

experience (Grewal, *et al.* 2017:1).By satisfying customers it increases shopping demands for omnichannel retailing (Chakroborty & Chung, 2014:386). In 2017, Yuppiechef has made technological advances in both design concept and in-store experience for customers. The company has created three-dimensional models as a method to help plan stock depth, marketing and financial budget. Through immerse virtual reality the company test layouts before building a store (Yuppiechef, 2019). The in-store experience known as point-of-service software allows customers anywhere in the store, faster service and no queues. This software helps customers by providing numerous options to pay and process a refund or return that is convenient (Yuppiechef, 2019).

The benefits to the customer when it comes to technology is the way in which they can obtain information about a product or service is better, thus, leading to more informed purchasing decisions (Grewal, *et al.* 2017:1). Technology helps retailers gather, store and analyse information about their customers giving them the ability to make predictions about the customer's buying behaviour (Grewal, *et al.* 2017:1 and Bonetti, Warnaby & Quinn, 2016:1).

There have been various new developments in the technology industry such as artificial intelligence (AI), Internet of things (IOT), and block chain robotics and robotics (Grewal, *et al.* 2014:85). When a business makes use of these technological instruments it will help them to make their processes more autonomous, storing customer data will happen automatically (Grewal, *et al.* 2014:85). Companies such as Amazon have created a powerful competitive advantage using big data and retail analytics, thus, creating a more effective and efficient way for customers to shop online (Grewal, *et al.* 2014:85).

Although South Africa is not the leading country when it comes to the advancements in technology, the South African consumers are becoming more technologically equipped (Terblanche, *et al.* 2016:34). They are making use of multi-media, such as social media platforms, email and various other form of updated communication methods (Terblanche, *et al.* 2016:34). The positive effect that technology has on a society can increase the performance of a business, while at the same time also discouraging the traditional ways of doing business (Terblanche, *et al.* 2016:34). This is a way to encourage retailers to

adapt to the changes or lose out to competitors that are making use of the latest technology, therefore, making technology an important factor to an omnichannel business.

One way to enhance omnichannel portfolio is through a navigation system offering convenience. An efficient navigation design should provide an easy to use navigation hierarchy that allows users to go to the desired pages. A websites information design refers to its ability to deliver information that is relevant and easy-to-understand to users (Hasan, 2016:225). Customers do not want to browse on a company's website and read content that is unnecessary. Online purchases are dependent on the amount of information related to products, services, payment, delivery and vendors, as these can convey trust with the online shopper (Hasan, 2016:225). The more detailed and precise the information is the better it will be for the customer to find exactly what they are searching for.

2.7.3 Pricing

According to Dudu and Agwu (2014:88) price is seen as the amount of money that a customer pays for a product or service. This can be seen as the sum of all value that a customer is willing to exchange for that particular product. Price means different things to different people, to lenders it is known as interest, insurers know it as premiums, and it is known as fare to the transporter (Dudu & Agwu, 2014:88). Therefore, it is important to know which pricing terminology to use in certain industries.

Consumers are often price sensitive to certain products. The pricing policies used by retailers are one of the main factors that will contribute to the success of the business (Terblanche, *et al.* 2016:179 and Dudu & Agwu, 2014:89). The retailer must be careful when coming up with their prices for them to make a profit and not work at a loss (Terblanche, *et al.* 2016:179). Assigning prices should be a strategically thought out activity because it has an impact on the way in which the consumer views an organisation's product or service. This is the main reason why businesses are created, in order to make a profit. Amazon succeeded this method by avoiding price wars and

becoming a merchandise curator. Online shoppers expect good prices against other online retailers (Brynjofsson, Hu & Rahman, 2013:2).

The objectives that the retailer want to achieve from the chosen pricing strategy should link to the overall objectives set by the business (Terblanche, *et al.* 2016:179 and Dudu & Agwu, 2014:89). This is so the pricing can support the strategy and other elements of the retail mix. There are various pricing objectives that a retailer must take into consideration. An objective could be to increase the businesses' market share by having a pricing strategy that is appealing to many customers within a specific market (Terblanche, *et al.* 2016:179). Another objective might be to achieve a certain amount of profit and have a positive cash flow within the business (Terblanche, *et al.* 2016:179). Thus, making sure that the business is not operating at a loss. A pricing objective can be to meet, beat or discourage any competition (Terblanche, *et al.* 2016:179). This can be done so that competitors cannot compete with the business on a price level. The objectives can be classified into three broad categories, namely, product-oriented objectives, sales-oriented objectives and status quo objectives (Terblanche, *et al.* 2016:179).

There are different pricing strategies that a retailer can follow. A retailer can only decide on a pricing strategy once it knows and understands what the pricing objectives are (Terblanche, *et al.* 2016:180; and Kimpel & Friedrich, 2015:56). There are many pricing strategies that a retailer can choose from. The retailer can use an everyday low pricing strategy where they sell the products at prices that the customer perceives as being reasonable (Terblanche, *et al.* 2016:180 and Kimpel & Friedrich 2015:56). Another option is a high/low pricing strategy where the retailer can charge premium prices and have promotions once in a while (Dudu & Agwu, 2014:95; and Kimpel & Friedrich, 2015:56).

The reason for the price differences between online-offline retailers differ between retailers and countries (Cavello, 2017:4). There are many types of online prices, pure-play companies have their own pricing and companies with an online and offline presence have their own pricing (Cavello, 2017:6).

The pricing strategies in the different channels should be integrated as customers are now able to compare the prices of stores (Terblanche, *et al.* 2016:194). They can scan in product in-store and search for the prices that online stores charge for the same or similar products. This has created a new threat for traditional business because customers now view the product in-store and get it for a cheaper at an online store. An appropriate pricing scheme should be implemented that attracts customers but also generates a profit.

2.7.4 Strategic objectives

Retailers need to do a strategic risk analysis of their digital business in order to not invest in making the wrong decisions (Chaffey, *et al.* 2015:32). By not doing the analysis the business could experience low returns and this could be considered as a loss for the business (Chaffey, *et al.* 2015:32). According to Chaffey, *et al.* (2015:32) SME's adopt digital businesses less frequent than that in larger businesses; this is due to the negative attitudes of the managing directors and CEOs. The lack of business transformation could lead the business to a loss against their competitors.

Whereas, a well-structured omnichannel could both be cost effective and responsive to the needs of consumers. The combination of online and brick-and-mortar are more effective than either channel by itself (Chopra, 2016:135). This provides an opportunity for retailers to strategically consider the movement of omnichannel.

2.8   RISK ANALYSIS IN OMNICHANNEL RETAIL

Perceived risk is defined as the feeling that a customer gets when they experience a level of uncertainty and anxiety towards unfavourable consequences (Singh & Srivastava, 2018:54 and Terblanche, *et al.* 2016: 62). The emphasis should be on the word 'perceived' which indicates that customers' beliefs are not always based on factual information, rather than their own opinion or experience. Various factors play role in the way in which a customer perceives risk (Terblanche, *et al.* 2016:63). A contributing factor can be in the case of a customer's online shopping experience where there is geographical and time separation between the customer and the business (Singh &

Srivastava, 2018:54). When products are from a foreign country consumer find it difficult to establish trust and the retailer is unknown.

2.8.1 Online trust

Online trust is commonly an important construct that has been frequently researched in E-commerce academics three elements which comprises of online trust are integrity, capability and transparency (Kim & Peterson, 2017:44). According to Melis, *et al.* (2015:272) online shopping environment is perceived as a risk for online purchases. Online retailers have been trying to gain the trust of brand recognition of customer with the aim of cultivating loyalty. As customers are still attracted by brands they trust and recognised (Huang, 2012:115). This had led shoppers supporting offline stores over online. Customers can experience functional risk; this is when they are afraid that the product will not perform as expected (Terblanche, *et al.* 2016:64). This can cause customers to not purchase a product because their perception is uncertain that it might break down or that there is no longevity. With selling premier products, another risk that a customer can experience is financial risk. This is when the customer might perceive the product not to be worth the money spent on it (Terblanche, *et al.* 2016:64). When a product is relatively expensive consumers will be hesitant to buy it because the product might not be. Perceived risk will be higher when it comes to a transaction over mobile devices and online platforms, such as the payment of utility bills and doing online shopping that involves large monetary values (Singh & Srivastava, 2018:54). Therefore, retail business should ensure safe methods to purchase products.

It has become apparent to practitioners and analysts that business that initially started online face major challenges in communicating the product attributes to their customers when it comes to the non-digital aspects (Bell, *et al.* 2016:3). Products such as personal care or food are subjective.

2.8.2 Compliance and regulations

Retailers have noticed an increase in regulations pertaining to procedures for product liability, customer protection, competition, price controls and environmental

considerations (Wallance & Smith, 2017:2).Communications such as email and monitoring of websites and marketing E-commerce ensures for trademark policies (Chaffey et al.2015:150). Retailers should establish certain regulations to ensure ethical practises.

To combat unethical behaviour, government has implemented legislation such as anti-spam legislation which protects individual privacy with the intention of minimising spam, Data protection Act, this act applies explicitly to electronic (Melis, *et al.* 2015:272). Therefore, retailers should ensure that consumer privacy and information is protected by implementing the Data protection Act.

2.9   SUMMARY

This chapter looked at what an omnichannel is and how it impacts businesses. The use of an omnichannel strategy has only been researched in recent years. The types of channels include the physical store, catalogue sales channel, online sales channels and mobile sales channels**.** There have been various factors that have led to this development. These include factors such as the change in technology and customers. These factors have made retailers take a closer look at the way that they are reaching their end-users. Magento (2016:13) predicted in 2020 the future of retailing would consist of retailers staying in constant touch with customers, by gathering data from different channels. Retailers are constantly improving customer experience through the influence of digital marketing. Customer experience can be changed in three ways simplicity, immediacy and context (Prinsloo, 2015:13). As omnichannel retailing is a fundamental requirement for a customer to have a positive experience (Schmaus, *et al.* 2017:18). Thus, the movement of omnichannel contributes to the success of retailers. However, there are still factors that challenge this movement such as the retailers not unifying the different channels, potential risk of uncertainty and quality. These factors contribute also to the failure of omnichannel as discussed. Therefore, in order to satisfy consumer needs and gain competitive advantage retailers should implement ways to minimise potential risk.

The next chapter will look at the research design and methodology including a discussion on the method of data collection that was used as well as the sample of this study.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1   INTRODUCTION

The previous chapter focused on the literature for the research by discussing the relevance of omnichannel on retail businesses. The previous chapter specifically focused on the retail industry; as well as defining what omnichannel strategies are. In order to address the problem statement, this chapter will now identify the research design and methodology.

This chapter covers an overview of methodology used in the study. The method which will be used to collect and analyse data. The discussion in the chapter is structured around the research methodology, specifically focusing on quantitative and qualitative methodologies. The design consists of a description of population sampling, data collection and data analysis. Ethical considerations and measures to provide trustworthiness are also discussed. This would contribute to the consistency of data collection in regard to omnichannel businesses.

3.2   RESEARCH METHODOLOGY

Methodology describes the way data is collected, once collected then analysed (Plooy-Cilliers, *et al.* 2014:289). This study will be based on a quantitative research methodology. Qualitative data collection would discuss experimental designs, measuring instruments and correlation studies regarding factors influencing businesses in the retail industry. The sampling method would also be discussed as follows.

3.2.1 Research design

This section will outline how the data would be collected and the analysis process of it. A research design is needed for an individual to conduct research. The research design of a study is seen as the blueprint for, gathering, measuring and analysing the data in the study (Cooper & Schindler, 2014:82). Furthermore, it also indicates the different ways in

which research can be conducted and data would be collected. This is done by answering the research questions proposed within the study

3.2.2 Data Collection

Data collection is a crucial part of this study, as in corrected collection of data would lead to invalid results and findings (Dudovskiy, 2018:1). It is described as a process of collecting information from all relevant sources for a research problem (Quinlan, 2011:196). The method of data collected in this study would be quantitative data collection. Quantitative research underlines qualities of objective experiences and associates it with a phenomenon (Plooy-Cilliers, *et al.* 2014:16). It relies on Statistical analyses of data (Dudovskiy, 2018:1 and Struwig & Stead, 2017:269). The purpose of quantitative collection is to find causal relationship or correlations that can be generalised, therefore designed for a specific aim. Thus, to ultimately measure and quantify experiences and meaning (Plooy-Cilliers, *et al.* 2014:16). The quantitative technique used in this would be questionnaires, experiment and content analysis.

Survey refers to the data collection instrument consisting of questions which is used to gather information from a sample group (Plooy-Cilliers,*et al.*2014:148). The type of survey used in this study would be questionnaires. Offering closed-ended questions, checklist and rating scales. This would contribute by simplifying and quantifying results. In the questionnaire the respondents would be assured confidentiality and anonymity, time allocated, language would be clear and understanding and demographic characteristics would be asked at the end. Likert scale is an attitudinal rating scale that illustrates agrees and disagrees with statements (Pellissier, 2007:5).

A Likert scale would indicate the respondent's degree of agreement or disagreement with a variety of statements relevant to the chosen topic**.** Followed by data collection in Statistical manner then analysed accordingly.

3.2.3 Secondary data

This is the analysis of any data that was collected by a third part for another main purpose (Johnston, 2014:619). Secondary data collection is classified into three broad categories mainly raw data; data which has already been collected, summaries of numbers; Statistical evidence and previous written treatise; books and articles (Struwig & Stead, 2017:82). The sources used to link omnichannel businesses to the business environment are therefore secondary findings that will be Statistically analysed. The study contains a literature review that will assist in determining the reasons for a business to follow the non-traditional ways of establishing a business.

There were various databases used to gather the secondary information used to aid the purpose of the study. Libraries are part of main source for secondary data (Struwig & Stead, 2017:82). The research for the literature review will be gathered from databases such as Emeraldinsight, EBSCOhost, academic journals, Masters and Doctoral studies, and articles, as well as books with topics related to omnichannel businesses.

3.2.4 Primary data

Primary research is the empirical investigation of a study in which the researcher's approach is a first-hand collection of data for an academic purpose (Dudovskiy, 2018:1).The collection of primary data calls for decisions on the population, sample frame and sample. In quantitative primary there are two methods used to collect data, interviews and questionnaire surveys (Struwig & Stead, 2017:89). Interviews consist of the use of personal survey or telephone survey. Whereas, questionnaires include mail surveys, personal interviews and telephone survey (Struwig & Stead, 2017:90).

The primary data that would be used in this study is a questionnaire survey. Mail surveys encourages co-operation describing the purpose of the study without personally or physically asking questions. Personal interviews are described as a state of researchers has the ability to access direct information from respondents. Telephone is a method of accessing respondents by means of telecommunication to answer specific questions (Struwig & Stead, 2017:91). In this study surveys would be used as a primary data

collection method. As information of non-traditional channel would be obtained as questionnaires are distributed to respondents.

3.2.5 Population

A population is defined as a total group of people or entities from whom information is required (Plooy-Cilliers, *et al.* 2014:132 and van der Walt & van Rensburg, 2010:123). The combined total of all elements the study is focused on, defined in terms of elements, units, extent and time (Walliman, 2011:175). In this study the population can be defined as retail managers of omnichannel retail business in Nelson Mandela Bay. These retail managers will be the respondents that will provide the data that will be analysed. The element used in this study would be omnichannel retail business managers. Whereas, Nelson Mandela Bay would be the unit, extent all registered omnichannel retail businesses and with no specific time established.

3.2.6 Sample frame

The sample frame is defined as the list of all sampling units in the population where the sample of for a study is drawn from a list (Struwig & Stead, 2017:115). In other words, the sampling frame determines whether a list of the population's units exists or not. Therefore, the sample frame is a complete list of all the respondents in the population (Struwig & Stead, 2017:115).

In this study the sample frame is very distinctive and therefore no list was selected for the omnichannel businesses within Nelson Mandela Bay. The sample frame will be created by means of the referral approach. This referral approach is known as convenience sampling when conducting a research where there is no frame for a probability sample .As there is no reliable list from which to draw a Statistical sample (Hogan, Loft, Power & Schulkin, 2009:1). A referral sampling usually involves finding individuals who meet inclusion conditions, gaining their support, and then asking them to further recruit additional respondents with the same criteria (Hogan, *et al.* 2009:1). Omnichannel retail business in Nelson Mandela Bay would be found by this approach as previous referral

would indicate another omnichannel business in the same criteria. This approach would be best as it is easier to access the sample for this study.

3.2.7 Sample

A sample is a sub-set of the population of participants (Struwig & Stead, 2017:270). It is known as a small part of a whole unit (Walliman, 2011:177). The sampling unit consist of elements that are focused of the study. The kind of elements focused would depend on the objectives of the study (Struwig & Stead, 2017:114). For the purpose of this research, the sample would include convenience sample method. This method provided easier access for a sample of omnichannel retail businesses in Nelson Mandela Bay as respondents would be selected by the convenience of the researchers. Quantitative research requires drawing a representative sample which shares characteristics of the larger population (Plooy-Cilliers, *et al.* 2014).

3.2.8 Sampling technique

Sampling ensures researchers would inevitably obtain information that is valid which therefore achieve the purpose of a study (Sandelowski, 2000:249). There are two main sampling techniques which are probability and non-probability techniques (Struwig& Stead, 2017:116).

- Probability sampling can be further divided into four sections. These sections include simple random, systematic, stratified and cluster (Creswell, Ebersohn, Eloff, Ferreira, Ivankova, Jansen, Nieuwenhuis, Pietersen, Clark, 2016:192 and Quinlan, 2011:209). Simple random states that everyone has the same chance of being chosen. It is essential that a complete sampling frame including each component in the universe must exist. With large populations, available subjects are biased due to it being impossible to locate every member in the population (Survey sampling methods, 2017:1). Systematic sampling necessitates the sampling frame to be complete. The procedure is random process selects the nth number on the list is selected thereafter from there (Creswell, *et al*. 2016:195 and Struwig & Stead, 2017:120). It should be

numbered 1 to N and have calculated sampling intervals. This method cannot contain a hidden order and an added advantage includes simplicity. Stratified sampling entails the complete population being divided into subpopulations with elements chosen out of each group systematically. These subpopulations, often called strata, are based on some common characteristic (Survey sampling methods, 2017:1). Cluster sampling, also referred to as area sampling, is a method of grouping the population into mutually exclusive clusters or subsets. The elements of each cluster must be heterogeneous or as much as possible to overcome the challenge of certain sections not being chosen at all (Creswell, *et al*. 2016:90and Quinlan, 2011:211). The researcher divides the items in the universe into groups and then selects any additional number of these groups at random and then samples all the items in those groups (Struwig& Stead, 2017:120).

- Non-probability, also known as convenience sampling, is chosen purely based on the availability of respondents to the researcher (Creswell, *et al*. 2016:197 and Struwig& Stead, 2017:116). It utilises voluntary participation of respondents or selection of sampling units by the interviewer. This method is often made use of in mall intercepts or exploratory research as it is convenient as the name suggests. Convenience sampling is relatively quick and cheap (Survey sampling methods, 2017:1). This would be used in this study due to availability to the researcher. Judgement sampling makes use of the researcher choosing respondents who are assumedly representative of the population. This sampling method is selected based on expert judgement, as specialist in a particular subject is chosen to respond (Struwig& Stead, 2017:116). Snowball sampling requires each respondent to suggest potential respondents who might qualify to be in the sample as well. When a selected additional respondents' information is used from initially chosen to locate members or rare population through referral process(Creswell, *et al*. 2016:198 and Struwig & Stead, 2017:118). Although this method reduces search costs, it does introduce bias (Survey sampling methods, 2017:1). Quota sampling engages respondents who own certain characteristics presumed to have an affect about the study. It selects according to the characteristics of the respondent's example such as age, income and socio-economic status (Struwig& Stead, 2017:117). Quota sampling is similar to stratified samples with the

exception of the selection of respondents, which can either be convenience or judgement (Survey sampling methods, 2017:1).

3.2.9 Research instrument

The data collection instrument used in this study was a questionnaire. The researchers chose a questionnaire because the data can be collected by personal interviews and mall intercepts. A questionnaire often comprises of close-ended questions, checklist and rating scales. It is used to simplify and quantify responses (Plooy-Cilliers, *et al.* 2014:152). The questionnaire would construct of direct, indirect and general and closed ended questions. The means of measuring the questionnaire would be in the form of a Likert scale. It overcomes the semantic differential questions of having to find opposite adjectives. Total scores for each respondent can be calculated by totalling the scores for all the statements to give an overall rating to the object.

Businesses that do not follow an omnichannel approach will be excluded from the surveys. When compiling the questionnaire, the researchers included an introductory paragraph explaining what is to follow. The questionnaire will be divided into five sections.

3.3   DATA COLLECTION METHODS IN QUANTITATIVE RESEARCH

Quantitative data collection methods are often used to test hypotheses derived from theories. Quantitative research would be appropriate for the examination of specific data from large numbers, for testing hypothesis (Pellissier, 2007:19 and Plooy-Cilliers, *et al.* 2014:148). The following would be discussed, survey and mail survey as an instrument.

3.3.1 Survey

Surveys can be used to gather information relatively quickly from a large number of people (Brant, Haas-Haeman, Wei & Wickham, 2015:168). A data collection tool which consist of series of questions designed to collect data (Creswell, *et al.* 2016:174 and Plooy-Cilliers, *et al.* 2014:148). A survey can be defined as a measurement process to collect data from individuals concerning a specific topic with the aim of getting comparable

data from a sample in order to analyse the similarities and differences that occur within the data (Cooper & Schindler, 2014:219). This research tool is often used to provide quantitative or numeric description of trends (Plooy-Cilliers, *et al*. 2014:149; Sincero, 2019:1 and Quinlan, 2011:182).

The questionnaires of this study would be sent to individuals in the sample, which respondents would fill in leisure and return by a given date. These questionnaires would be sent through the use ofpersonal delivery. The researchers will personally take questionnaires to retailers. This survey method is known as a self-administered survey which is relatively inexpensive (Plooy-Cilliers, *et al.* 2014:150).

3.4   DATA COLLECTION METHODS IN QUALITATIVE RESEARCH

Qualitative research underpins qualities of subjective experiences and meanings that are associated. The data collection of this encourages richness and depth of data that are gathered in specific social context (Pellissier, 2007:20 and Plooy-Cilliers, *et al.* 2014:173). The following qualitative data collection methods would be discussed, interviews, focus groups and observations (Creswell, *et al.* 2016:83).

3.4.1 Interviews

Interview is a qualitative data collection which allows proposed questions to participants (Sincero, 2019:1). This aims to discover more about participants' views, opinions and beliefs about a specific phenomenon. Interviews are known as valuable sources of information when conducted correctly, it allows interpret and in-depth understanding to specific questions (Plooy-Cilliers, *et al.* 2014:188).

3.4.2 Focus groups

Focus groups are used in qualitative research and they entail asking participants open-ended questions about their thoughts and feelings (Kokemuller, 2018:1). To discuss a subject and gain deeper understanding (Walliman, 2011:172). This not a random discussion session, it is a strategic discussion. It is normally between four and twelve

participants, and it is set in an environment where the participants feel safe and comfortable. This method determines the attitudes, behaviour, preferences and dislikes of participants who are interviewed (Plooy-Cilliers, *et al.* 2014:183).

3.4.3 Observation

Observational research is important when a researcher wants to know more about the actions and behaviour of people. Observations of behaviour are thought to be more objective than self-reports of behaviour (Creswell, *et al*. 2016:90 and Sandelowski, 2000:252). There are various benefits that can be experienced through the use of this method. As it allows the researcher to experience the reality of the participants (Creswell, *et al*. 2016:90). For example, a researcher can observe the amount of time that people spend doing certain activities. Furthermore, they can understand how participants communicate with one another.

3.5 DATA ANALYSIS

A data set is a collection of data, consisting of separate units made of an entire set (Plooy-Cilliers, *et al.* 2014). Once primary data have been collected, it will be analysed using appropriate methods. Statistical analysis allows this study to produce proof, as data would be correctly applied (Plooy-Cilliers, *et al.* 2014). Quantitative analysis consists of data in form or mathematical operations to investigate their properties (Walliman, 2011:113). It would produce a set of statistics that would be used to convince target market for this study, enabling others to adopt this new technique. Where objective and defensive conclusions would be drawn from the results of analysis (Plooy-Cilliers, *et al.* 2014). The levels of measurement used are nominal, ordinal, ratio and interval (Walliman, 2011:113).

The first step would be to convert raw data into categories and encoding the information (Struwig & Stead, 2017:157). After computerising, the data would be tabulated. It would be captured in Excel and imported into a Statistical programme such as Statistica. Descriptive statistics will then be calculated. Statistica consist of a set mathematical technique to analyse a set of data. Thereafter, the Statistical test for quantitative data would be tested. This would provide accurate and objective interpretations of the data

(Plooy-Cilliers, *et al.* 2014). The analysis would set a summary of data set and attempts to discover patterns that might exist within the data obtained. These summaries of data would create information that would inform decisions surrounding retail managers' perceptions of factors influence omnichannel strategies.

3.5.1 Descriptive Statistics

Descriptive statistics provides the authors with a summary of the data (Struwig & Stead 2017:165, Welman, Kruger & Mitchell, 2009:231). The purpose of having the data summarised is to provide a clear and coherent indication of a larger sum of data (Struwig & Stead, 2017:164). Once the data has been grouped, different Statistical measures are used in order to analyse it and draw conclusions based on the findings. There are various descriptive statistics that can be used to analyse the data but for the purpose of this study only measures of central tendency and dispersion, kurtosis and skewness will be discussed (Struwig & Stead, 2017:165).

3.5.1.1 Measures of central tendency

The measures of central tendency include the mode, median and mean. According to Struwig and Stead (2017:165); Bryman and Bell (2011:344); Lombaard, van der Merwe, Kele and Mouton (2012:62), the mode includes the most frequently occurring score. The mode can be calculated as the largest frequency in the distribution, using the following formula:

$$\text{Mode} = 3 \ (\text{median}) - 2 \ (\text{mean})$$

The researchers used data analysis tools available in the simple Microsoft® office suite, Microsoft Excel 2016 to calculate the mode. The mode of function is Formulas/More functions/Statistical/ Mode. The median can be seen as the score that has an equal number above and below it (Bryman & Bell, 2011:344; Struwig & Stead, 2017:165; and Lombaard, *et al.* 2012:61). The researchers used data analysis tools available in the simple Microsoft® office suite, Microsoft Excel 2016 to calculate the median. The mode of function is Formulas/More functions/Statistical/ Median.

The mean is the average of all the scores (Welman, *et al.* 2009:233, Struwig& Stead 2017:165, Bryman & Bell 2011:344; Lombaard, *et al.* 2012:61). By using mean one can compare different groups. It also helps in computing further statistics. Since this method involves handling of large numbers and entails tedious calculations, the researchers used data analysis tools available in a simple Microsoft® office suite, Microsoft Excel 2016 to calculate the mean. The mode of function is Formulas/More functions/Statistical/Average. The mean is calculated as:

AVERAGE (number1, number2…)

Where, Average= mean (number1, number2…) = range of scores

3.5.1.2 Measures of dispersions

The measures of dispersion indicate the degree to which the scores are spread out (Struwig& Stead, 2017:165, Bryman & Bell, 2011:344). This makes it possible to draw contrasts between the comparable values of the distribution (Bryman & Bell, 2011:344). The measures of dispersion consist of standard deviation, range and variance. For the purpose of this study only the standard deviation will be discussed. The standard deviation measures the deviation of each score from the mean and then averages the deviations (Bryman & Bell, 2011:345, Struwig & Stead, 2017:165, Welman, *et al.* 233). Essentially the standard deviation can be described as the average amount of variations around the mean (Lombaard, *et al.* 2012:77).

The researchers used data analysis tools available in the simple Microsoft® office suite, Microsoft Excel 2016 to calculate the Standard deviation. The mode of function is Formulas/More functions/Statistical/ STDEV.

The standard deviation can be calculated using the following formula:

$$\sigma = i\sqrt{\frac{\sum fx^2 - c^2}{N}}$$

Where, σ = Standard Deviation (S.D.)

i = length of class interval

Σ = sum of

x2= squares of the deviations of scores from the assumed mean

f = frequency of class interval

c2 = square of correction

N = total number of scores

3.5.1.3 Skewness

According to Struwig and Stead (2017:165) it is important for a researcher to consider the shape of the distribution of scores. It should be shown if the distribution of scores is normal or asymmetrical, most of these distributions do stray away from the norm in certain ways. Therefore, skewness can be defined as the degree of asymmetry of a distribution (Ho & Yu, 2015:10). A distribution can either be negatively or positively skewed. When a distribution is skewed negatively its tail goes towards the left, while for the positively skewed distribution it goes to the right (Struwig & Stead, 2017:166).

For the present study skewness was calculated using Microsoft Excel 2016.The mode of function is Formulas/More functions/Statistical/ SKEW.

$$Skewness = (Mean – Mode)/SD$$

3.5.1.4 Kurtosis

Kurtosis refers to how peaked or flat the distribution is (Struwig & Stead, 2017:166). The degree of kurtosis is measured to that of a normal curve, with a greater peak than normal it's then referred as Leptokurtic, whereas Platykurtic represents a flatter than normal curve and a normal curve is called Mesokurtic (Ho & Yu, 2015:10).

The researchers used data analysis tools available in the simple Microsoft® office suite, Microsoft Excel 2016 to calculate the Kurtosis. The mode of function is Formulas/More functions/Statistical/ KURT.

For discussion purposes, response categories on the 5-point Likert scale for this study were categorised as follows:

Responses from $1<=x<2.333$ were categorised as agree; $2.333<=x<3.667$ categorised as neutral; and $3.667<=x<=5.000$ were categorised as disagree.

3.6   SUMMARY

In conclusion, this chapter indicated that a quantitative research methodology will be adopted for this study. As such quantitative data will be sourced by means of a questionnaire. Details on the population, sample frame, sample and research instrument were provided. Questionnaires will be used to collect primary data from the respondents. Primary data will be analysed by use of Statistica and Microsoft Excel 2016. The chapter described the research design, data collection and analysis, trustworthiness and ethical considerations.

Secondary data was defined within in this chapter, thereafter further elaboration was made in order to create a clear interpretation of the influencing variables. Descriptive statistics and its different forms were discussed.

Chapter four discusses the research findings with reference to the literature review. It will present the empirical findings of the study.

CHAPTER FOUR

EMPIRICAL FINDINGS

4.1   INTRODUCTION

In Chapter Three, the research design and methodology implemented for this study was elaborated on. Furthermore, a discussion regarding the population, sampling and data collection methods, the data analysis, and the measuring instrument were introduced. The various Statistical methods that was used to analyse the raw collected data was also elaborated on.

In this chapter the results of the Statistical analysis done on the data collected from 100 retail managers of retail firms in the Port Elizabeth area will be presented. Chapter Four will commence by conducting a summary of the demographic information of the respondents who participated in the study. This will be followed by analysing the descriptive statistics, namely, the mode which will indicate the most frequently occurring score, the median which will indicate the score that has an equal number above and below it, and the mean indicating the average of all the scores. Additionally, both the standard deviation, measuring the deviation of each score from the mean and then averages the deviations, and frequency distributions, including skewness and kurtosis will also be discussed and highlighted.

4.2   DEMOGRAPHIC PROFILE INFORMATION

Section E of the questionnaire required respondents to complete ten questions relating to their demographic information and that of their retail business. Table 4.1 provides a summary of the demographic information pertaining to respondents, while Table 4.2 provides a summary of the demographic information relating to the retail businesses. The summarised information will be discussed in the paragraphs that follow.

Table 4.1:   Demographic profile of respondents

Variable	Category	Frequency (N)	Percentage (%)
Position in organisation	Senior Management	22	22
	Middle Management	44	44
	Supervisory	25	25
	Other	9	9
	Total	**100**	**100.00**
Gender	Male	53	53
	Female	47	47
	Total	**100**	**100.00**
Age	20 - 29 years	22	22
	30 - 39 years	39	39
	40 - 49 years	31	31
	50 - 59 years	5	5
	> 60 years	3	3
	Total	**100**	**100.00**
Qualifications	'O' Level	8	8
	'A' Level/Diploma	52	52
	Bachelor's degree	25	25
	Postgraduate	7	7
	Other	8	8
	Total	**100**	**100.00**
Tenure	1-5 years	18	18
	6-10 years	47	47
	11-15 years	20	20
	16-20 years	6	6
	21+ years	9	9
	Total	**100**	**100.00**

Source: Own construction

From Table 4.1 it is evident that majority of respondents who participated in this study were in the middle management position 44%, followed by supervisory 25%, while senior management at 22% and other 9%. Regarding gender the majority of the respondents

were male 53%, with 47% being female. The age of the respondents, majority were between the ages of 30 to 39 39%, followed by the group of 40 to 49 years 31%, and 20 to 29 years 22% respectively, as well as 50 to 59 5%, while only 3% of respondents were above 60. In terms of the respondents who participated in this study, the majority of 52% indicated that they possessed an 'A' Level/Diploma, while 25% indicated that they have a bachelor's degree. Both 'O' Level and Other were 8%, while Postgraduate was 7%. Most of the respondents 47% indicated that they had been working in the retail industry for between 6 to 10 years, and only 6% worked between 16 and 20 years.

4.2.1 Retail business

Table 4.2: Business Information

Number of employees	<50	27	27
	51- 100	27	27
	101- 150	27	27
	151- 200	13	13
	>200	6	6
	Total	**100**	**100.0**
Existence of organisation	1-5 years	9	9
	6- 10 years	25	25
	11- 15 years	32	32
	16- 20 years	26	26
	Over 21	8	8
	Total	**100**	**100**
Online sales	0- 20%	7	7
	20- 40%	35	35
	40- 60%	38	38
	60- 80%	18	18
	80%>	2	2
	Total	**100**	**100**

Source: Own construction

Table 4.2 indicates that the majority of the number of employees is individually 27% for 51 to 100 and 101 to 150, following 13% there are 151 to 200 employees, and more than 200 comprised of 6%. The existence of organisation with the longest period of 11 to 15 years 32%, followed by 16 to 20 years 26%, 6 to 10 years 25%, 1 to 5 years 9%, and over 21 years 8%. With regard to online sales verses different channels the majority 38% indicated that there is a 40 to 60% sales difference, 35% indicated that 20 to 40% are the result of online sales.

4.3   MICRO-ENVIRONMENTAL FACTORS

Section A of the questionnaire required respondents to complete questions relating to the micro-environmental factors that influence their retail business. The summarised information regarding the different factors will be discussed in the sections that follow.

4.3.1 Customers

The below table will be summarising the information relating to the statements for the customers.

Table 4.3:   Customers

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	Relationships are more difficult to establish online than offline	1.13	1.42	1.16	1	1	1.83	80%	8%	12%
2	Want to physically handle products rather than purchasing online	1.54	1.37	0.79	1	1	1.59	89%	7%	4%
3	Change in buying behaviour has influenced a stream of multiple channels	-0.46	0.69	0.59	1	1	1.51	95%	5%	0%
4	Online purchase decisions are influenced by high delivery costs	4.68	1.69	0.79	2	2	1.70	91%	6%	3%

Source: Own construction

From Table 4.3, the respondents agreed that customers are influenced by the high delivery costs of online purchases (95%) with the highest mean score of ($\bar{x}$=1.51). The majority (80%) indicating the lowest mean score within this section ($\bar{x}$=1.83) also agree that relationships with customers are difficult to establish online and that buyer behaviour has led the rise of multiple channels for selling (91%), mean score ($\bar{x}$=1.70).

Table 4.4:   Descriptive statistics of Customers

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
1.72	1.30	0.84	1.25	1.25	1.66

Source: Own construction

It can be seen from Table 4.4 that the respondents perceive that customers face several challenges in terms establishing a relationship, online purchase decisions and change in buying behaviour. The majority of respondents averaged at a mean score of ($\bar{x}$=1,66) with median and mode at 1.25. The kurtosis, skew and standard deviation relating to this statement are 1.72, 1.30 and 0.84 respectively. The mean is greater than the median which indicates that the distribution for this factor is positively skewed.

4.3.2 Organisation

This section will analyse the statements relating to the organisation.

Table 4.5:   Organisation

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	Culture is well integrated throughout each channel	3.59	1.49	0.75	1.5	1	1.62	91%	7%	2%
2	Has an online presence in the form of a website to facilitate customer transactions more efficiently	-0.64	0.42	0.61	2	2	1.63	44%	49%	7%
3	Change in buying behaviour has influenced a stream of multiple channels	2.81	1.39	0.79	2	1	1.68	89%	8%	3%

4	Has an online store with the ability to provide a greater variety of products over offline store	2.04	1.24	0.76	2	2	1.78	37%	52%	10%

Source: Own construction

As indicated in Table 4.5 it is evident that the majority of the respondents agreed that the change in buying behaviour has influenced different types of channels (89%) with a mean score of ($\bar{x}$=1.68) and the culture is well cohesive (91%), ($\bar{x}$=1.62).The majority of the respondents with a mean score of ($\bar{x}$=1.78) were neutral towards the statements relating to the online presence to provide a greater variety of products (52%) and the efficiency in customer transactions (49%), ($\bar{x}$=1.63).

Table 4.6:   Descriptive statistics of Organisation

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
1.95	1.14	0.73	1.88	1.50	1.68

Source: Own construction

As evident from Table 4.6 the value of mean, median, mode is 1.68, 1.88, and1.50 respectively. The median is higher than the mode and mean. This indicates that the distribution is negatively skewed indicating high scores. Further the difference between mean, median mode is marginal indicating that the distribution is near normal. Hence the kurtosis of the sample is indicating that the distribution is leptokurtic in nature indicating peaked distribution due to positive kurtosis.

4.3.3 Competition

This section will relate to the statements with regards to competition.

Table 4.7:   Competition

Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree

	Statement									
1	Increases international awareness in the online sector due to economies of scale	2.04	1.33	0.91	2	2	1.83	84%	10%	6%
2	Has been increasing in the online sector locally	1.60	1.40	0.84	1	1	2.64	89%	5%	6%
3	Has increased rapidly in recent years within the retail industry	6.59	1.97	0.67	1	1	1.46	44%	49%	7%

Source: Own Construction

In Table 4.7 it is indicated that the majority of the respondents agreed that competition has increased within the local online sector (89%), ($\bar{x}$=2.64) and an increase in international awareness has resulted in the benefit of economies of scale (84%) with a mean score of ($\bar{x}$=1.83). However, (49%), ($\bar{x}$=1.46) were neutral about increase of competition within the retail industry.

Table 4.8:   Descriptive statistics of Competition

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
3.41	1.57	0.81	1.33	1.33	1.98

Source: Own construction

In Table 4.8 factors of competition in international and local sector are considered. The values of mean, median, mode are 1.98, 1.33, and 1.33 respectively. As the mean is greater than the median and mode, distribution is significantly positively skewed. Therefore, the kurtosis (3.41) of the sample is indicates that the distribution is leptokurtic nature.

4.3.4 Pricing

This section will be analysing the statements relating to pricing.

Table 4.9:   Pricing

Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree

1	Is one of the main factors that will contribute to the success of the organization	-0.34	0.86	0.66	1	1	1.53	95%	4%	1%
2	Strategy collates with the overall objectives set by the organisation	0.87	0.99	0.72	2	1	1.64	90%	8%	2%
3	Strategies used by offline and online organisations are different	0.67	1.22	1.19	2	2	2.09	78%	7%	15%
4	Strategies in different channels should be integrated as customers are now able to compare prices	0.78	1.26	1.17	2	1	1.99	79%	7%	14%

Source: Own construction

Table 4.9 indicates that the majority with a mean score of ($\bar{x}$=1.53) agrees that pricing is one of the main factors contributing to the success of the organisation (95%). The majority of the respondents agreed that the pricing strategies used in different channels should be aligned because of the fact that customers can now compare prices (79%), ($\bar{x}$=1.99).

Table 4.10: Descriptive statistics of Pricing

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
0.49	1.09	0.94	1.75	1.25	1.81

Source: Own construction

As indicated in Table 4.10, the values of mean, median, mode are 1.81, 1.75, and 1.25 respectively for pricing. A greater mean illustrates that the distribution is slightly positively skewed. Further the difference between mean, median mode is marginal indicating that the distribution is near normal. Hence, the kurtosis (0.49) of the sample represents leptokurtic in nature.

4.4 MACRO-ENVIRONMENTAL FACTORS

Section B of the questionnaire required respondents to complete questions relating to the macro-environmental factors that has an effect on their retail business. The summarised information regarding the different factors will be discussed in the sections that follow.

4.4.1 Technology factors

This section will be analysing the technological factors within the retail business.

Table 4.11:   Technology factors

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	Has advanced with regards to the payment methods available to the customers	1.67	1.22	0.63	1	1	1.47	95%	4%	1%
2	Utilises the ability for customers to achieve real-time information and increase opportunities for better sales in retail industry	2.32	1.41	0.67	1	1	1.5	94%	4%	2%
3	Should be constantly be innovative in order to satisfy customer needs	4.85	1.90	0.74	1	1	1.49	98%	1%	1%
4	Is the latest in the industry and gives the organisation a competitive advantage	3.29	1.82	0.87	1	1	1.57	94%	5%	1%
5	Makes it easier to manage assortment of products in different channels	0.75	1.13	0.82	1	1	1.67	86%	10%	4%

Source: Own construction

In Table 4.11 the majority agrees that technology has advanced payment methods (95%), ($\bar{x}$=1.47) as well as provide real-time information and increase sales opportunities in the retail industry (94%) with a mean score of ($\bar{x}$=1.50). The majority of respondents with a mean score of ($\bar{x}$=1.49) agreed that constant technological innovation is needed in order to satisfy customer needs (98%), and that the latest technology should be used in order to have a competitive advantage (94%), ($\bar{x}$=1.57).

Table 4.12: Descriptive statistics of Technology

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
2.58	1.50	0.75	1	1	1.54

Source: Own construction

As illustrated in Table 4.12 above, technology has a value of mean, median, mode is 1.54, 1, and 1 respectively. This indicates that the distribution is closely positively skewed. Due to the kurtosis of the sample (2.58) this indicates that the distribution is leptokurtic in nature.

4.4.2 Legal factors

The following section will be analysing the statements relating to the legal factors.

Table 4.13: Legal factors

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	Takes into consideration the protecting of customer's right to privacy and that it is of utmost importance	2.98	1.42	0.75	1	1	1.59	89%	10%	1%
2	Involves the protection of customer's banking and personal details	3.13	1.44	0.78	2	1	1.67	90%	7%	3%
3	Include the enforcing of all Government regulations and policies	3.84	1.93	0.98	1	1	1.66	88%	6%	6%
4	Has an understanding of the regulations and policies within each country operated in	6.13	2.27	0.87	1	1	1.54	92%	4%	4%
5	Are aware of the pressure groups and agencies that influence the retail industry	3.08	1.64	0.84	1	1	1.63	90%	5%	5%

Source: Own construction

In Table 4.13 according to the majority of respondents with a mean score of ($\bar{x}$=1.59) it is evident that the customer has the right to privacy (89%), it is also agreed that the protection of customer banking details and personal details (90%), ($\bar{x}$=1.67) is of high importance. With regards to the enforcing of government regulations the majority of the respondents agree that they abide by regulations and policies internationally (92%), ($\bar{x}$=1.54) and locally (88%) with a mean score of ($\bar{x}$=1.66).

Table 4.14: Descriptive statistics of Legal

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
3.833	1.74	0.84	1.2	1	1.62

Source: Own construction

As evident from table 4.14, the values of mean, median, mode are 1.62, 1.2, 1 respectively. This indicates that the distribution is slightly positively skewed. Further the difference between mean, median mode is marginal indicating that the distribution is near normal. The kurtosis of the sample indicates that the distribution is leptokurtic in nature.

4.4.3 Economic factors

The economic factors will be analysed within the following section.

Table 4.15: Economic factors

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	The customer spending patterns research and development is a primary objective of the business	2.35	1.48	0.85	1	1	1.64	87%	9%	4%
2	Recession has an effect on the physical store as well as the online store	3.37	1.54	0.79	2	1	1.67	91%	5%	4%
3	The unemployment rate within the country is considered when establishing different channels	3.90	1.58	0.76	2	1	1.63	49%	43%	7%
4	The exchange rate between countries are considered when deciding to operate internationally	0.64	0.73	0.64	2	2	1.64	93%	6%	1%
5	Research methods makes it easier to determine the consumer's confidence in different channels	3.45	1.66	0.87	2	1	1.7	89%	6%	5%

Source: Own construction

From Table 4.15 it is indicated that research and development is a primary objective (87%), ($\bar{x}$=1.64) and it makes it easier to determine customer's confidence in the different

channels (89%), ($\bar{x}$=1.70). The majority with a mean score of ($\bar{x}$=1.67) agreed that recession (91%) and unemployment (49%), ($\bar{x}$=1.63) has an impact on the different channels.

Table 4.16: Descriptive statistics of Economic

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
2.74	1.40	0.78	1.8	1.2	1.66

Source: Own Construction

In table 4.16 above, the value of mean, median, mode are 1.66, 1.8, and 1.2 respectively for Economic factors. This illustrates that the distribution is slightly negatively skewed. Hence it can be inferred that the selected sample is a representative of the population. The kurtosis of the sample indicates that the distribution is leptokurtic in nature.

4.4.4 Social factors

The following section will be analysing statements relating to social factors.

Table 4.17: Social factors

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	Keeps up with the change in customer tastes and preferences	1.45	1.32	0.79	1	1	1.61	54%	35%	11%
2	The business researches new trends constantly to keep up with the change in society's needs and wants	3.01	1.63	0.83	1	1	1.6	89%	7%	4%
3	It considers the customer's social class by analysing if they will be able to afford the product or service	3.01	1.63	0.77	1	1	1.6	89%	7%	4%
4	Different cultural factors are considered when developing the advertisements of a particular product	0.92	1.13	0.84	1	1	1.64	88%	9%	3%

5	The sub-populations within the society with regards to their own beliefs values and customs are considered	4.04	1.71	0.86	2	1	1.68	90%	6%	4%

Source: Own construction

From Table 4.17 it is clear that the majority of respondents agree that it is important to keep up with customer tastes and preferences (54%), ($\bar{x}$=1.61) and society's needs and wants (89%), ($\bar{x}$=1.60). The majority agree that culture (88%), ($\bar{x}$=1.64) and sub-culture (90%), ($\bar{x}$=1.68) are considered.

Table 4.18:   Descriptive statistics of Social

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
2.48	1.48	0.82	1.2	1	1.63

Source: Own construction

It is evident in table 4.18 above that the values of mean, median, mode is 1.63, 1.2, 1respectively. This indicates that the distribution is positively skewed. Further the difference between mean, median mode is marginal indicating that the distribution is closely normal. The kurtosis (2.48) of the sample is indicating that the distribution is leptokurtic in nature.

4.5   DIFFERENT TYPES OF CHANNELS

Section C of the questionnaire required respondents to complete questions relating to the different types of channels and what effect they have on their retail business. The summarised information regarding the different types of channels will be discussed in the sections that follow.

4.5.1   The physical store

This section will be analysing statements relating to the physical store.

Table 4.19:   The physical store

	Statement	Agree	Neutral	Disagree
1	Effectively reduces uncertainties such as perceived risk of fraud or unpleasant feelings	**97%**	**1%**	**2%**
2	Makes it possible for customers to receive their products instantly	**92%**	**6%**	**2%**
3	Allows customers to make cash payments	**88%**	**8%**	**4%**

Source: Own construction

As indicated in Table 4.19 the majority of respondents agree that the physical store reduces uncertainties (97%) and makes it possible for customers to receive products instantly (92%) and allows cash payments (88%).

4.5.2   Online sales

The online sales statements will be analysed within this section.

Table 4.20:   Online sales

	Statement	Agree	Neutral	Disagree
1	Does not require there to be any customer interaction	**77%**	**13%**	**9%**
2	Has difficulty establishing customer relationships	**72%**	**19%**	**8%**
3	Decline in sales due to the uncertainty of product quality of products sold online	**72%**	**16%**	**11%**

Source: Own construction

Table 4.20 indicates that the majority agree that the online sales channel limits the need for customer interaction (77%) and that it is difficult to establish customer relationships (72%).

4.5.3 Mobile sales

The mobile sales channel statements will be analysed within this section.

Table 4.21:   Mobile sales

	Statement	Agree	Neutral	Disagree
1	Has the ability to obtain real-time customer insight	73%	4%	23%
2	Customers can personalise merchandise on their own without assistance from employees	72%	1%	4%
3	Is less costly to establish compared to a physical store	70%	5%	25%

Source: Own construction

From Table 4.21 it is evident that the majority agree that the mobile sales channel has the ability to gather real-time customer insight (73%), personalise merchandise (72%) and less costly to start compared to a physical store (70%).

4.5.4 Catalogue sales

Within this section the catalogue sales channels statements will be analysed.

Table 4.22:   Catalogue sales

	Statement	Agree	Neutral	Disagree
1	Has the ability to operate 24/7	63%	6%	4%
2	Has less fixed costs than a physical store	63%	8%	2%
3	Customers have the ability to shop when it is convenient to them	66%	7%	27%
4	Can reach international markets	62%	7%	31%

Source: Own construction

Table 4.22 indicates that the majority of the respondents agree that the catalogue sales channel is able to operate 24/7 (63%), has less fixed costs compared to that of a physical store (63%), making it convenient for customers (66%).

4.6 OMNICHANNEL STRATEGIES

Section D of the questionnaire required respondents to complete questions relating to the omnichannel strategies that has an effect on their retail business. The summarised information regarding the different strategies will be discussed in the sections that follow.

4.6.1 Omnichannel strategies

This section will be analysing the statements relating to omnichannel strategies.

Table 4.23: Omnichannel strategies

	Statement	Kurtosis	Skewness	Standard Deviation	Median	Mode	Mean	Agree	Neutral	Disagree
1	Has brought difficulties to the organisation, as it is not easy to manage different channels	2.57	1.58	0.86	1	1	1.63	88%	7%	5%
2	Has led to more opportunities for the organisation	3.90	1.35	0.70	2	2	1.64	92%	7%	1%
3	Demands that retailers be more transparent with supply distribution system	0.52	0.75	0.72	2	2	1.75	88%	10%	2%
4	Has led to the expansion of service offerings by using more than one channel	-0.29	0.75	0.80	2	1	1.74	82%	16%	2%
5	Increases the organisation's brand awareness	1.19	1.15	0.87	1.5	1	1.72	82%	15%	3%
6	Strengthens and complements advantages associated with online channels	1.14	0.92	0.83	2	2	1.86	81%	16%	35

Source: Own construction

Table 4.23 indicates that the majority agree with a mean score ($\bar{x}$=1.63) that it is not easy to manage these different channels (88%), and that omnichannels lead to more opportunities (92%), ($\bar{x}$=1.64) such as expansion of service offerings (82%), ($\bar{x}$=1.74) and it increases brand awareness (82%) with a mean score of ($\bar{x}$=1.72).

Table 4.24   Descriptive statistics of Omnichannel strategies

KURTOSIS	SKEW	SD	MEDIAN	MODE	MEAN
1.50	1.08	0.80	1.75	1.5	1.72

Source: Own construction

In table 4.24 above, the value of mean, median, mode is 1.72, 1.75, and 1.5 respectively. This indicates that the distribution is slightly negatively skewed. Further the difference between mean, median mode is marginal indicating that the distribution is near normal and closely related. The kurtosis of the sample is indicating that the distribution is leptokurtic in nature.

4.7   SUMMARY

In Chapter Four the empirical results were presented. Firstly, a summary of the general demographic information pertaining 100 respondents was presented in a table format, followed by a discussion of the demographic information. Thereafter, the results of the descriptive Statistical analysis were examined.

These results were obtained from the descriptive analysis, namely, the mean, mode, median, standard deviation and frequency distributions of the factors. The degree of kurtosis is measured to that of a normal curve, with a greater peak than normal it's then referred as Leptokurtic, whereas Platykurtic represents a flatter than normal curve and a normal curve is called Mesokurtic. Whereas, the majority of the data resulted in a Leptokurtic distribution. A distribution can either be negatively or positively skewed. When a distribution is skewed negatively its tail goes towards the left, while for the positively skewed distribution it goes to the right.

In the final chapter, Chapter Five, the entire study will be summarised, providing an overview of the various chapters. The main findings obtained from the literature review, as well as the findings of the empirical investigation will be presented and interpreted, and various recommendations for the businesses in the retail industry will be presented. Furthermore, the drawbacks encountered throughout the study will be highlighted,

followed by a discussion on the contributions of the study. Lastly, recommendations for future research will be presented.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1   INTRODUCTION

In Chapter Four, the empirical results of the study were discussed and presented. Chapter Five will provide an overview of the study, as well as highlighting how the research objectives stated in Chapter One were successfully realised. Thereafter, the main empirical results will be presented and interpreted, and recommendations will be made. In addition, the contributions of the study, as well as its limitations will be presented. Conclusions and recommendations for future research will be proposed based on the findings of the study and finally some concluding remarks will be made.

5.2   OVERVIEW OF THE STUDY

In Chapter One the introduction and background to the study was presented. The problem statement was formulated, and the primary, secondary and methodological objectives were set up. It is well supported in the literature that omnichannel strategies possess certain attributes, and many of these attributes can be associated with the micro-environment, macro-environment that are related to the retail industry. Research on omnichannel strategies are limited and the interpretations of the study would be discussed as follows.

In line with this problem statement, the primary objective of this study is to investigate the perception associated with the use of omnichannels in the retail industry. In order to achieve the primary objective as mentioned above, the following secondary objectives (SO) were put forward:

SO[1]   To investigate the perception of retail managers with regard to several micro-environmental factors associated with non-traditional channels;

SO[2]   To investigate the perception of retail managers with regard to several macro-environmental factors associated with non-traditional channels;

SO^3 To investigate the use of omnichannels in the retail industry;

SO^4 To investigate traditional and non-traditional channels used in the retail industry.

In order to achieve the above-mentioned primary research objectives, the following methodological objectives have been identified:

MO^1 To undertake a theoretical investigation into the use of omnichannels

MO^2 To determine the appropriate research methodology to address the identified research problem and research objectives;

MO^3 To develop an appropriate measuring instrument that will be used to empirically test the influence of the business environment framework on retail businesses;

MO^4 To provide conclusions and recommendations based on the findings of this research, which could assist emerging businesses and pure-play digital retailers.

MO^5 To use the business environment framework to answer the research question proposed in the study.

Based on the problem statements and the objectives of the study several research questions were posed. Thereafter, the research design and methodology adopted was briefly described, and the scope and contribution of the study were highlighted. Definitions of key concept were also provided, and the structure of the study was presented.

Chapter Two commenced with a discussion on defining what an omnichannel strategy and how it is important to retail businesses. Rigby (2011:67) defines omnichannel as a cohesive sales experience that blend the advantages of physical stores with information experience of online shopping. This makes the use of an omnichannel strategy an asset to any business, because it is the best of both physical and digital. This channel provides seamless and synchronised customer experience, using all retail shopping channels (Levy, *et al.* 2019:67). Thus, making it easier for businesses to attract customers and grow their market share. The introduction of omnichannel strengthens and complements

advantages associated with online channels. As customers seek variety compared to offline stores, online stores offer a broad range of products (Shen, *et al.* 2016:134). It allows customers to gather specific and unique information supporting their needs. It is beneficial as information may be exchanged through physical contact in retail store or online when shopping. Omnichannel principles have always been around in the retail landscape in Africa, this is evident from the history and current situation (Shozoloza, 2015). The integration of omnichannel allows the physical store to serve as a showroom and pick location for online store (Chopra, 2016:135).

Chapter Two concluded with a discussion of the relationship between factors of omnichannel strategy influence on retail industry.Based on the literature overview presented in Chapter Two, the first methodological objective (MO^1) was achieved.

In Chapter Three, the research design and methodology of the study were described and in doing so the second methodological objective (MO^2) was achieved. Given the purpose of this study, a positivistic research paradigm and quantitative research approach were adopted. This paradigm and approach were selected because the study required a relatively large empirical sample and required Statistically analysing the data collected. The secondary and primary data collection methods were elaborated on. A comprehensive literature review (secondary research) was conducted using information found from Google Scholar searches, previous dissertations, academic textbooks and searches at the Nelson Mandela University Library (ScienceDirect and Emerald database). This was followed by a description of primary data collection methods.

Primary data was collected by means of a survey and a self-administered questionnaire, and the population, sample and sampling techniques were elaborated on. The population consisted of retail managers within the Nelson Mandela Bay. The sample consisted of 100 retail managers, between the ages of 21 and 60 years. In the current study a non-probability sampling technique was used, more specifically convenience sampling. For this study, convenience sampling was used as researchers selected retail managers who were easily accessible, available and also willing to contribute towards the study. The measuring instrument was then described. Furthermore, the data analysis and Statistical

techniques used were also described in Chapter Three. For the purpose of this study, STATISTICA, a statistics program was used to calculate and analyse Statistical techniques. Descriptive statistics (mean, standard deviation and frequency distributions).

In Chapter Four the results of the Statistical analyses were presented. In doing so the first (SO[1]), second (SO[2]) and third secondary objective (SO[3]) were achieved. The chapter started with a summary of the demographic information collected from the respondents who participated in the study. Thereafter, the results of the of the Statistical analysis were presented. The descriptive statistics (mean, mode, median, standard deviation and frequency distributions) were reported in Chapter Four. In doing so the fourth methodological objective (MO[4]) was achieved.

Table 5.2:   Secondary methodological objectives achieved and relevant chapters

Secondary Objectives		Achieved
SO[1]:	To investigate the perception of retail managers with regard to several micro-environmental factors associated with non-traditional channels.	Chapter 4
SO[2]:	To investigate the perception of retail managers with regard to several macro-environmental factors associated with non-traditional channels.	Chapter 4
SO[3]:	To investigate the use of omnichannelsin the retail industry.	Chapter 4
SO[4]:To investigate traditional and non-traditional channels used in the retail industry.		Chapter 4
Methodological Objectives		**Achieved**
MO[1]:	To undertake a theoretical investigation into the use of omnichannels.	Chapter 2
MO[2]:	To determine the appropriate research methodology to address the identified research problem and research objectives.	Chapter 3
MO[3]:	To develop an appropriate measuring instrument that will be used to empirically test the influence of the business environment framework on retail businesses;	Chapter 4
MO[4]:	To provide conclusions and recommendations based on the findings of this research, which could assist emerging businesses and pure-play digital retailers.	Chapter 4
MO[5]:	To use the business environment framework to answer the research question proposed in the study.	Chapter 4

Source: Own construction

5.3 INTERPRETATIONS OF THE EMPIRICAL RESULTS AND RECOMMENDATIONS

The primary objective of this study was to investigate the perception associated with the use of omnichannel in the retail industry**.** By reporting on and interpreting the results of this study the primary objective was achieved. In the section below, the factors regarding omnichannel retail strategies will firstly be discussed and interpreted, after which the relationships with these factors will be elaborated on.

5.3.1 The micro-environmental factors

The section below will be interpreting the micro-environmental factors and give recommendations based on the findings within this study.

5.3.1.1 Competition

The factors relating to competition obtained the highest mean score (1.9767), the majority of retail managers agreed that the competition within the local online sector has been increasing. This implies that more businesses are entering the retail industry, due to pressure of competition within the retail industry. It is supported by (Gao &Su, 2017:84); and Shen, *et al* 2016:129) stating that an immerse integration of omnichannel had developed due to intense competition. Another factor identified from an author Terblanche, *et al.* (2016:208) identified that online stores face more competition because of less involvement in local markets. Therefore, questions regarding these statements were analysed and this theory had been accepted as majority respondents agreed to a rapid increase of competition internationally (84%) and locally (89%). Overall, customers attained a mean that was greater than the median which resulted a positively skewed distribution. Thus, the data constituted a higher frequency of high valued scores.

Based on the literature finding the following recommendations are put forward:

- As customer preferences are changing, it is therefore recommended that retailers adapt to the changing environment and follow trends to integrate different channels such as an online presence, mobile coverage and catalogue sales.

- This would increase market share of customers by using omnichannel strategies to have a competitive advantage over competitors.
- Make sure to satisfy customer needs better than that of competitors by always being up to date with the changing needs.
- To increase brand awareness by constantly being innovative.

5.3.1.2 Pricing

Pricing obtained the second highest mean score (1.8125), a greater mean score illustrated that the distribution is slightly positively skewed. As the majority of the respondents agreed that this factor is one of the main contributors towards the success of a business. This implies that if the pricing strategy is not done correctly customers might not be enticed to purchase the product or service. This can be supported byTerblanche, *et al.* (2016:179) says prices should be a strategically thought out activity because it has an impact on the way in which the consumer views an organisation's product or service. This is the main reason why businesses are created, in order to make a profit. However, to price sensitive consumers the pricing does contribute to the success of a retail business (Terblanche, *et al.* 2016:179 and Dudu & Agwu, 2014:89). The pricing strategy should be well integrated as consumers are able to compare prices (Terblanche, *et al.* 2016:194). This has been researched and the majority respondents agreed (79%) that pricing in different channels should be well integrated in relation to omnichannel strategies. However, the minority respondents disagreed (15%), that pricing strategies are the same.

Based on the literature finding the following recommendations are put forward:
- As pricing of products or services are a crucial factor in the retail industry and customers have the ability to compare prices with competitors. Retailers should set prices that are aligned with the business objectives.
- Make sure that the pricing strategies used by the various channels are parallel with one another. Therefore, ensuring that customers do not become confused.

- Do research to find out what the competitors are charging for similar products as a way to make sure that the prices charged does not exceed those offered by the competitor.

5.3.1.3 Organisation

The factor relating to the organisation received the third highest mean score (1.6775), the majority of the retail managers agreed that it is of utmost importance for organisational culture to be well integrated within each of the channels used by the business. This implies that retail managers have a strong believe that without the integration of organisational within each channel, the business will not function efficiently and effectively. Therefore, it is important for them to ensure that all employees understand that the success of the business depends on their ability to work well together. This is supported by Levy, *et al.*(2019:67) who stated that traditional and non-traditional retailers are venturing into channels such as mobile, internet, social media. With the movement on omnichannel strategies organisation culture should be well integrated as well, and majority respondents had agreed (91%) to this statement.

Based on the literature finding the following recommendations are put forward:
- It is recommended that the organisation should integrate their culture throughout each channel. This means being consistent in terms of marketing, prices and business objectives.
- Ensure that all employees are aware of the organisational culture, and that this culture is well aligned.
- The use of an online should not make the customer's experience more difficult. Thus, the business must ensure that the website is user-friendly to their customers.
- The business must offer the customers a wider variety with the use of the various channels.

5.3.1.4 Customers

Customers returned the lowest mean score (1.6575), a kurtosis of (1.72) and amongst the micro-environmental factors, the majority of the retail managers agreed (80%) that

the changes within the customer's buying behaviour has been influential with the introduction of a new stream of multiple channels. This implies that customers are demanding businesses to give them more ways to do their shopping. This is support by the study done by Grewal, *et al.* (2017:1) shoppers are influenced by new technologies, business model and predictive retail analysis. Retailers can connect with consumers by offering value and providing information; through this retailer have opportunity in creating deep customer relationship. Therefore, it is imperative for companies to digitally transform according to the needs of consumers. As majority of the respondent had agreed with this statement, it was conducted that also customer relationships are more difficult to establish online than offline. The difference in customer relationship could be due to the fact that consumers are less interested to purchase online as delivery cost are high, which majority of the respondents agreed (91%). However, the minority of respondents disagreed (12%) that forming relationships aren't difficult and customer relationships are easy to establish online than offline.

Based on the literature finding the following recommendations are put forward:

- Be proactive in the search for better ways to satisfy customer needs for convenience.
- Ensure that customers have a way to physically handle the products before they make a purchase decision. This will decrease uncertainty amongst customers.
- Be engaged with customers and aware of their needs and wants. Customers' needs are always evolving, and it is important for the business to be aware of these changes.
- The concerns of customers in terms of lack of online shopping due to delivery cost being high, it can be recommended that retailers can offer free delivery services for customers that purchase above a certain price bracket.

5.3.2 The macro-environmental factors

This section will look at the macro-environmental factors and recommendations will be made based on the empirical findings of this study.

5.3.2.1 Economic

The economic factor returned the highest mean (1.6560),the kurtosis (2.74) represents a distribution of leptokurtic in nature as majority of the respondents agreed to the factors relating to the macro-environment. The respondents agreeing that the exchange rate is one of the considerations taken when deciding to go international. This implies that retail managers understand the importance difference between the Rand and other foreign currencies. Another factor is the unemployment rate within the county when considering integrating different channels. Majority (49%) of the respondents agreed with this statement.

Based on the literature finding the following recommendations are put forward:
- Economic factors are especially uncontrollable such as exchange rates and unemployment. The retail industry can essentially plan to mitigate these risks by preparing for economic changes.
- Show customers that the business supports entrepreneurs as a way to decrease the unemployment rate within South Africa.
- If the business decides to go international, ensure that it will be worth the cost and that the Rand value is not weaker than the foreign currency.
- Look for ways to entice customers to purchase from the business even during low economic climates.

5.3.2.2 Social

The social factor obtained the second highest mean score (1.626), the majority of retail managers agreed (89%) with the statements that business should constantly research new trends in order to keep up with the needs and want of society, as well as considering customers' social class in order to find out if they will be able to afford the product or services (89%). This implies that the business needs to be aware of the social standing of the target market. This is support by Juaneda-Ayensa, *et al.* (2016:1), the author acknowledged that retailers should consider different channels as buying behaviours and

habits have changed. Majority (54%) of the respondents had agreed to this statement. Therefore, concluded that these factors should be considered.

Based on the literature finding the following recommendations are put forward:

- Retailers have to consider social changes; it is therefore recommended that retailers constantly research changers in the environment as it impact on the ability to serve its customers.
- Take into consideration the different cultural factors that have an impact on the customers' needs.
- Know the different ways in which customers tastes changes.

5.3.2.3 Legal

Legal factors obtained the third highest mean score (1.6180), the kurtosis (3.83) indicated that the distribution is leptokurtic which is an indication that majority agreed to the statements amongst the factors within the macro-environment. The majority (92%) of retail managers agreed that they have a clear understanding of the regulations and policies of the countries in which they operate. This implies that retail managers understand the importance of abiding to the laws and regulations within the retail industry. This is supported by Wallance & Smith, (2017:2), the author stated that there is an increase in regulations pertaining to procedures for product liability, customer protection and price controls. Majority (89%) of the respondents had agreed that protecting customers' right to privacy is of utmost importance regarding online banking and personal details.

Based on the literature finding the following recommendations are put forward:

- Make sure that customers are aware of the fact that the business values their privacy and that is safe to shop through the online channel.
- Ensure that the business abides by the laws and regulations set out by the Government with regards to protection of customers.
- Keep up to date with new policies that might affect the way the business operates.

5.3.2.4 Technology

The macro-environmental factor with the lowest mean score (1.54) is technology, the majority (98%) of the respondents agreed that the technology that they use within their business should be constantly updated and be innovative in order for them to have a competitive advantage over their competitors. This implies that customers look towards businesses to keep up with the advancements with regards to technology. This can be supported by Chakroborty & Chung (2014:386) which states that as technological advances improve the ability for customers to achieve real-time information and increase opportunities for better sales in retail industry. Therefore, businesses know that they cannot afford to be behind when it comes to the latest technological inventions. This has especially been the case within the retail industry, new technology to better satisfy customer needs is being developed constantly. Whereas, majority agreed (95%) that advance payment methods and the ability to be constantly innovative is essential when integrating omnichannel strategies.

Based on the literature finding the following recommendations are put forward:
- Retailers should constantly update technology to keep up with competitors and customers. It is recommended that retailers can have different payment options, easy to navigate platforms and efficient systems set.
- Be proactive in the search for better ways to satisfy customer needs for convenience.
- Keep up to date with the technological advancements available in the retail industry.
- Be engaged with customers and aware of their needs and wants

5.3.3 Different types of channels

The below section will discuss statements relating to the different types of channels**.**

5.3.3.1 The physical store

The majority (97%) of the respondents agreed that the use of a physical store reduces uncertainties within the business. These uncertainties include the perceived risk of fraud and/or unpleasant feelings that can be experienced. This is supported byLevy, *et al.*

(2019:6) that states customers have more confidence in offline stores over online. Creating a better relationship with customers and building brand loyalty through personal interaction. Some customers prefer this over electronic as this reduces potential interest payment done (Levy, *et al.* 2019:69). The majority respondents agreed to these statements. Therefore, even though there is a rapid growth of the online sector the physical store has still attributes that are successful such as the ability to make cash payment and physically handle products.

Based on the literature finding the following recommendations are put forward:
- It is recommended that uncertainties should be address within the physical store. The business could have constant inspection regarding fraud and monitor potential risk.
- The retail industry should ensure a pleasant personal experience with their customers this would build brand loyalty and gain customer confidence.
- Sole online business can venture into the physical retail industry as it is successful.

5.3.3.2 Online sales

The majority (77%) of retail managers agreed with the statement that online sales does not require the business to have any interactions with their customers. This is supported by Terblanche, *et al.* (2016:208) which state that technology has made it possible for online stores to exist, but it is also the reason why online stores have less contact with their customers. This means that direct physical customer interaction is non-existent in a pure-play business. This does not mean that customer relationship is not possible; it is just more difficult to establish it. The majority of respondents had agreed to these statements (72%), also that there has been a decline in sales due to uncertainty of product quality of products sold online (72%). Therefore, online sales have advantages and disadvantages that could be further researched.

Based on the literature finding the following recommendations are put forward:

- It is recommended that online sales seek ways to interact with customers. This could be by means of offering product or service reviews. Ultimately, valuing the opinions of the customer and forming relationships.
- Due to uncertainty of products, the online sector could reassure customers that the business is reliable, and the quality of the products is true.

5.3.3.3 Mobile sales

The majority (73%) of retail managers agreed that the use of mobile sales channels gives the business the ability to gather real-time customer insight. This is supported by Shen, *et al.* (2016:133) that state companies gather specific information that is tailored to the needs of a consumer. The customers buying behaviour can then be obtained through capability of online stores to access real-time customer insight (Terblanche, *et al.* 2016:207). This information gives the online stores better insight into the purchasing data and shopping behaviour data as opposed to traditional stores only giving the purchase data (Terblanche, *et al.* 2016:207).The minority respondents disagreed (23%) that mobile sales have the ability to obtain real-time, also that it is less costly to established compared to physical store (25%). However, the majority of respondents agreed to these statements (73%); therefore, it is accepted that mobile sales channel has the ability to access and improve customer relationship

Based on the literature finding the following recommendations are put forward:
- For mobile sales, it is recommended that retailers provide a platform to have products and services available to customers at any given time.

5.3.3.4 Catalogue sales

The majority (66%) of respondents agreed that the use of catalogue sales give customers the ability to do their shopping when it is most convenient to them. This statement is supported byTerblanche, *et al.* (2016:206) that states online stores never close; they operate 24 hours a day, seven days a week. This is because it does not incur having the

fix cost of a 24-hour store such as water, electricity and labour. Therefore, orders are automatically stored in the system after customers purchase an item. This enhances the customer shopping experience, because while traditional stores are closed online stores still operate. Thus, making it more convenient for the customer as they can shop whenever it is suitable for them (Terblanche, *et al.* 2016:206). However, minority of respondents disagreed (31%) that catalogue sales gives reach to international markets. This could be due to the lack of understanding of international markets. Whereas, the majority (63%) of respondents agreed that catalogue sales have less fixed cost needed than physical store and that it allows customers to shop at any given moment. Therefore, it creates convenience.

Based on the literature finding the following recommendations are put forward:

- It is recommended that retailers use catalogue sales as an alternative method of raising brand awareness and allow consumers to access the product or service.

5.3.4 Omnichannel strategies

The section relating to omnichannel strategies received a relatively high score (1.7233), this indicates that the majority of retail managers agreed with the statements regarding these strategies. The statement that the majority (92%) of respondents agreed with relates to the fact that by using omnichannel strategies the business will have greater opportunities. This statement is supported by Rigby (2011:67), the author stated that omnichannel strategy is an asset to the business because it is the best of both physical and digital. The majority (82%) of respondents agreed that using more than one channel increases brand awareness and complements advantages associated with online sales, however, a large minority disagreed (35%) with this statement. Whereas, the majority (88%) of the respondents also agreed that omnichannel has difficulties as it is not easy to manage. Therefore, given the benefits regarding omnichannel there are also difficulties in establishing these channels.

Based on the literature finding the following recommendations that are put forward:

- Retailers can venture into different channels by increasing brand awareness, by advertising on online and mobile platforms.
- Ensure that the business has the resources to effectively implement the various channels chosen.
- Ensure that the chosen channels complement the type of retail business used and the type of customers.
- Be active in the search for the opportunities provided by the various channels.

5.4 CONTRIBUTIONS OF THE STUDY

The current study attempts to contribute to the perceptions of omnichannel among the retail industry literature. It focuses on four factors such as micro-environment macro-environment, different types of channels and omnichannel strategies. These four factors were investigated to determine whether they influence the retail industry in Nelson Mandela Bay. In many studies, omnichannel has been seen as the way forward (Schmaus, *et al.* 2017:18 and Juaneda-Ayensa, *et al.* 2016:1).

As consumers' perspective towards online purchasing has evolved, omnichannel strengthens and complements advantages associated with online sales (Shen, *et al*. 2016:134). However, in a previous study stated by Terblanche, *et al.* (2016:180)and Singh & Srivastava (2018:54),attributes such as pricing, risk analysis regarding online trust and technology were identified as being challenges to the retail industry particularly, online sector. Therefore, this study highlighted the strengths and challenges regarding omnichannel. This study makes a contribution in that it established factors that are present in the retail industry regarding omnichannel strategies. Once identified, steps can be undertaken to enhance the retail industry by influencing new integration strategies such as omnichannel. An increased understanding to omnichannel also proving insight into steps that can be undertaken to bring change such as pricing, perceived risk and technology.

5.5   LIMITATIONS OF THE STUDY AND RECOMMENDATIONS FOR FUTURE RESEARCH

To this research study, there are several limitations that should be highlighted. There limitations should be considered when interpreting the findings of this study. There are several opportunities for future research is also presented.

- The research method made use surveys with regards to collecting primary data. As surveys are prone to various errors such as response error and geographic coverage. It is therefore recommended that future studies use different methods for examining omnichannel strategies in the retail industry. This could include conducting the research through in-depth interviews or personal interviews.

- The generalisability of the result of this study is limited to retail industry in Nelson Mandela Bay. The convenience sampling method is a limitation as the results of this study cannot be generalised. For further studies it is recommended that future studies could research different geographic areas.

- Due to time constraints and limited resources only 100 respondents were approached. For further research an increased amount could be allocated and tested.

- As this study focused on the micro-environment, macro-environment and omnichannel there are more relevant factors that could be discussed such as in-depth research on those environments for example, the role of suppliers or further discussion on consumer perception regarding omnichannel.

- A further limitation would be, as retail industry plays an important role in South Africa economy. Hence, it is recommended that this study should be replicated throughout South Africa.

Despite the various limitations identified, the results of the current study contribute to the existing body of knowledge on retail industry regarding omnichannel strategies. Therefore, there are many opportunities that exist for future research in this field.

5.6 CONCLUDING REMARKS

Omnichannel strategies are becoming popular within the retail industry. Customers are looking for ways to make their shopping experiences smoother. While competition within the retail industry is continuously growing internationally and locally. It is therefore important for retail businesses to be aware of the types of channels that customers prefer and how they can improve customer satisfaction by using them effectively. This is by means of adapting different channels such as mobile, catalogue and online sales, while integrating a constant business culture throughout these channels. However, there are challenges that are present in each channel which influence certain limitations on the omnichannel strategies, this include legal, economic and privacy issues. Therefore, by looking at the different business environmental factors solutions it can be drawn to resolve these problems. Customers today are bombarded by marketing attempts from various business; thus, it is imperative to have a competitive advantage over those competing for the same customers. Alternatively, retailers should constantly enforce action towards research and development of consumer preferences by integrating omnichannel strategies. Thus, creating growth in the retail industry.

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ANNEXURE A: QUESTIONNAIRE

NELS●N M▲NDELA

UNIVERSITY

ASSESSING THE OMNICHANNEL RETAIL SECTOR IN NELSON MANDELA BAY

Summerstrand South Campus

DEPARTMENT OF BUSINESS MANAGEMENT

16 July 2019

We are Honours students currently enrolled at Nelson Mandela University for Organisation Management. We are conducting research on omnichannel strategies in the retail sector. The information will be collected in the form of a survey to understand and quantify the findings of the study. This study includes all retail organisations within the Nelson Mandela Bay area. The purpose of the study is to assess Nelson Mandela Bay omnichannel retail experience based on micro- and macro-environment factors.

The questionnaire takes approximately 10 - 15 minutes to complete. Should you choose to complete the questionnaire, please note the following:

- Your participation in this research is entirely voluntary.
- Questionnaires will be completed anonymously. The responses are set up in such a manner that it is not possible for researchers to trace the origin of the completed questionnaire.

The questionnaire compromises of the following sections:

- Section A: Micro-Environmental Factors
- Section B: Macro-Environmental Factors
- Section C: Different Types of Channels
- Section D: Omnichannel Strategies
- Section E: Biographic Information

Your cooperation would be greatly appreciated.

If you understand and are willing to participate in this study, you can answer the questions on the next page.

Sincerely,

Mr C. Pullen & Ms K. Louwskitter   Dr J.G.M. van der Berg

Students   **Supervisor**

QUESTIONNAIRE

This questionnaire consists of two sections. In Section A, a five-point Likert-scale is used as follows: 1 = Strongly agree, 2 = Agree, 3 = Neutral, 4 = Disagree, 5 = Strongly disagree. Please indicate the extent of your agreement with these statements by means of a cross (X) in any one of the boxes provided. Section B seeks to solicit your biographic data.

SECTION A: MICRO-ENVIRONMENTAL FACTORS

	In the organisation we find that customers...	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
1	Relationships are more difficult to establish online than offline	1	2	3	4	5
2	Want to physically handle products rather than purchasing online	1	2	3	4	5
3	Change in buying behaviour has influenced a stream of multiple channels	1	2	3	4	5
4	Online purchase decisions are influenced by high delivery costs	1	2	3	4	5
	Within the organisation, we find that our organisation...					
5	Culture is well integrated throughout each channel	1	2	3	4	5
6	Has an online presence in the form of a website to facilitate customer transactions more efficiently	1	2	3	4	5
7	Has an online store with the ability to provide a greater variety of products over offline store	1	2	3	4	5

8	Has a physical store that serves as a showroom and a pickup location for the online store	1	2	3	4	5
	In the organisation, competition...					
9	Increases international awareness in the online sector due to economies of scale	1	2	3	4	5
10	Has been increasing in the online sector locally	1	2	3	4	5
11	Has increased rapidly in recent years within the retail sector	1	2	3	4	5
	Within the organisation we find that the pricing...					
12	Is one of the main factors that will contribute to the success of the organisation	1	2	3	4	5
13	Strategy collates with the overall objectives set by the organisation	1	2	3	4	5
14	Strategies used by offline and online organisations are different	1	2	3	4	5
15	Strategies in different channels should be integrated as customers are now able to compare prices	1	2	3	4	5

SECTION B: MACRO-ENVIRONMENTAL FACTORS

	The technology used within the organisation...					
1	Has advanced with regards to the payment methods available to the customers	1	2	3	4	5
2	Utilises the ability for customers to achieve real-time information and increase opportunities for better sales in retail sector	1	2	3	4	5
3	Should be constantly be innovative in order to satisfy customer needs	1	2	3	4	5
4	Is the latest in the industry and gives the organisation a competitive advantage	1	2	3	4	5
5	Makes it easier to manage assortment of products in different channels	1	2	3	4	5

	The organisation's political and legal environment...					
6	Takes into consideration the protecting of customer's right to privacy and that it is of utmost importance	1	2	3	4	5
7	Involves the protection of customer's banking and personal details	1	2	3	4	5
8	Include the enforcing of all Government regulations and policies	1	2	3	4	5
9	Has an understanding of the regulations and policies within each country operated in	1	2	3	4	5
10	Are aware of the pressure groups and agencies that influence the retail industry	1	2	3	4	5

	With regards to The organisation's economic environment...					
11	The customer spending patterns research and development is a primary objective of the business	1	2	3	4	5
12	Recession has an effect on the physical store as well as the online store	1	2	3	4	5
13	The unemployment rate within the country is considered when establishing different channels	1	2	3	4	5
14	The exchange rate between countries are considered when deciding to operate internationally	1	2	3	4	5
15	Research methods makes it easier to determine the consumer's confidence in different channels	1	2	3	4	5
	With regards to the organisation's social environment...					
16	Keeps up with the change in customer tastes and preferences	1	2	3	4	5
17	The business researches new trends constantly to keep up with the change in society's needs and wants	1	2	3	4	5
18	It considers the customer's social class by analysing if they will be able to afford the product or service	1	2	3	4	5
19	Different cultural factors are considered when developing the advertisements of a particular product	1	2	3	4	5

20	The sub-populations within the society with regards to their own beliefs values and customs are considered	1	2	3	4	5

SECTION C: DIFFERENT TYPES OF CHANNELS (Answer questions on the channel(s) that are relevant to your organisation)

	Within the organisation the physical store channel...					
1	Effectively reduces uncertainties such as perceived risk of fraud or unpleasant feelings	1	2	3	4	5
2	Makes it possible for customers to receive their products instantly	1	2	3	4	5
3	Allows customers to make cash payments	1	2	3	4	5
	Within the organisation the online sales channel...					
4	Does not require there to be any customer interaction	1	2	3	4	5
5	Has difficulty establishing customer relationships	1	2	3	4	5
6	Decline in sales due to the uncertainty of product quality of products sold online	1	2	3	4	5

	Within the organisation the mobile sales channel...					
7	Has the ability to obtain real-time customer insight	1	2	3	4	5
8	Customers can personalise merchandise on their own without assistance from employees	1	2	3	4	5
9	Is less costly to establish compared to a physical store	1	2	3	4	5
	Within the organisation the catalogue sales channel...					
10	Has the ability to operate 24/7	1	2	3	4	5
11	Has less fixed costs than a physical store	1	2	3	4	5
12	Customers have the ability to shop when it is convenient to them	1	2	3	4	5

13	Can reach international markets	1	2	3	4	5

SECTION D: OMNICHANNEL STRATEGIES

	The use of omnichannel strategies:					
1	Has brought difficulties to the organisation, as it is not easy to manage different channels	1	2	3	4	5
2	Has led to more opportunities for the organisation	1	2	3	4	5
3	Demands that retailers be more transparent with supply distribution system	1	2	3	4	5
4	Has led to the expansion of service offerings by using more than one channel	1	2	3	4	5
5	Increases the organisation's brand awareness	1	2	3	4	5
6	Strengthens and complements advantages associated with online channels	1	2	3	4	5

SECTION E

BIOGRAPHIC INFORMATION

1. Please indicate your position in the organisation

Senior Management	1	Middle Management	2	Supervisory	3	Other	4

2. Please indicate your gender

Female	1	Male	2

3. Please indicate your age group (Years)

21 - 30	1	31 - 40	2	41 – 50	3	51 – 60	4	>60	5

4. Please indicate your highest educational qualification(s)

'O' Level	1	'A' Level/Diploma	2	Bachelor's degree	3	Post graduate degree/diploma	4	Other (please specify)	5

5. Please indicate your period of current employment (Years)

1 - 5	1	6 - 10	2	11 - 15	3	16 - 20	4	21 and above	5

6. Please indicate the number of employees in your organisation

<50	1	51 - 100	2	101 - 150	3	151 – 200	4	>200	5

7. Please indicate the years of existence of your organisation

1 - 5	1	6 - 10	2	11 - 15	3	16 - 20	4	Over 21	5

8. Please indicate the retail organisation you operate in

Clothing	1	Groceries	12
Cosmetics	2	Home decor	13
Furniture	3	Garden supplies	14
Food	4	Cellular products	15

Jewellery	5	Car accessories	16
Hardware	6	Shoes	17
Electronics	7	Toys	18
Electrical appliances	8	Linen	19
Sport equipment	9	Carpet	20
Gifts	10	Kitchenware	21
Alcohol	11	tobacco	22
If other, please specify:			23

9. Which of the following channels does the organisation make use of:

Physical store	1	Online sales	3
Catalogue sales	2	Mobile sales	4

10. Please indicate online percentage sales verses different channels

0 -20%	1	20 - 40%	2	40 – 60%	3	60 – 80%	4	Over 80%	5

THANK YOU FOR YOUR TIME AND COOPERATION

ANNEXURE B: TURNITIN REPORT

EBML 410 PULLEN, LOUWSKITTER

ORIGINALITY REPORT

19%	6%	2%	17%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to Nelson Mandela Metropolitan University Student Paper	5%
2	shodhganga.inflibnet.ac.in Internet Source	1%
3	Submitted to Varsity College Student Paper	1%
4	Submitted to University of KwaZulu-Natal Student Paper	1%
5	Submitted to University of Stellenbosch, South Africa Student Paper	1%
6	Submitted to Saint Leo University Student Paper	1%
7	Submitted to Mancosa Student Paper	1%
8	Kathy Ning Shen, Yuanfeng Cai, Zhaoyang Guo. "When Do Online Consumers Shop in an Offline Store: The Moderating Effects of Product	1%

Characteristics", Journal of Marketing Channels, 2016
Publication

9 Submitted to RMIT University
Student Paper
<1%

10 uir.unisa.ac.za
Internet Source
<1%

11 repository.nwu.ac.za
Internet Source
<1%

12 pdfs.semanticscholar.org
Internet Source
<1%

13 Submitted to Eiffel Corporation
Student Paper
<1%

14 Submitted to University of Greenwich
Student Paper
<1%

15 Marshall L. Fisher, Santiago Gallino, Joseph Jiaqi Xu. "The Value of Rapid Delivery in Omnichannel Retailing", Journal of Marketing Research, 2019
Publication
<1%

16 Submitted to Universiti Teknologi MARA
Student Paper
<1%

17 Submitted to University of South Africa
Student Paper
<1%

18	2013.cswimworkshop.org Internet Source	<1%
19	Submitted to Mount Kenya University Student Paper	<1%
20	Bassam Hasan. "Perceived irritation in online shopping: The impact of website design characteristics", Computers in Human Behavior, 2016 Publication	<1%
21	S. M. Farrington. "Psychological well-being and perceived financial performance: An SME perspective", South African Journal of Business Management, 2017 Publication	<1%
22	Submitted to TAR University College Student Paper	<1%
23	Submitted to Oxford Brookes University Student Paper	<1%
24	Submitted to Mont Rose College Student Paper	<1%
25	Submitted to University of Cape Town Student Paper	<1%
26	Submitted to Auckland Institute of Studies at St. Helens Student Paper	<1%

27	Ángel Cabrera, William C. Collins, Jesús F. Salgado. "Determinants of individual engagement in knowledge sharing", The International Journal of Human Resource Management, 2006 Publication	<1%
28	Submitted to Glasgow Caledonian University Student Paper	<1%
29	Submitted to Montcalm Community College Student Paper	<1%
30	Submitted to University of Wales Swansea Student Paper	<1%
31	Submitted to University of Leicester Student Paper	<1%
32	Submitted to Rosebank College Student Paper	<1%
33	www.scribd.com Internet Source	<1%
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62	www.getcited.org Internet Source	<1%
63	Submitted to Anglia Ruskin University Student Paper	<1%
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67	Submitted to Manchester Metropolitan University Student Paper	<1%
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69	Submitted to University of Johannsburg Student Paper	<1%

70 Submitted to Walter Sisulu University
Student Paper
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Student Paper
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74 Submitted to North West University
Student Paper
<1%

75 Submitted to University of the Free State
Student Paper
<1%

76 Elizabeth A Kruger, Anneli Douglas.
"Constraints to consumption of South Africa's
national parks among the emerging domestic
tourism market", Development Southern Africa,
2015
Publication
<1%

77 Submitted to Monash University
Student Paper
<1%

78 Submitted to Leeds Beckett University
Student Paper
<1%

79 Submitted to Napier University
Student Paper
<1%

80	Submitted to Durban University of Technology Student Paper	<1%
81	sajbm.org Internet Source	<1%
82	Submitted to Vels University Student Paper	<1%
83	Submitted to University of South Australia Student Paper	<1%
84	Submitted to University of Sheffield Student Paper	<1%
85	Submitted to Vaal University of Technology Student Paper	<1%
86	Young Kwark, Jianqing Chen, Srinivasan Raghunathan. "Online Product Reviews: Implications for Retailers and Competing Manufacturers", Information Systems Research, 2014 Publication	<1%

ANNEXURE C: ETHICAL CLEARANCE FORM

NELS N M NDELA
UNIVERSITY

FACULTY OF BUSINESS AND ECONOMIC SCIENCES

ETHICS CLEARANCE FOR TREATISES / DISSERTATIONS / THESES

Instructions:
* Should be completed by study leader and student
* Must be signed off by student, study leader and HoD
* Please note that by following this Proforma ethics route, the study will NOT be allocated an ethics clearance number

FACULTY: BUSINESS AND ECONOMIC SCIENCES

SCHOOL / DEPARTMENT: BUSINESS MANAGEMENT

I, (surname and initials of study leader) VAN DER BERG, JGM

the study leader for (surname and initials of candidate) PULLEN, C (215131541); LOUWSKITTER, K (216503264) candidates for the degree of B.COM HONOURS with a treatise entitled (full title of treatise):

THE ANALYSIS OF NON-TRADITIONAL CHANNEL OF ONLINE BUSINESSES: YUPPIECHEF CASE STUDY

considered the following ethics criteria (please tick the appropriate block):

		YES	NO
1.	Is there any risk of harm, embarrassment of offence, however slight or temporary, to the participant, third parties or to the communities at large?		X
2.	Is the study based on a research population defined as 'vulnerable' in terms of age, physical characteristics and/or disease status?		X
2.1	Are subjects/participants/respondents of your study:		
2.1.1	Children under the age of 18?		X
2.1.2	NMMU staff?		X
2.1.3	NMMU students?		X
2.1.4	The elderly/persons over the age of 60?		X
2.1.5	A sample from an institution (e.g. hospital/school)?		X
2.1.6	Handicapped (e.g. mentally or physically)?		X
3.	Does the data that will be collected require consent of an institutional authority for this study? (An institutional authority refers to an organisation that is established by government to protect vulnerable people)		X
3.1	Are you intending to access participant data from an existing, stored repository (e.g. school, institutional or university records)?		X

4.	Will the participant's privacy, anonymity or confidentiality be compromised?		X
4.1	Are you administering a questionnaire/survey that:		
4.1.1	Collects sensitive/identifiable data from participants?		X
4.1.2	Does not guarantee the anonymity of the participant?		X
4.1.3	Does not guarantee the confidentiality of the participant and the data?		X
4.1.4	Will offer an incentive to respondents to participate, i.e. a lucky draw or any other prize?		X
4.1.5	Will create doubt whether sample control measures are in place?		X
4.1.5	Will be distributed electronically via email (and requesting an email response)?		X

Note:
- If your questionnaire DOES NOT request respondents' identification, is distributed electronically and you request respondents to return it manually (print out and deliver/mail); AND respondent anonymity can be guaranteed, your answer will be NO.
- If your questionnaire DOES NOT request respondents' identification, is distributed via an email link and works through a web response system (e.g. the university survey system); AND respondent anonymity can be guaranteed, your answer will be NO.

| 5. | Do you wish to publish an article from this study and submit to an accredited Journal? | | X |

Please note that if ANY of the questions above have been answered in the affirmative (YES) the student will need to complete the full ethics clearance form (REC H application) and submit it with the relevant documentation to the Faculty RECH (Ethics) representative.

and hereby certify that the student has given his/her research ethical consideration and full ethics approval is not required.

SUPERVISOR(S)   26/04/2019 DATE

HEAD OF DEPARTMENT   29/04/2019 DATE

STUDENT   25/04/2019 DATE

STUDENT   25/04/2019 DATE