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**OMNICHANNEL CUSTOMER STRATEGY IN THE
FASHION INDUSTRY DURING THE AGE OF DIGITAL
TRANSFORMATION**

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ABSTRACT

Strong digital developments are changing markets and the way they affect firms and firm performance, so companies may adopt a digital business model to deal with these developments. With the rise of e-commerce, mobile shopping, and most recently smart technologies, there is also a rise of new competitors. This study analyses how digitization started the erosion of institutional retailing as the primary interface to the customer shifting to new players, and the influence of specific combinations of online and physical channels on the customer experience, specially, on smart shopping perceptions and feelings. In particular the article discusses how omnichannel supply chain networks can be structured in terms of facilities, inventory, transportation and information to be both cost effective and responsive to customer needs. This requires exploiting the complementary strengths of the physical and the online channel to create an omnichannel portfolio that can customize the realization of each customer request, so exploring the future of the physical store within omnichannel retail and specifically, the prerequisites of the designed retail environment in optimizing customer experience in particular in the fashion field. Omnichannel retailing supply chain management is challenged by uncertainty, oscillations in sales volume and supply-demand incompatibility. Dealing with those challenges requires the adoption of strategies focused on complex systems that properly employ new information and communication technologies as well as intelligent decision methods. Retail customers are now “omnichannel” in their outlook and behaviour; they use both online and offline retail channels readily. To thrive in this new environment, retailers of all types should re-examine their strategies for delivering information and products to customers, but sometimes it’s difficult for them to determine where and how to invest their budgets. As technology blurs the distinctions between physical and online retailing, retailers and their supply-chain partners will need to rethink their competitive strategies. This article highlights some defining traits of the future consumer and suggest how brands and businesses should

adapting to them. In today's omnichannel world, the journey has more stages than ever, with the customers deciding not only where, when, and what to buy, but which channels to use and the role each will play and they have been proven to feel more in control and knowledgeable about purchases than salespeople. The study provides significant new insights into the development and implementation of e-business strategies that contribute to increase profit and to achieve a competitive advantage and proposes a performance management framework with a roadmap to success and evaluates successful retailers, provides comparative analysis of brick-and-mortar versus omnichannel retail supply chains and comprehensive performance metrics to be used for assessing the success of omnichannel retailers. After having analysed the researches finding the critical and positive aspects of the digital transformation process in particular for the "omnichannel customer strategy implementation", this study explores some key findings of the scientific literature in order to fill some gaps about the need for future researches for the authors. Specifically, first, the aim of this qualitative research through many interviews to the managers in the field of fashion industry (among 10 managers), is to understand how much it is important for a company to implement an omnichannel customer strategy and which are some obstacles for its implementation. Second it tries to understand how the new digital technologies create competitive advantage for the corporation and how much time it takes to cover the initial cost of the investment. Third this study seeks to comprehend how customers are changing their behaviour during their purchasing decisions and which are the new company performance metrics across different touchpoints and which of the new touchpoints most contributes to the customer value perception. From what is emerged from past researches, physical stores are crossing a critical phase in raising their position, so it is important to realize how the offline world can coexist with this digital transformation to remain competitive. In the omnichannel world, in which the boundaries between online and offline channels are altered, this study also wants to understand how companies can overcome

the problem of price competition between different sales channels in order to avoid the cannibalization. So, are there any new skills and qualities that employees should develop? What the benefits of hindsight, what would companies have done differently today and what did they learn from initiatives that did not work? This research tries to answer all the questions and provides a deep analysis of the benefits of omnichannel strategy.

FIRST CHAPTER: LITERATURE REVIEW

1. INTRODUCTION

Digital innovation developments, such as big data, artificial intelligence, machine learning, blockchain, and the Internet of things, have completely changed business and affected many traditional firms in different sectors becoming a new way on how to serve customers and other existing players, creating a significant impact on market space as more competition between firms. Focus of marketing research on digital transformation has been mainly on omnichannel strategies with the aim to attract and retain customers and on the understanding of digital customer journeys, determining the contribution of each channels to the final purchase. Customers, who are increasingly changing their behaviour, are the driver of the process and they seem to prefer digital solutions to traditional solutions; next generations are now growing up with digital technologies and will consider this as the norm. However, this process is not without risk; retail firms have invested strongly in omnichannel strategy, but this strategy is not always successful given the inherent complexity in causing survival problems because too much cash flow is burned in these investments, leading to liquidity problems. (Verhoef & Bijmolt, 2019). Within the retail value chain, the supremacy of stationary retailing is being structurally challenged as increasing portions of the retail trade are shifted from store-based formats to internet-based formats, including pure plays, manufacturer online operations, and

platforms. As more and more customers prefer the convenience of digital shopping due to better information availability about a product, the ease of the exchange of goods and services, larger assortments, greater transparency across vendors from the consumer's perspective, and potentially lower prices because of lower fixed-cost operations, many physical retailers are seeing a decrease in people trafficking. Internet of things (IoT) technologies into the everyday environment will allow the automation of many economic transactions and the retailer is no longer necessarily the first “address” for making a retail transaction, able to build powerful brand ecosystems that interact with consumers via IoT applications, direct selling, engagement and experience programs, and personalized communication, which create entirely new value propositions and make brands experiential powerful. IoT technologies increasingly allow manufacturers to stay in touch and interact with consumers over the lifecycle of their products in a high value manner. Engaging with consumers beyond the insular transaction, in particular during the product use, seems to be extremely important for brands. Hence, this study seeks to understand the structural consequences of the digital transformation for the primary interaction point with the end customer who is evolving needs. As the technological and digital advances become increasingly pervasive, not only the borders between physical (offline) and digital (online) channels will become almost invisible but also the boundaries between retailers and manufacturers. The evolution of such a seamless omnichannel retail environment requires reconsideration of customer value creation along the entire supply chain, understanding of the role of new customer touchpoints, and a focus on customer–retail channel–brand interactions. The approach is to provide a systematic and holistic overview of how new sources of value creation, along the different stages (pre-purchase, purchase, post-purchase) of the customer decision process, enabled by digitization feed into the perceived benefits on the customer-level in terms of convenience, relevance, experience and monetary and ecological savings. The erosion of physical retailing through the rise of online and mobile shopping

has placed institutional retail under significant pressure to redefine its position in the omnichannel environment, raising a need for stationary retail to combine its formats with an integrated online channel foster channel synergy rather than cannibalization. Despite these general developments, a segment of customers still prefers to shop in the physical store regardless of the type of transaction, even if the physical point of sale has been undergoing dramatic changes as well. If consumers can buy from anywhere and enjoy near-instant gratification, the store becomes largely obsolete as a transaction enabler. By displaying only a few product versions and reducing the number of check-out locations, stores can decrease retail space significantly to save costs. Retailers are an essential part of maintaining attractive and vital inner cities, attracting shoppers, visitors, and tourists who then patronize restaurants, attractions, and leisure facilities. Clearly, online retail platforms seem to be the big winners in the retailing environment. Retailing as a function will not vanish, but traditional retailers as an institution may be endangered and they have to create greater digitization, leading to new and improved benefits at the customer level. (Reinartz et al., 2019). Digitalization has pushed retailers to redefine their business models; the most advanced model is omnichannel retail, which implies a complete integration of a retailer's sales and communication channels, in such a way that consumers can use the channels simultaneously and interchangeably. The main drivers behind these developments are fueled by the Internet that created the possibility to become an influential retailer without needing to have a store, removed barriers for manufacturers to service their final customers without intermediaries, offered consumers a platform to develop commercial activities with other consumers and provided opportunities to small and medium sized firms (SMEs) to serve consumers around the world. In the omnichannel environment, where products are delivered to the store and to the home, logistics service providers (LSPs) have become important links between retailers and their customers, indeed according to the study in which 3589 consumers in the US, UK, France, Germany, Spain, the Netherlands and Italy

were surveyed, 38% of consumers would never shop with an online retailer again, following a negative delivery experience. Moreover, 45% of consumers has abandoned because of unsatisfactory delivery options and 87% of consumers is likely to shop again with an online retailer, following a positive delivery experience. Also, for omnichannel retailer's delivery service is a key issue and LSPs' services have become a competitive advantage. Logistics service providers, who used to be largely invisible to consumers, are becoming the primary point of contact in this omnichannel environment. To respond to this evolution, the logistics industry in general and certainly urban logistics players are introducing new developments and innovations. (Buldeo Rai et al., 2018).

1.1 THE STRENGTHS AND WEAKNESSES OF EACH CHANNEL

Omnichannel retailing refers to the use of a variety of channels to interact with customers and fulfil their orders, primarily in terms of three flows: information, product, and funds. This article argues that a well-structured omnichannel supply chain can be both cost effective and responsive to customer needs by exploiting the complementary strengths that online and brick-and-mortar channels bring to the supply chain, while generating profits. Customer value may be enhanced by increasing customer convenience, providing access to a greater variety of products, improving the responsiveness to customer orders, or reducing the price that customers have to pay. A retail channel can be successful only if the value created by the channel exceeds the cost incurred in serving the customer. A retail channel and customer can exchange information and product in a few different ways; information may be exchanged face-to-face as in a retail store or remotely when shopping at an online retailer. Product fulfilment can be through a customer pickup or home delivery. Traditional retail tends to have many facilities to be close enough to customers to support the face-to-face information exchange and product pick up. These facilities tend to carry a high level of overall inventory because product must be stocked at each retail store. As a result, investment in facilities and inventory tends to be

high for the traditional retail channel. Stores serve as showrooms where customers can try different styles, get advice from sales people, and also get fitted. These showrooms facilitate a face-to-face information exchange but do not carry inventory for customers to purchase. If a customer decides to make a purchase, the product is ordered online from the website (or at the store). When using a showroom, product can either be picked up at the store or delivered at home; this channel saves on inventory and facilities infrastructure but has higher transportation costs. In the online channels, customers place their orders online and have their purchases delivered at home. Aggregation of inventories in a few locations allows the online channel to have a much lower investment in facilities and inventory compared to traditional retail. Transportation cost, however, tends to be high for home delivery. The high cost of home delivery for the online channel has led several players to offer the option of a pickup location at a lower price. The presence of a pickup location significantly reduces the outbound transportation cost incurred by the online retailer who does not require the customer to travel to the pickup location. Customers can pick up physical products at a retail store much quicker than through other channels. Retail stores, however, are limited in terms of the variety of products they can offer. If customers are willing to remotely access product information, a company can offer a much wider selection of products. The showroom channel can sometimes offer even greater variety than the online channel for products with a significant amount of customization. The customer incurs the highest transportation cost in traditional retail because the customer manages the last mile. In contrast, the customer incurs the lowest transportation cost for the online channel with home delivery because product is ordered from home and delivered to her doorstep. For the showroom channel, the customer incurs a high cost of visiting the showroom that in some cases may be even further than a typical retail store. In general, the physical channel should be used to serve frequent and predictable needs in a cost-effective manner and as a

showroom and pickup location for the online channel to improve customer services and decrease cost. The online channel should be used to provide variety and serve sporadic needs at low cost. There are two key dimensions of customer preference that are likely to impact the omnichannel portfolio: convenience and instant gratification. Convenience in the form of how much effort customers are willing to put in order to reduce the cost and environmental impact of a purchase; instant gratification is considered in terms of how long customers are willing to wait to get a product. A major challenge for any online channel arises when customers want to touch, feel and see the product to fully understand it. At present, the typical way customers can fully experience products is through a face-to-face interaction with the product, this favours the traditional retail channel. If experiential technologies using virtual reality get to a point where a customer can try on a shoe, apparel or jewellers virtually, online channels using pickup locations or home delivery are likely to grow significantly for such products. The growth of experiential technologies also has the potential to eliminate the need for physical locations. Given the complementary strengths of the various channels, firms must develop an omnichannel capability where they use the appropriate channel based on the product characteristics and customer needs. The key to success will be a firm's ability to be agile enough to match the strengths of the channel used to fulfil each customer request with the characteristics of the product purchased and the needs of the customer being served. Building an appropriate omnichannel portfolio will require a significant change in the supply chain and logistics network for most firms. (Chopra, 2018).

1.2 CONCEPTUAL MODEL

The fast development of the global economy, information technology, and the advance of e-business, are making people demand higher levels of logistics service, as well as more agile and dynamics supply chains, thus, logistics and supply chain activities management are becoming more complex, uncertain, costly and vulnerable. Challenges are to implement the

online channel in the most efficient way and to create a seamless shopping experience, ensuring the conformity of product deliveries both in physical store and directly to the consumer. In order to face the challenges, the research aims to propose a reference model for a predictive and adaptive management approach for omnichannel retailing supply chain combining machine learning to minimize uncertainty in the oscillations in sales volume and to predict products, and simulation-based optimization to handle supply-demand synchronization. Integration and visibility are the two main engines of the omnichannel structure to reduce uncertainties and variations in order to better understand customer purchase behaviour and achieving greater performance in production, transportation and sourcing optimization. This integration will occur through the communication between machine learning software and simulation software, where while the machine learning software generates a solution, the simulation software evaluates this solution into a virtual model and returns the results to the first software. In the application of the machine learning, two types of analysis are proposed: clustering, for the identification of customer behaviour by the application of clustering algorithms, and the demand forecasting, by the application of artificial neural networks to the demand forecast of each product from each online and offline store for the anticipation of the product distribution process. The simulation-based optimization proposed to analyse the behaviour of the omnichannel retail supply chain to adapt to the uncertainties of the forecast and actual demands and reduce lead time, when performing the distribution activities with the lowest lead time and cost. (Meireles Pereira et al., 2018).

1.3 THEORETICAL DEVELOPMENT

The results of an experiment in the fashion industry show that webroomers have greater perceptions of time/effort savings and of making the right purchase, and greater smart shopping feelings, than showroomers. Furthermore, webrooming leads to higher personal attribution than showrooming, meaning that consumers feel responsible and in control of their purchase

outcomes. Although companies may have difficulties in tracking consumers' use of online and offline channels, their enhanced control over the process may improve their experience through smart shopping perceptions and feelings. Webrooming (searching for information online and then purchasing offline) and showrooming (gathering data and examining products in physical stores and then purchasing online) have become common practices in omnichannel consumer behaviour. These behaviours have both negative and positive implications for retailers. Consumers who use both online and offline channels in their purchasing processes constitute the most valuable segment for retailers. The combination of online and offline channels positively affects consumer perceptions of service quality and positive word of mouth behaviour, and leads to favourable purchasing behaviours and customer experiences, they purchase more products, spend more, and pay higher prices than single-channel consumers. Beyond transactional outcomes, the challenge in the omnichannel era, in which channels are used interchangeably during the search and purchase process, and even simultaneously in the same stage of the purchasing process thanks to the proliferation of mobile devices, is to leverage the synergies between channels to deliver an integrated, seamless, unique experience that retains consumers throughout the entire purchasing process. Understanding the consequences of webrooming and showrooming will help researchers and practitioners to anticipate what consumers expect when undertaking these behaviours and to design effective customer experiences. Although showrooming is a growing trend in cross-channel shopping, most studies have acknowledged that the Internet is the preferred information source and the physical store is the main purchase channel. Consumers weigh up the costs and benefits of channel use during the different stages of the purchasing process, and choose the channel combination that minimizes their inputs and/or maximizes the outputs of their shopping activities. The Internet saves these shoppers time and effort in searching for product information, and the physical store offers immediate possession of the merchandise. On the other hand, consumers may visit

physical stores to touch and look at the alternatives and thereafter purchase the product online to avoid crowds or long, thus achieving shopping efficiency thus channels may complement each other during the purchase decision-making process. Perceptions of time/effort savings are expected to be higher in webrooming than in showrooming: webrooming experiences will have a stronger positive impact on consumers' perceptions of time/effort savings than showrooming and on consumers' perceptions of making the right purchase. Showrooming experiences will have a stronger positive impact on consumers' perceptions of money savings than webrooming. Fashion products are frequently purchased through both webrooming and showrooming. The results of the analysis revealed a preference for the Internet to search for information and for the physical channel to make purchases and suggests that participants prefer webrooming over showrooming. Offering good product information online and good in-store physical interactions may help retailers integrate their channels more efficiently. (Flaviàn et al., 2020).

1.4 LITERATURE REVIEW ANALYSIS

As more channels are introduced and as consumers utilize several channels simultaneously to complete any purchases, the amount of customer data collected at each touch point is increasing rapidly, and consequently grows the urgency to integrate all information. To address this phenomenon, this research focuses towards developing quality dimension for data driven omnichannel services marketing and on customer equity as a possible outcome of integration quality and its three drivers: brand equity, value equity and relationship equity as the possible outcomes of data-driven omnichannel services marketing. Due to digital disruption, omnichannel strategy is the mode of survival for companies and an instrument to extend market reach with products and services that customers do not even know about. If companies are not integrating channels and delivering a connected and seamless experience, they risk dissatisfying customers and incurring unwanted cost. To address this issue, several studies related to

service quality research have supported a new service quality component, Integration Quality, within omnichannel, as being the key to provide consolidated service experience. The omnichannel concept is where a firm offers its products and services to a connected customer who regularly interact with different channels such as mobile devices, social media, direct mail and catalogues, call centres, televisions, home services, networked appliances, location-based marketing, etc., often at the same time to make a purchase. The omnichannel concept incorporates this full range of channels, enabling customers to experience a seamless and consistent channel system in their purchase processes, providing great opportunity for developing a data driven channel strategy. Firms can get a large amount of consumer data through different marketing touchpoints such as social media, loyalty programs and mobile apps and using big data and analytics is important to better understand customer needs and values to create successful omnichannel retailing strategies such as the Net Promoter Score as important techniques to understand end consumers in an omnichannel environment. Integration is at the heart of omnichannel marketing. Several studies have focused on the outcomes of consumer perception of service quality for example perceived value, word of mouth intentions, purchase intention, and trust as the outcomes of service quality. Past research has indicated the relation with integration or integrated service quality and customer equity, related to value creation resulting from profit, costs, cash flow, customers retention and customer relationship. Existing research proposes three drivers of customer equity, namely: Value Equity, Brand Equity and Relationship Equity. By improving these three drivers' firms can enhance customer equity. Value equity is derived from customer's assessment of a brand, based on the perception of what is given up for what is received. It is based on price, quality, and convenience. Brand equity is defined as customer's subjective and intangible assessment of the brand. Brand equity plays important role to firstly, attract customers and allow them to evaluate the brand by using brand recognition and brand perception; secondly, continuously remind them about the brand,

and finally, connect customers emotionally with the company. Strong brand or brand with high equity is a key to attract new customers. However, the overall brand equity is dependent on customer involvement, customer experience, and the ease of which customers can evaluate the product or service quality. Relationship equity is how customers would always return based on their objective and subjective assessment of the brand. To enhance relationship equity, companies need to undertake loyalty programs, special recognition and treatment activities, affinity programs, communication-building programs and knowledge building programs. The interaction between omnichannel would deepen customer relationship with the firm and affect customer lifetime value and long-term profitability. Integration will reduce customers switching to other providers due to product unavailability. Omnichannel firms let customers experience the brand rather than their channels. (M. Taufique Hossain et al., 2017).

1.5 THE FUTURE OF RETAILING

Retailers have embraced a variety of technologies to engage their customers. Technology can help retailers target appropriate consumers and enables consumers to make better informed decisions about which products or services to consume. Integrating channels and the power of big data are not distinctive factors anymore but rather are prerequisites of competitiveness. Retailers that can draw effective insights from big data can make better predictions about consumer behaviour, design more appealing offers, better target their customers, and develop tools that encourage consumers to make purchase decisions that favour their products and engagement that in turn lead to enhanced profitability. It also assists retailers in reaching appropriate consumers at lower costs, due to technologically created efficiencies. Consumers' actual consumption of goods and services is at the heart of all retailing. Creating a superior customer experience can differentiate companies. This holistic customer experience concept "involves the customer's cognitive, affective, emotional, social and physical responses to the retailer. The power of big data permits retailers to manage a host of issues, as the understanding

of customer behaviour. There are clear benefits to an omnichannel distributional structure from a consumer's point of view, ranging from transparency to uniform policies. The result is a powerful need to understand critical retailing areas in which innovations are changing the game, so that we can better understand where the retailing field will be evolving in the future. (Grewal et al., 2017). Global retailing is worth \$14.9 trillion, with the internet predicted to become the largest channel globally, accounting for 15.4% of sales by 2021. The aim of the paper is to conduct an exploratory study of the reinvention of the physical store within omnichannel retail, an unexplored domain of research thus far. This aim is achieved through the following two objectives: first, to explore the current situation of the physical store in terms of its role, experience, integration with other channels, role of technology and consumers' expectations. Second, to offer a prognosis of the reimagined physical store in the future and in doing so, to establish prerequisites of the designed retail environment in effecting customer experience. The role of the physical store in omnichannel retail is being redefined as it becomes part of a larger and more connected experience, it represents a key channel for retail innovation. For fashion retailers it is especially important to develop a hedonic experience, so they are increasingly investing in experiential retailing. The design of the physical store is a reflection of the brand visual identity, which is relevant in terms of corporate identity. Through brand scaping, the brand is transformed into a location and the image of the brand is communicated through the design of the building. Hence, the store design must be able to translate the brand identity from the products and services into the customer experience and be congruent with the target's self-image. Adopting an exploratory approach, this paper aims to develop a clear understanding of the different ways in which the physical fashion store will evolve in the future within omnichannel retail and to identify the prerequisites of the designed retail environment in optimizing customer experience. Another important contribution of this study, due to the lack of specific research in the area, is the acknowledgment of the growing tension

between traditional retail metrics based on sales and new metrics based on experience. (Bethan & Blazquez Cano, 2019).

1.6 E-BUSINESS STRATEGIES FOR COMPETITIVE ADVANTAGE

E-commerce is fundamentally changing the economy and the way business is conducted. E-commerce forces companies to find new ways to expand the markets in which they compete, to attract and retain customers by tailoring products and services to their needs, and to restructure their business processes to deliver products and services more efficiently and effectively. According to McCarthy (1960) and Perreault and McCarthy (1999), a firm develops its marketing strategies by first identifying the target market for its products or services. It then develops a marketing mix combination of product, price, promotion, and place to enhance sales to the target market, allows firms to compete more effectively, thus ensuring profitability and sustainability. According to Porter (1980, 1985) and Porter and Millar (1985), a firm develops its business strategies in order to obtain competitive advantage (increase profits) over its competitors. Companies can enter into e-commerce easily because they do not need sales forces and huge capital investments as they do in offline markets. As the number of people with Internet access increases, the competition for online business in many industries will also increase. By reducing customers' search costs, the Internet makes price comparison easy for customers, and thus increases price competition. On the Internet, consumers can easily collect information about products or services without traveling to stores to inspect products and compare prices. In the offline market researching product offerings can be extremely expensive and time consuming. An alternative is for companies to make consumers' product comparison more difficult by differentiating their products from others, with innovation or the introduction of niche products, which also counteracts the threat of product substitutes, new entrants into the market, and competition among existing firms. By using the direct access to

consumers enabled by the Internet, companies can collect information, identify target consumers, and better introduce products or services to meet consumers' needs. By creating products that meet the needs of consumers in these niche markets, companies can command higher prices. By collecting information about buyers, companies can perform more effective price discrimination. One tactic is to build a direct link with consumers and enter into a dialogue with them about products. This allows companies to provide customers with information about their products, collect information about their customers, and engage in data mining. They can then customize products to meet customer needs and offer promotions tailored to specific customer groups. This process helps build a base of loyal and profitable customers. There is no single optimal business strategy for e-commerce because the sources of competitive advantage differ across different industries or markets. In industries or markets where the threat of new entrants, rivalry among existing firms, and threats of substitutes are significant (commodity markets in most cases), only certain combinations of appropriate product, price, promotion, and place strategies can succeed in achieving a competitive advantage. The possible questions to be raised are: When traditional companies enter into e-commerce, what strategies should they implement? How much integration should take place when traditional and online businesses merge? For traditional firms, one of the most serious challenges to going online is deciding how much to integrate their traditional operations with online business. The problem is that integration provides the benefits of cross-promotion, shared information, purchasing leverage, and distribution economies, but this often comes at the expense of speedy decision-making, flexibility, and creativity. Other challenges to integration include price competition and avoiding the problem of online and offline businesses cannibalizing each other's customers. (Shin, 2001).

1.7 OMNICHANNEL STRATEGY FOR LUXURY PRODUCTS

In the context of omnichannel retailing, this paper intends to investigate how conspicuous behaviour and concerns of stock availability influence a luxury firm's operational decisions. Although traditionally luxury firms may choose to limit their product availability by creating scarcity, nowadays, luxury brands abandon product rarity as the precondition of luxury and often adopted "abundant rarity" strategies. An important reason for the reluctance and extreme caution of luxury boutique towards E-commerce is the concern of losing exclusiveness. By establishing an online retailing channel without access limitation and stock constraints, the image of the exclusivity and rarity, which feature the conspicuous traditional luxury consumers, may be diluted, or even disappear. However, following the shift of consumer power to younger generations who tends to shop online more than the traditional generations, an omnichannel strategy is emerging as the model of choice for modern luxury retail. Due to the aforementioned features and changes in consumers' shopping behaviour, it becomes crucial for traditional luxury brands to update their legacy structures to offer a more seamless shopping experience online. In 2017, LVMH launched its own E-commerce portal. By comparing two channel strategies: traditional store-only strategy and omnichannel strategy, findings provide insights into luxury firms' distribution channel management and operational strategies and integrating channels is regarded as a prerequisite of competitiveness. The firm employs a uniform pricing strategy across channels. In the store channel, the luxury firm still faces a newsvendor problem and decides inventory, however, with an omnichannel strategy all unmet demands in the physical store can be satisfied by transferring to online purchasing, in which inventory is assumed to be abundant and thus all demands can be satisfied. New generations favour online shopping channel, while traditional high-end luxury consumers are conspicuous about the online channel. Observing the new features of consumers' online shopping behav-

our, luxury firms employ various ways to increase the online market with updated technologies and new operations strategies. In general, omnichannel does not benefit the luxury firm if the online profit margin is low. (Ying Wei & Feng Li, 2020).

1.8 DISCUSSION

Today's hyper-connected consumers expect an unprecedented contact centre experience that is brand-consistent, seamless, and easily navigable, they want to engage with the brand, regardless of channel. In return for a superior experience, consumers are willing to offer insights into their traditional and digital preferences, and they're more likely to become vocal brand advocates. If businesses offer customers multiple ways to get in touch with them but don't have those channels seamlessly connected, customers often walk away disappointed by a fragmented and confusing brand experience. And disappointed customers result in big potential losses for businesses that struggle to navigate the new omnichannel world. (American Marketing Association, 2015). The best way to navigate the omnichannel environment is to take a customer perspective and view the activities of the company through the lens of the two core functions of information and fulfilment. In an omnichannel retail environment, customers can either visit stores to obtain information, or they can seek information remotely. They can also either visit a store to pick up items, or the store can "come to them" when products are delivered. Customers are omnichannel in their thinking and behaviour. Sellers need to be as well. Omnichannel features initially perceived as "nice add-ons" are becoming "must-haves." The question for sellers is no longer whether to operate an omnichannel strategy, but how to implement it most effectively. (R. Bell et al., 2014). The retail industry is shifting toward a revolutionary model in which the main goal is helping consumers, rather than focusing only on transactions and deliveries. To succeed in an omnichannel environment, retailers should adopt new strategies in areas such as pricing, designing the shopping experience and building relationships with customers. Technology is making omnichannel retailing inevitable and is

reducing the ability of geography and ignorance to shield retailers from competition. (Brynjolfsson et al., 2013). Although the physical store remains a key point of contact, its importance is diminishing. Stores will have to become much more attractive places for customers to justify a visit instead of buying online. Companies that are built on experiences or have experiential components will capture added economic value and win the hearts of consumers. The consumer decision journey used to be shaped like a funnel, now it's more like a fish. Both journeys start as consumer search for products by exploring different options but rather than ending with the purchase, consumers go on to share opinions about their experience online. (from a B2C to a C2B model). (D'Andrea, 2018). The key components in an omnichannel world are the following: consumer touchpoints, brand engagement and customer profitability. The study identified a number of brand touchpoints, including traditional media, in-store, telephone, salesforce, catalogues, customer service, payments, returns, loyalty programs, digital, e-mail, paid and organic search, display ads, tradeshow, and interactive TV. Brand touchpoints can be categorized as personal and non-personal. Personal brand touchpoints are those in which consumers and brand personnel have direct contact, face-to-face or digitally. Non-personal brand touchpoints are those in which consumers interact with the brand without a personal encounter at the time of contact. Consumer-brand engagement by itself is an insufficient measure of the effectiveness of omnichannel strategies and tactics. Although consumer-brand touchpoints may impact engagement metrics, in the end the long-term success of a firm's marketing efforts depends on profitability measures such as conversions, margins, ROI, sales, customer retention, and customer lifetime value. An omnichannel perspective requires the assessment of customer profitability not as a summation of the profitability of each channel but as an aggregation of all touchpoints. (Manser Payne et al., 2017). If the brand cannot reconcile all data points to one human being, how does it deliver a personalized

experience? It is important for firms to understand the drivers and consequences of a successful omnichannel marketing strategy and address a number of central challenges. These challenges can be the customer-centric approach and what determines the success of business organizations, their customers, not their products or services. Unify all touchpoints across all channels, firms need a complete customer data integration that helps them to obtain a 360-degree view of all their customers and their behaviour across all marketing channels. This information helps firms to identify why some channels are generating more sales for the company and, thus, to offer a profitability analysis of each channel's contribution to firm performance. Deliver personalized customer experiences is at the heart of a successful omnichannel customer management strategy. (Melero et al., 2016). The impact of emerging technologies on consumer behaviour expanded the boundaries of competition in the retail industry which plays a crucial role in maintaining competitive advantage. Many manufacturers build their own retail presence as a direct-to-consumer channel by integrating their ERP systems with the emerging omnichannel technologies. In light of these developments, retailers need a better understanding of success determinants and a data-driven performance management with next-generation key performance indicators (KPIs) covering both B2C (front-end) and B2B (back-end) performance. All the performance metrics should be aligned with strategic priorities including sustainability, efficiency and effectiveness, responsiveness, and flexibility. The omnichannel retailing industry can contribute to sustainable consumption and production through fewer physical stores, less distributed inventory, and, most importantly, by developing customer education and awareness regarding sustainability. The key environmental issues for sustainable retailing are the adaption of a fundamental environmental attitude, use of energy, use of input material, product, packaging, transport, consumption, and waste. Efficiency is a measure used to determine how well resources are being used. The omnichannel retail supply chain provides opportunities to ensure all these efficiencies while making it possible to meet

the customer demand at the right time and at the lowest possible cost. Omnichannel retail supply chains should be designed to have one integrated inventory and customer information database across all channels. Success in omnichannel retailing depends on collection and analysis of customer journey data to measure the effectiveness of each touch point. From retailers' points of view, responsiveness has been characterized by short time-to-market, the ability to scale up (or down) within strict time limits, and the rapid internalization of consumer choices and flexibility as "the ability of an entity to proactively, reactively or inherently embrace change in a timely manner, through its internal components and its relationships with its environment." (Adivar et al., 2019).

1.9 FUTURE RESEARCH

The findings of the study provide strong evidence that channel integration quality positively influences customer engagement which in turn leads to higher levels of repurchase intention and positive word-of-mouth. Customers have ample opportunities to interact with omnichannel retailers through different online channels, in particular the younger generation. (W.Y. Lee et al., 2019). This study considers profound discussions of digital business models as very important for the development of the understanding on the value creation of new digital players and their resources. Deep case studies are required in term of the measurement of the capabilities of digital firms to realize high performance able to drive them to success; also, global digitalization and cross-border e-commerce sales require more attention as well. In addition, more attention is needed for potential negative externalities of digital business models, such as logistical challenges of more digital sales, decreasing presence of physical stores, and the exclusion of specific customers segments due to digital literacy. (C. Verhoef & H.A. Bijmolt, 2019). Many retailers recognize that they will not be able to compete efficiently on the price or the assortment dimension with pure online retailers or with platforms. Hence, they increasingly focus on customer experience to interactively and virtually engage customers

with the brand and the product. Researchers could explore how physical stores can exploit their exclusive value-creation potential in terms of providing experiences and empowerment, enabling them to succeed in an increasingly digital world. Studies could develop measurements of experiential customer value and assess which of the various in-store experience attributes (sensory, emotional, cognitive, behavioural, relational) contribute most to perceptions of customer value. (Reinartz et al., 2019). Future studies might investigate the online-offline channel combination not only as a unidirectional sequence (from online to offline, or from offline to online) but examine also the effects of varied channel combinations. For example, consumers may search for product information online, go the physical store to test the product, and then make the purchase online or may search for information online while they are in-store and interacting physically with a plethora of stimuli. (Flavián et al., 2020). Empirical research is needed on the independent and interactive impact of consumer-brand touchpoints on customer profitability. (Manser Payne et al., 2017). Determining which channels will deliver the highest return on investment becomes ever more important. A recent survey showed that many European retailers continue to look at such output metrics as net sales and average order value, even in their online operations, rather than the input metrics that truly influence success, such as customer retention rates, Web and mobile traffic volume, time spent on site, and customer conversion. Companies need to encourage rapid experimentation without fear of failure. (Bellaiche et al., 2013). Although firms have integrated new channels into their daily operations (mobile phones, tablets and social media) due to recent and significant technological advances, it is still a challenge for managers to develop an omnichannel strategy with their customers. Both the traditional physical store and the digital channels play key roles for the development of an omnichannel strategy. Companies, therefore, must understand the importance of coordinating traditional channels (physical stores) with innovative ones. (Melero et al., 2016). Looking forward, there are still a lot of interesting questions to be explored in

the omnichannel context of the luxury industry. To name a few, competition between traditional store-only luxury firms and firms with omnichannel strategy, as well as competition between online luxury retailer and luxury firms with omnichannel strategy, impact of product valuation uncertainty on the operational decisions, and impact of consumer behaviour on luxury supply chain design, last but not least, impact of new technology on luxury supply chain decisions, such as blockchain, artificial intelligence and augmented reality technologies. (Ying Wei & Feng Li, 2020). Additionally, empirical evidence to support the evaluation of successful omnichannel retail performance is an important focus for future research. (Adivar et al., 2019). More researches are required to know more innovative outcomes of the channel integration within omnichannel services marketing. (Taufique Hossain et al., 2017).

KEY FINDINGS	FUTURE RESEARCH	AUTHORS
Old generation seems to prefer traditional solution indeed young generation seems to prefer new digital solution.	Studies could investigate how companies can deal with this gap and which will be the future behaviour of the company in term of investments in each of the sales channel and in the management of all the channels.	Peter C. Verhoef, Tammo H.A. Bijmolt (2019)
With the advent of digital transformation, companies try to face with competition through the implementation of new digital business model.	Studies could investigate how much efforts a company has to face in order to implement new software like the ERP, in terms of time and costs and if the implementation of these new technologies will have benefits for the firms. (Profit must to be higher than the cost of capital).	Burcu Adivar, Işık Özge Yumurtacı Hüseyinoğlu, Martin Christopher (2019)
Due to the rise of new technologies customers are evolving needs and they required more attention and quick responsiveness in different channels to save time and money and achieve a unique experience with the brand.	This study contributes to understand the raise of new metrics based on experience and not just retail metrics based on sales and the creation of a competitive advantage through a customer education and awareness that lead to customer retention.	Bethan Alexander, Marta Blazquez Cano (2019)

With the implementation of an omnichannel strategy, companies need to integrate online and of-line channels	Researchers could explore how physical stores can exploit their exclusive value-creation potential in terms of providing experiences and empowerment, enabling them to succeed in an increasingly digital world, understanding which of the touchpoints more contributed to the customer value perception.	Werner Reinartz, Nico Wiegand, Monika Imschloss (2019)
In the omnichannel contest companies need to enter into a strong e-commerce platform to be present in all the channels.	Studies could understand how much companies have to integrate the traditional operations with the online business in order to overcome the challenge of price competition and avoiding the problem of cannibalization.	Melero, Iguà Cel, Sese, F. Javier, Verhoef, Peter C. (2016)
Luxury firms find much more difficult to deal with the omnichannel customer experience because of the lack of exclusivity and rarity of their products for consumers.	Researches could investigate the competition between traditional store-only luxury firms and firms with omnichannel strategy as well as competition between online luxury retailer and luxury firms with omnichannel strategy.	Ying Wei, Feng Li (2020)

SECOND CHAPTER: QUALITATIVE ANALYSIS

2. CASE SELECTION AND DATA COLLECTION

The following companies in this study are fashion companies, some more linked to the B2C world, others with a more B2B footprint, which operate and are known internationally. A key criterion for each firm's participation was that, in particular in recent years, they started to introduce an omnichannel strategy in their business plan. In each of these companies this strategy is bringing excellent results in terms of ROI and an increase in turnover. Data, in the interviews, was collected starting from May of this year (2020). The interviews were conducted mainly via Skype, recorded and transcribed verbatim, with members of various levels of the case organizations, including senior marketing and digital managers, innovation managers and omnichannel and CRM managers, tracked through LinkedIn, until a point of saturation where

information began to appear frequently. A summary of the participating is provided in the below table:

FIRM	INDUSTRY	PROFESSIONAL ROLE	OVERVIEW	SALES € 2019	COMPANY SIZE
BOTTEGA VENETA	Luxury lifestyle brand made famous through its hand-crafted handbags and its distinctive leather weave design. Luxury Goods & Jewelry.	Interview with Alexander Gamucci, 7 years of experience as Client Development and CRM coordinator, Relational Marketing Coordinator and Global Client Marketing Manager at Bottega Veneta.	Kering Group is a pioneer both in online channel and offline channel. Having a customer who buys in both channels because firms can favour the type of purchase, certainly contributes a lot in increasing the value of the customer.	1.168.000.000	1.001-5.000 employees
DAINESE	Designed advanced protective wear for motorcycling, mountain biking, winter sports. Sporting goods company.	Interview with Nicolò Chiramonte, 4 years of experience as Digital Manager at Dainese.	Digital transformation helps to facilitate business processes and to become more efficient, faster and more effective able to reach goals in a faster and easier manner.	35.000.000	501-1.000 employees
TOD'S	Creates, produces and distributes shoes, leather goods and accessories, and apparel. Luxury Goods & Jewelry.	Interview with Nicolò Zanaboni, 2 years of experience as Global Retail Innovation & Operations Specialist at Tod's	There are players further ahead from the technological point of view, however data confirm the benefits of omni-channel strategies in	916.000.000	1.001-5.000 employees

			concrete terms of sales.		
LOTTO/STONEFLY	Sporting Goods	Interview with PierPaolo Guerra, 3 years of experience as Digital and Omnichannel Manager at Lotto.	Due to the fact that it's not a purely retail company, there is some delay in doing the strategy. Certainly by 2021 part of omnichannel will be brought into the company.	270.000.000	501-1.000 employees
ESSILOR/LUX-OTTICA	Medical Device, the world's leading ophthalmic optics company. Designs, manufactures and markets lenses.	Interview with Jimmy Fu, 1 year of experience as Digital Innovation Manager and Business Intelligence at Essilor-Luxottica.	Luxottica started omnichannel before than Essilor, because even if they are merged, they have two different businesses.	16.000.000.000	10.001+employees
LIU JO	Clothing company	Interview with Carolina Mirandola, 5 years of experience as CRM specialist at Liu Jo.	What they want and aim is consistency in all the touchpoints for the user.	34.000.000	500-1.000 employees
CALZEDONIA	Apparel & fashion	Interview with Matteo Molon, 10 years of experience as E-commerce Manager at Calzedonia.	Right from the start, e-commerce was not perceived as the opening of a new sales channel but as a service that had to integrate with the world of stores.	2.411.000.000	10.001+ employees
MISSONI SPA	Apparel & fashion	Interview with Massimo Olivetti, 1 year of experience as Head of Business & Omnichannel Innovation at Missoni.	The company is not moving to adopt an omnichannel strategy but to adopt services that can bring added value, they don't	150.000.000	201-500 employees

			have their own internal e-commerce but rely on outsiders.		
ETRO	Luxury Goods & Jewelry	Interview with Fabrizio Viacava, 2 years of experience as Chief Digital Officer at Etro.	This brand from a digital point of view has always been very firm and traditional in its choices until just over 2 years ago, when the general manager together with Mr. Etro decided to set up a digital division, a new company function, and to have a director (top manager) who could only deal with the digital strategy of the brand at 360 degrees.	190.000.000	51-200 Employees

2.1 QUALITATIVE RESEARCH ANALYSIS OF THE INTERVIEWS: DISCUSSION

After having analysed, through several interviews to the managers of fashion companies, some gap from the literature in order to fill the studies of previous articles of the scientific literature and give space for new future research, I will try to combine the key points of my research providing an interesting perspective to the findings. From what emerged, it would seem almost impossible to think of the lack of omnichannel within a company, given the importance that each of the companies interviewed guaranteed and the strong need of each to in-

clude it in their business plan to remain competitive in the market. Focus of marketing research on digital transformation has been mainly on omnichannel strategies with the aim to attract and retain customers and on the understanding of digital customer journeys, determining the contribution of each channels to the final purchase. All the companies mentioned are committed to offering the same service both online and offline, thanks to the presence of a strong customer service to support this strategy. In order to become omnichannel, companies make the most of digital transformation to achieve goals by putting customer at the centre of the experience. Customers, who are increasingly changing their behaviour, are the driver of the process and they seem to prefer digital solutions to traditional solutions. To succeed in an omnichannel environment, retailers should adopt new strategies in areas such as pricing, designing the shopping experience and building relationships with customers.

2.1.1 NEW DIGITAL TECHNOLOGIES

Technology is making omnichannel retailing inevitable and is reducing the ability of geography and ignorance to shield retailers from competition. For Bottega Veneta, some example of service provides by the company is the “book an appointment”, to give the possibility to customers to book their appointment online, in this way customers have the possibility to get a private and customize date in store in their area of preferences and with due safety precautions, in an omnichannel perspective. Also, the “click and collect” service allows the purchasing online and collecting it in the store, reserving a product in store that the customer is interested in, so he or she can go to the store and looking for the product understanding if purchasing it or not (Gamucci, 2020). Dainese, has implemented new tools and processes, teaching to its employees the adoption of this new technologies to best achieve the goals: creating an IT-specific plan, revolutionizing the supply chain and inserting a digital e-commerce (Chiaromonte, 2020). For Tod’s, omnichannel is a planning that includes all company departments, all those aimed at the market, not only retail and e-commerce but also CRM, supply chain,

merchandising, training, in addition to the fact that company needs to have a very good and ready stuff in the stores, especially for changes even within the same planning (Zanaboni, 2020). For Lotto, due to the fact that it's not a purely retail company, there is some delay in doing so. Certainly by 2021 part of omnichannel will be brought into the company, at least at information, users and customer's level (Guerra, 2020). For Essilor, a process customer really cares is about the experience, for this reason it's not like for Luxottica where sunglasses are easily sold online, but with lenses you need to try, so for Essilor the omnichannel strategy is very crucial. An important thing is the CRM system, they are trying to connect these two parts (the CRM and the store) to make the same experience in each of the channel (Fu, 2020). For Liu Jo, what they came up with is a desire to put the customer at the centre, therefore a strategy that is first and foremost customer centric, to overshadow all the primary interests of the departments (Mirandola, 2020). For Calzedonia, it's a need that then became a strategy because up until 2013 they introduced new services such as the online ordering of items in store, rather than the multi-channel gift card, and in the last two years the rebranding of the office that has gone from an e-commerce office to an omnichannel customer experience area and e-commerce with greater awareness of the importance of being aligned with the sales point (Molon, 2020). For Etro, the brand from a digital point of view has always been very firm and traditional in its choices until just over 2 years ago, when the general manager together with Mr. Etro decided to set up a digital division, a new company function, and to have a director (top manager) who could only deal with the digital strategy of the brand at 360 degrees. New people with digital skills arrived and they also structured a strategy for 5 years and how they should get there. From January 2019 the quite deep and complex digital transformation project started, they rebuilt a site from scratch both from the technological point of view and from the processes/logic and experience for the customer. They went from an old site that sold very little, was inefficient and very slow, to a completely different site made to sell,

where the product is the king and the services are the added value for the customers and everything behind it works according to this trajectory. They have implemented a CRM from scratch, and to date it is one of the keys to their success with reliable data. They introduced marketing automation with a customer journey on those customer segments that were on their CRM by communicating in a detailed way that works more. They also introduced the concept of multilingual because Italy is not their main market, indeed the brand is exposed a lot in Japan, in the United States, Europe: UK, Spain, Germany, France, Austria and Italy. They have also introduced new forms of payment, introduced partnerships with marketplaces such as FarFetch in the western world, Timon on the Chinese world, have introduced a DAM (digital asset management), a container where all company functions insert their digital assets (Viacava, 2020). In Missoni, mainly a B2B company, some services were activated about 2-3 years ago, 5 years later than the others, they have integrated FarFetch in some stores starting this year so they buy online and the goods are shipped from the store. They don't have a platform of their own, there are some things they can't do. Another service is for example the book an appointment (Olivetti, 2020). Now, it's possible to say that it is one of the most important projects that, especially the world of luxury and fashion industry is trying to complete, with the help of all the teams present in the company, with an efficient logistics department as a starting point for the realization of this strategy. Data confirm the benefits of omnichannel strategies in concrete terms of sales.

2.1.2 SOME OBSTACLE IN OMNICHANNEL STRATEGY IMPLEMENTATION

To arrive at a true complete omnichannel it will take some time, but it is a process that now must be developed. However, this process is not without risk; retail firms have invested strongly in omnichannel strategy, but this strategy is not always successful given the inherent complexity in causing survival problems because too much cash flow is burned in these in-

vestments, leading to liquidity problems. Indeed, the main obstacles emerged are the following: for Dainese, monitoring systems as first obstacle because it requires from 2 to 3 years and the other huge obstacle is training people; employees come from decades of reality, with different experiences, once you have been used to work in a way for decades it's difficult to radically change in a short period of time (Chiaramonte, 2020). For Tod's the main important obstacles to overcome are: the ability to make all the offices involved speak, therefore having a good project manager who makes everyone talk. Secondly, having a strong logistics department (Zanaboni, 2020). In Lotto, cultural obstacles for sure, in the sense that it is a company that has always had a strongly B2B nature, and has always focused heavily on the wholesales and less on the retail but we know that omnichannel is closer to retail companies, the more a company is retail the more is ready to implement an omnichannel strategy and, as opposite, the more the company is B2B the more it's difficult to absorb this kind of dynamics. The company needs dedicated business functions and dedicated IT functions, and this is the most difficult part on a cultural level (Guerra, 2020). Essilor has the same obstacle of Lotto. In Liu Jo, the initial obstacle is the change in the mentality of the company, after which, as everyone aligned slowly, it was easier to proceed with the various services and the various measurements (Mirandola, 2020). Calzedonia, from a cultural point of view, is still very much a brick and mortar company and therefore very oriented towards the physical retail channel, the aspect on which they have to make progress today is related to cultural change and training and the adoption of the services released at the point of sale. To achieve full integration, they must explain how the new features work to those who manage the stores as well (Molon, 2020). For Etro, cultural obstacle, especially when new ways of working are introduced, new tools like Trello, a bit of an abandonment of emails to communicate (create disruption). Change is by definition a source of stress (Viacava, 2020). For Missoni, "on a technological level, the fact of not having an e-commerce managed at home but an outsourcer, it's a problem because

being a supplier doesn't exactly do everything they want. To date, they do not have a strength to manage an e-commerce at home due to the IT and digital team that is not large and developed enough. They cannot bring it home either for a matter of cost or for an internal matter. Another obstacle is the logistics/distribution network as to offer certain omnichannel services you must be present on a worldwide basis (Olivetti, 2020).

2.1.3 COMPETITIVE ADVANTAGE

The key components in an omnichannel world are the following: consumer touchpoints, brand engagement and customer profitability. The study identified a number of brand touchpoints, including traditional media, in-store, telephone, salesforce, catalogues, customer service, payments, returns, loyalty programs, digital, e-mail, paid and organic search, display ads, tradeshows, and interactive TV. Brand touchpoints can be categorized as personal and non-personal. Personal brand touchpoints are those in which consumers and brand personnel have direct contact, face-to-face or digitally. Non-personal brand touchpoints are those in which consumers interact with the brand without a personal encounter at the time of contact. Consumer-brand engagement by itself is an insufficient measure of the effectiveness of omnichannel strategies and tactics. Although consumer-brand touchpoints may impact engagement metrics, in the end the long-term success of a firm's marketing efforts depends on profitability measures such as conversions, margins, ROI, sales, customer retention, and customer lifetime value. An omnichannel perspective requires the assessment of customer profitability not as a summation of the profitability of each channel but as an aggregation of all touchpoints. The companies mentioned have found significant competitive advantages in terms of ROI created by the introduction of new digital technologies in an omnichannel perspective; to cite some example, Bottega Veneta has an average ticket much higher than about one and a half times, so if an offline customer usually spent €1000, a customer who buys both online and offline spends €1500 (Gamucci, 2020). Dainese has an e-commerce which have led to a considerable

increase on sales over three years of 300% (Chiaramonte, 2020). Tod's said that for luxury players e-commerce weighs between 6 and 10% (Zanaboni, 2020). Lotto perceived that new technologies give excellent results with an increase of sales ranging from 25% to 35% implementing an effective omnichannel strategy (Guerra, 2020). For Liu Jo digital technologies are important for being always informed about the customer, for being fast and understand how the user moves (Mirandola, 2020). Calzedonia realized that a customer who buys on both channels is worth much more that at least 25% more than a customer who buys on a single channel (Molon, 2020). Etro, in terms of traffic on the site, has increased visits by 40%, this means that they have done a strategic job by increasing traffic in terms of quality. The turnover generated grew by 90% compared to last year and last year they closed the year with a +74%. Small improvements give big increases. The conversion rate grew by 0.3%, 9an exponential increase (Viacava, 2020). Missoni has more revenues, helps the repositioning of the brand, to approach a younger and more digital clientele, increases the perception of the brand closer to innovation (Olivetti, 2020). To cover the initial cost of the investment, companies take about 5 years and in this timing they all agree.

2.1.4 NEW TOUCHPOINTS FOR PERFORMANCE MEASUREMENT

Customers are increasingly demanding and informed and expect the same from the company; they arrive in the store with the item already displayed online. Success in omnichannel retailing depends on collection and analysis of customer journey data to measure the effectiveness of each touch point. There are new corporate performance measures in addition to sales and perhaps more important through the use of new touchpoints; for Bottega Veneta arise three new fundamental metrics to evaluate company performance not solely on sales but with the following new factors more customer-centric: recruitment, the percentage of new customers who purchase for the first time the brand, engagement, the percentage of people who make the

purchase for the second time and in how much time they make this second purchase, and retention, the reactivation of the customer. At first, retention was measured year after year, but in the last six months Bottega Veneta starts to measure it on a two-years scale because it realizes that the frequency in one year is not so elevate in particular in the luxury market due to the poor possibility of people to buy this kind of bags or items clothing several times during a year, for this reason they have extended retention time frame to build strategy on a higher spectrum. There are also others metrics in some channels, as newsletters, social media strategy or pay-per-click in a way that all the KPI are present both online and offline using an attribution model of Google Analytics or Facebook, with attribution models that changes according to the channel but always with an omnichannel perspective (Gamucci, 2020). For Dainese, an important metric is the AOV: average order value, the net value of the transaction, in the average shopping cart is what an average person spends (Chiaromonte, 2020). For Tod's, CRM will be the tool to measure all the points of contact with the customer (Zanaboni, 2020). For Lotto, there are a series of indices that the company collects daily: frequency in the collection of information (first collection of information automatically and then with the generation of some reports either automatically or manually), number of accesses to the site, conversion rate and optimization, the most important in the sense in % of how many people buy. How many people start a purchase process for every 100/1000 visitors to the site; it is an instantaneous data: we always measure it and we always try to improve it. Another index studied is the bonus rate, i.e. the % of users (both store and e-commerce) who immediately abandon without taking any action: in the shop can be a person who does not even take a look at the shop window and goes away and in an e-commerce a person who enters it almost by mistake and leaves immediately in a few seconds. Another index is the average receipt and the number of items per order. The user life value is also important, evaluates how a user's life value changes over time, if he makes multiple purchases, if he makes them in blocks or every

6 months, an index that is more difficult to read but which gives a lot of information about the user. The other indices are almost all qualitative, such as average number of returns, average number or average trend of shipments. Marketing automation is the ultimate goal of omnichannel, being able to put on track all those targeted activities that the user can do (Guerra, 2020). For Calzedonia, the NPS: net promoter score, used online to determine how much the customer is inclined to recommend the company to friends, acquaintances and family members (Molon, 2020). For Etro, the main KPI is ROS (return on sales spent in advertising), CRM with increasingly quality information, the world of direct marketing where I can look at, for example, the dropout rate, newsletters that are crucial to understand if you are on the right path or not (Viacava, 2020). For Missoni, as KPI, the supply time of the store is tracked, how long you can fulfil the request of a store that wants a specific item often at the request of some customer or because the item is selling. Other KPIs are for example the conversion rate or the sales campaigns (Olivetti, 2020). If the brand cannot reconcile all data points to one human being, how does it deliver a personalized experience? It is important for firms to understand the drivers and consequences of a successful omnichannel marketing strategy and address a number of central challenges. These challenges can be the customer-centric approach and what determines the success of business organizations, their customers, not their products or services. Unify all touchpoints across all channels, firms need a complete customer data integration that helps them to obtain a 360-degree view of all their customers and their behaviour across all marketing channels. This information helps firms to identify why some channels are generating more sales for the company and, thus, to offer a profitability analysis of each channel's contribution to firm performance.

2.1.5 THE ROLE OF THE PHYSICAL STORE

Deliver personalized customer experiences is at the heart of a successful omnichannel customer management strategy. Customers, who are increasingly changing their behaviour, are

the driver of the process and they seem to prefer digital solutions to traditional solutions. As more and more customers prefer the convenience of digital shopping due to better information availability about a product, the ease of the exchange of goods and services, larger assortments, greater transparency across vendors from the consumer's perspective, and potentially lower prices because of lower fixed-cost operations, many physical retailers are seeing a decrease in people trafficking. The role of the physical store in omnichannel retail is being redefined as it becomes part of a larger and more connected experience, it represents a key channel for retail innovation. Adopting an exploratory approach, this paper aims to develop a clear understanding of the different ways in which the physical fashion store will evolve in the future within omnichannel retail and to identify the prerequisites of the designed retail environment in optimizing customer experience. Another important contribution of this study, due to the lack of specific research in the area, is the acknowledgment of the growing tension between traditional retail metrics based on sales and new metrics based on experience. To remain competitive, stores have to pay attention to certain aspects such as: Bottega Veneta wants to teach to sales assistants, because the fact of having omnichannel services and allowing and giving the customer the opportunity to buy online is still a benefit offered to the customer and that increases loyalty of the customer himself; firm trained his sellers in a way that in cases like this, sales assistants buy together with the customers the product desired and resulting unavailable, in the online channel directly in that moment from the store. What they try to teach to their sales assistant, it means a culture that engages customers with the brand and building a strong human relationship between customers and their trusted sellers (Gamucci, 2020). Dainese said that the customer expects to find continuity in his experience, expecting online to do the same things he would do in a shop and vice versa. When a customer enters in a shop, he doesn't know what services it can offers to him, but customers see

the brand and go inside. They are looking for a seamless experience, without any stop, knowing in advance which are the customers and what is their problems without having to repeat it. More than expecting something from the store, consumers expect something from the company, a continuous experience regardless of the channel, in every sales channel. They want to implement the possibility for a consumer who buy online to make the return online or in the store, and if they enter in a store without finding for example an item of the desired colour, have the opportunity to make the in-store order together with the sales assistant, which will then be sent directly at home (Chiaramonte, 2020). For Tod's, stores can remain competitive by increasing communication between the various countries, and then the key step is that the stores will have to start behaving like real digital players, enhancing as much as possible and investing in the omnichannel capabilities discussed, because the challenge will be start thinking about how stores serving digital channels can be exploited, not as companies have done so far, where e-commerce for luxury stores has always been an accessory (Zanaboni, 2020). For Lotto/Stonefly, the physical store will always have levers that the digital world does not have, that is, the possibility to touch the product, to try it, to see it, a whole part of experience that can hardly be obtained with an intangible channel: experiential marketing, providing the customer something he cannot have if not physically present in the store such as perfume, music, use of all the senses and user service. There must be a connection between the channels, the possibility of having within the store APPs that already provide user data and already identify who it is, standardize payment systems in order to integrate perfectly (Guerra, 2020). For Liu Jo, the user increasingly asks and is informed, demands and expects the company to be prepared. In the shop they realized that customers already arrive with the item found in e-commerce rather than a photographed on social media; these channels have changed the traditional store and are aware of it because requests arrive where the customer expects you to already know that he has purchased online, rather than you know or can trace the size that has

purchased so far, increasingly demanding customer (Mirandola, 2020). For Calzedonia, through experience, transforming stores into distribution points in such a way that the last mile is shorter than the last mile; e-commerce today is based on large distribution sites that take orders, collect them and then serve the final customer. By having points of sale and intercepting online customer orders, they are able to ship products much faster, saving a lot of money and satisfying the final customer who receives the product in a very short time. Going to the store above all to receive an experience that you cannot have online, where there is no touch of the product, no perception, perfume, smell. Or through the tailoring and partnership service that allow you to customize the customer's product and enhance the customer's time (Molon, 2020). For Etro, both channels will remain competitive, creating more and more synergy with each other, meaning the online world enjoys many advantages but today lacks an essential human component; in the next 10 years the biggest challenge that digital will have will be to humanize itself, which is an epochal challenge because bringing a human touch into technology, machines where today we talk about artificial intelligence is certainly a challenge. On the other hand, there are shops where human experience is king and it is the main feature of the shop and instead a whole range of services and speeds typical of the digital world are missing. (the fact that e-commerce is always open, it is possible to receive the package at home and having a chat with which to talk, except, etc). The union of these two worlds can only be good for both, the shops will have to be rethought a little in terms of spaces, layouts maybe a little smaller, shops with a little more experience, it is not certain that the store will be the final point of purchase but where I discover the brand, live and breathe the scent that otherwise would be impossible to perceive. Probably many stores in a broad sense will close, the most important and strategic ones will remain, those a little smaller in terms of square meters will remain, the layouts inside will change and they will also be searched through technology, but not only, because the human part is always the strongest, the sense of experience

and branding inside the stores. On the other hand, online will be increasingly dedicated to service (Viacava, 2020). For Missoni, they are transforming on a technical/technological level, with more advanced checkout solutions, clienteling situations, virtual walls where you can transmit the experience of a fashion show or a communication strategy with the same audio systems in all the stores in order to give the same customer experience (Olivetti, 2020). Stores must have highly trained staff to convey the value of the brand to the customer in such a way as to create a relationship of trust and attachment to both the brand and staff.

2.1.6 HOW TO OVERCOME THE CANNIBALIZATION OF PRICES

The customer expects continuity from the brand in all sales channels, promoting the same catalogues and promotions both online and offline. The stores must behave as real digital players, serving the online world, to guarantee a seamless experience. Furthermore, it is important that the company manages to keep consistent pricelists, in order to contain the problem of price cannibalization. Other challenges to integration include price competition and avoiding the problem of online and offline businesses cannibalizing each other's' customers. The erosion of physical retailing through the rise of online and mobile shopping has placed institutional retail under significant pressure to redefine its position in the omnichannel environment, raising a need for stationary retail to combine its formats with an integrated online channel foster channel synergy rather than cannibalization. For Lotto, there are many ways to control or eliminate cannibalization; the company must keep coherent pricelists, must have the strength not to yield to easy discounts or easy commercial policies. If the company first does not sell products to retailers at particularly discounted prices, the problem is eliminated and no one will sell something at a loss, rather it does not sell it. Sometimes we think that by not discounting a product we cannot sell it, however many times we would have to sacrifice a sale that we could only make by discounting because when I am able to sell a product only if I discounted it heavily, it means that there is an underlying problem. (I am not from the right

customer, I am not proposing the right product, the context is not suitable for that product). It is always a problem of the company if price cannibalization exists, because a company could control them (Guerra, 2020). Also, for Liu Jo, a company overcome the problem of cannibalization trying not to put different prices within the various sales channels, but they try to follow their logic of creating equal prices in all channels by applying the same logic also for promotions, standardizing them (Mirandola, 2020). Calzedonia decided to remain aligned on three fronts: from the point of view of prices with the same prices online and in the points of sale, from the point of view of promotions and from the point of view of the product, it means that online there are no exclusive products that cannot be found in the points of sale precisely to protect against cannibalization. They are not interested in the customer moving from one channel to another, they are interested in serving the customer. If a company also works in a wholesale way, it exposes itself to the risk of having a different pricing policy, which is why they have avoided going down this path. From his point of view, all brands should work in this direction (Molon, 2020).

2.1.7 THE DEVELOPMENT OF NEW SKILLS

The real challenge to facilitate the company in achieving the omnichannel strategy is also very conditioned by the internal culture and by the skills/qualities of the employees. In Tod's, important skills are the aptitude for information that is fundamental even if it is not always so common within companies, aptitude for innovation and for the reference market. It is also difficult to find people within the fashion sector who are really interested in fashion and luxury and this would be fundamental. Another habit, a skill that in Italy has yet to develop well because it is more an American thing where it is more frequent, it is the possibility of giving young people their own opinion which, however its way be, must be requested even when dealing with people at high level position inside the company. Especially in Italian brands, the opinion of those who are closest to new technologies and market changes must be listened to.

Another important skill is to train perspective, in the sense that, in particular in this period, makes the difference who has the capability to work with a vision on future proposals, it means looking beyond own tasks and projects, and knowing how the market will respond to this issue. Learning to develop a perspective which usually belongs to entrepreneurs or business executives, but if this ability was also developed by employees it would certainly help because very often advices are listened at the end (Zanaboni, 2020). For Dainese, the challenge is to bring managers who come from different managerial experiences and somehow be able to change the internal culture as leaders and gradually allow with the experiences they had, to revolutionize the company (Chiaramonte, 2020). For Liu Jo, certainly, the passion for new technologies, but indispensable is also the will to make changes and be driven by the desire for curiosity (Mirandola, 2020). Calzedonia said that should be developed new type of craftsmanship in the ability to produce content from photos, videos, texts but also programming to give an online experience close to what the brand wants to give. In addition, data analysis to make decisions, and the aspect on which to insist will be IT; ability to make information travel quickly within the company and integrate all departments, a true transition from analogy to digital across the entire company (Molon, 2020). For Etro, it is essential that companies and people within companies continue to grow constantly, it is vital that people in a role have the hard skills of that role, that is, more and more often we talk about soft skills that are fantastic but forgetting to check if there are hard skills, or those that made the difference especially in the digital environment where it is an extremely competitive world, a world that changes rapidly, it is important to always be updated and continue to study and understand new skills (Viacava, 2020). For Missoni, data analysis, attitude to change, approach to technology (Olivetti, 2020).

2.1.8 BEST PRACTICES LEARNED

In conclusion, Tod's said that companies which invested during these years in this project have understood that luxury markets are certainly more conservative than others, so who first has had more courage inside this market is more in an advantageous situation, in terms of technologies and communication, better doing it wrong but quickly (Zanaboni, 2020). For Essilor, the best practice is to connect the customers relationship management system offline and online creating the same experience for costumers in all the touchpoints. It's a combination of CRM programs (Fu, 2020). For Liu Jo, companies would certainly have weighed the initial investment better with a more careful evaluation in choosing the right partners and with greater integration and collaboration between the various departments (Mirandola, 2020). Calzedonia suggests to do it wrong but quickly, change, evolve. It's better to open a site in Holland only in English than to wait some time to open it perfectly also in Dutch maybe six months later. There is no big issue that they would have done differently, they got their step by step but in the meantime the company has evolved so the things they are proposing today would never have been accepted 5 years ago even though they already had them in mind. Step-by-step approach. They didn't make any big mistakes thanks to this gradual approach (Molon, 2020). Etro said that the mistake is one of the most precious things that can be done, when it is detected as an error. Among the things they would not do, is speed, in the sense that they have been running very fast to deliberate on a number of strategic projects, sometimes running is not the best thing in the world, one has to take some time to analyse the context and understanding who you are as a company, what your organization is, understanding where you can go, and where you want to go. When you have been there for this time you are longer in things but they are certainly much better (Viacava, 2020). Missoni would have opened some stores in areas a little more strategic and a little less cool given the power of the online market in certain areas such as, for example, in the last two years stores have been opened in

America and have not been opened in China, an error seen that the online market in China is very strong compared to offline or in Korea (Olivetti, 2020).

2.2 CONCLUSIONS

Digital transformation cannot always be monetized, sometimes it involves putting in practices heavy and infrastructural ecosystems which are not necessarily the last mile that leads to a conversion. Digital transformation helps to facilitate business processes and helps companies to become more efficient, faster and more effective able to reach goals in a faster and easier manner, even if it is difficult to measure. Certainly, the challenge is the capability to give customers who are looking online the same type of service in a certain sense which is then also transmitted in the store because clearly all the people who work in the shops are trained to have a certain behaviour which is then very difficult to replicate digitally. To support this strategy, the most important thing a company must have is an efficient customer service, a coalition of vendors who works together as a team, who are completely available to customers who want shopping online. Be present in different channels simultaneously is an investment that is expected by the customers, in particular in the luxury segment today it is considered a must have and it is no longer view as a benefit as in the past. The customer expects to find continuity in his experience, expecting online to do the same things he would do in a shop and vice versa. When a customer enters in a shop, he doesn't know what services it can offers to him, but customers see the brand and go inside. They are looking for a seamless experience, without any stop, be already known by the company in advance and what are their problems without having to repeat them. More than expecting something from the store, consumers expect something from the company, a continues experience regardless of the channel, in every sales channels. The real difficulty is the abnormal cost of system integration and maintenance costs, the reality is that for medium-small but also large companies they have an exorbitant

cost. It is no longer about quantifying or not the importance of omnichannel, because it's an assimilated process on an ideological level; for large luxury companies it is one of those projects that, if you want to remain competitive in the market, or it is already being implemented (and here there are some who are ahead of others) or in any case it has already been implemented. It is the main projects in which companies, in particular luxury brands, are working on, in several teams as e-commerce, retail, marketing and others involved. A big change must be made by integrating the channels and putting the physical store at the service of the online for the first few years, making feel the perception to customers and the famous experience we have been talking about for years will have to be increasingly accentuated in a concrete way by offering services that really have added value, that lead the customer to want to have a shop experience because they feel they are treated in a certain way and because it can actually have an advantage over a banal online purchase. The omnichannel approach is not only to be observed with respect to the return on investment, therefore the time it will take to break-even, but more in terms of whether the company will still exist in the future; thinking of a management that sees e-commerce on one side and stores separately on the other side risks being a short-sighted and suicidal approach. It is not just a point of view of how much more I will be able to sell but also maintain the same level of sales before. Both channels will remain competitive, creating more and more synergy with each other, meaning the online world enjoys many advantages but today lacks an essential human component; in the next years the biggest challenge that digital will have will be to humanize itself, which is an epochal challenge because bringing a human touch into technology and machines where today we talk about artificial intelligence, is certainly a challenge.

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Interview to Alexander Gamucci, Head of Global Client Marketing Manager at Bottega Veneta based in Vicenza (15 minutes of interview).

Interview to Nicolò Chiaramonte, Digital Manager at Dainese (About 1 hour of interview)

Interview to Nicolò Zanaboni, Global Retail Innovation & Operations Manager at TOD'S Group (35 minutes of interview).

Interview to Pier Paolo Guerra, Digital and Omnichannel Manager at Lotto/Stonefly (35 minutes of interview).

Interview to Jimmy FU, Digital Innovation Manager at Essilor/Luxottica (35 minutes of interview).

Interview to Carolina Mirandola, Omnichannel and CRM Specialist at Liu Jo Spa (About half an hour of interview).

Interview to Matteo Molon, E-commerce Manager at Calzedonia Group (About half an hour of interview).

Interview to Fabrizio Viacava, Chief Digital Officer at Etro (About half an hour of interview).

Interview to Massimo Olivetti, Head of Business & Omnichannel Innovation at Missoni SPA (About half an hour of interview).

APPENDIX: VERBATIM TRANSCRIPTS OF THE INTERVIEWS

BOTTEGA VENETA

QUESTION: How much is it important for your company to implement an “Omnichannel Customer Strategy”?

ANSWER: The omnichannel customer strategy in Bottega Veneta, a luxury Italian company in the fashion industry, has already been implemented since two-three years starting from now, the whole Kering Group is a pioneer both in online channel versus offline channel, it means the online channel drives offline channel (physical store) as physical stores drive online channel. Certainly the challenge is the capability to give customers who are looking online the same type of service in a certain sense which is then also transmitted in the store because clearly all the people who work in the shops are trained to have a certain behaviour which is then very difficult to replicate digitally. To support this strategy, a company has an efficient customer service, a coalition of vendors who works together as a team, who are completely available to customers who want shopping online. Basically, what happens, the like challenge, is for example that a site is managed by a BOT and as soon as a person writes it is directed to the customer service team that covers all the areas and zones of the world. Some omnichannel services can be the “book an appointment”, to give the possibility to customers to book their appointment online, in this way customers have the possibility to get a private and customize date in store in their area of preferences and with due safety precautions, in an omnichannel perspective. Also, the “click and collect” service allows the purchasing online and collecting it in the store, reserving a product in store that the customer is interested in, so he or she can go to the store and looking for the product understanding if purchasing it or not.

QUESTION: How can new digital technologies create a competitive advantage for the company?

ANSWER: The return of the investment (ROI) appears high enough because being present in different channels simultaneously is an investment that is expected by the customers. In particular in the luxury segment today it is considered a must have, it is no longer viewed as a benefit; in the past it was considered a benefit for the customers have this type of services, now is considered essential. The company believes all luxury brands have services or prospects available to customers, they have seen that an omnichannel perspective that covers all the channels has an average ticket much higher than about one and a half times, so if an offline customer usually spent 1000 € a customer who buys both online and offline spends 1500 €. This means that having a customer who buys in both channels because firms can favour the type of purchase, certainly contributes a lot in increasing the value of the customer.

QUESTION: How can your physical stores coexist with the digital transformation process to remain competitive?

ANSWER: Bottega Veneta idea about what they want to teach to sales assistants, is that the fact of having omnichannel services and allowing and giving the customer the opportunity to buy online is still a benefit offered to the customer and that increases loyalty of the customer himself; what they want to convey is that for example may happen that the customer goes to the shop looking for a product which is not available in the shop but they find it available online. Firm trained his sellers in a way that in cases like this, sales assistants buy together with the customers the product desired and resulting unavailable, in the online channel directly in that moment from the store. Initially company had to give a commission to the sellers saying if they had taken this approach, they would have received a percentage on the sale to encourage this behaviour. At the beginning they were not convinced at all because they thought that the shop did not do business anymore but only online does it; it's true that they are a unique company but this is a concept that for those who work in the shop maybe it is not so immediate. Giving them those bonuses for the online sales they collect in the store due to

the unavailability of products, over time they began to understand that satisfying customers from this point of view instead of making them waiting or returning in the physical store and offering a higher benefit the customer will be satisfied and the loyalty will increase accordingly and also the motivation for a customer to go to the store increases. What makes the difference in the value perception in store rather than purchasing from the home sofa, is what they try to teach to their sales assistant, it means a culture that engages customers with the brand and building a strong human relationship between customers and their trusted sellers. For the first time a customer enters in a store just for the product, but for a loyal customer that enters for the second time the reason is for the relationships created with people independent from products, so 50% visit for the product and 50% visit for the human relationship. Some customers are attracted by store essentially for the experience, a main topic much discussed in the last three/four years; customers increasingly seek experiences, not only in the fashion world but everywhere. Millennials prefer spend money in experience, the fulcrum of guidance for the person is the experiential side.

QUESTION: What are the new company's performance measurements/metrics through new different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: In terms of new measurements and touchpoints, arise three new fundamental metrics to evaluate company performance not solely on sales but with the following new factors more customer-centric: recruitment, the percentage of new customers who purchase for the first time the brand, engagement, the percentage of people who make the purchase for the second time and in how much time they make this second purchase, and retention, the reactivation of the customer. At first, retention was measured year after year, but in the last six months Bottega Veneta starts to measure it on a two-years scale because it realizes that the frequency in one year is not so elevated in particular in the luxury market due to the poor possibility of people to buy this kind of bags or items clothing several times during a year, for this

reason they have extended retention time frame to build strategy on a higher spectrum. There are also others metrics in some channels, as newsletters, social media strategy or pay-per-click in a way that all the KPI are present both online and offline using an attribution model of Google Analytics or Facebook, with attribution models that changes according to the channel but always with an omnichannel perspective.

DAINESE

QUESTION: How much is it important for your company to implement an omnichannel customer strategy? How can new digital technologies create a competitive advantage?

ANSWER: Digital transformation cannot always be monetized, sometimes it involves putting in practices heavy and infrastructural ecosystems which are not necessarily the last mile that leads to a conversion. Digital transformation helps to facilitate business processes and helps companies to become more efficient, faster and more effective able to reach goals in a faster and easier manner, even if it is difficult to measure. The company has implemented new tools and processes, teaching to its employees the adoption of this new technologies to best achieve the goals. Through digitization they tried to achieve new sales channels based on two pillars or KPI: internal speeding up of the company and if there is a real conversion, which means if the company before sold an “x” number of items, how much it can sell more now. Dainese started to implement omnichannel customer strategy about four years ago, creating an IT-specific plan, revolutionizing the supply chain, inserting a digital e-commerce, to implement digital transformation and business enhancement in parallel for the achievement of new objectives. These objectives are organized through a five-year plan, and every year the company tries to increase a total amount of the turnover through this business plan. To do this, systems as ERP, CRM, MS and e-commerce must be made available. Since half a year ago, they

started with the true omnichannel strategy after all these maintenances, with the consumer at the centre of this experience, to have a uniform customer experience.

QUESTION: Are there any obstacles for the omnichannel strategy implementation?

ANSWER: It took from 2 to 3 full years to introduce and set up these systems, (absolutely the most difficult thing), so monitoring systems as first obstacle and the other huge obstacle is training people. Employees come from decades of reality, with different experiences, once you have been used to work in a way for decades it's difficult to radically change in a short period of time, taking into consideration that Dainese has moved from managerial reality based on a unique boss to a managerial company composed by several persons managed by an investment fund. So, the challenge is inside the company not outside.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: yes, but the reality is a little more complex, because several people should be changed by replacing them with millennials or young people which is not feasible, the challenge is to bring managers who come from different managerial experiences and somehow be able to change the internal culture as leaders and gradually allow with the experiences they had, to revolutionize the company. It's a great challenge but not an impossible one, they will try to constantly drive people in order to accelerate them.

QUESTION: How long did the company take to cover the initial cost of the investment?

ANSWER: you should be able to do it within the company objective, Dainese has a five-year target, to reach a certain margin on costs based on forecast. Based on this plan that can change radically over time, even month by month in continuous dynamism, company should take into account that things can change so it is important both to have an analytical approach but also not to take the bigger step of the leg where the technological investment as the CRM, promotions, communications, offers and services cannot be maintained. Instead of looking for the

biggest solution on the market, start seeing what you really need from now to the next 3 years, trying to have a model that you can set up into a company in a relatively short time, testing it to see if it work and how it work, without the risk of losing months of implementation, costs for consultants who make integrations and platforms, it's better to start little by little rather than find yourself with something wrong that doesn't work. The systems require abnormal licensing costs and continuous small improvements for allowing you to understand the user's approaches; after 3-4 years of refinements they got there.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: AOV: average order value, the net value of the transaction, in the average shopping cart is what an average person spends. Dainese opened a marketplace in China, it is presents on Amazon and also has an e-commerce which have led to a considerable increase on sales over three years of 300%. The digital manager suggests the possibility of introducing in the online cart a deferred payment without interests to be able to afford a very expensive item, it's a payment method that can easily be linked to the platform because it is cheap and allows to increase sales. Trying to put products on these new digital touchpoints allows products conversion; not only the final part of the funnel is the one most interested in business, but for their brand which is very aspirational compared to others, all the part related to the feeling around the brand is important, enough to have people who have the logo tattooed on their bodies. Dainese needs to create a community; the brand is very important, even more than mere sales, they use touchpoints on the awareness part as well as retention. The fact that, behind a live-chat, there is a community ready to answer and contact you, the user is not only more loyal but much more tied to the brand making sure that people continue to talk about Dainese, being the first customer's choice and thinking. Each department in the company has its own objectives, there is never a single goal for everyone. Thanks to digitization, they have

managed to achieve the objectives of each individual department, the true end result of a company.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: the customer expects to find continuity in his experience, expecting online to do the same things he would do in a shop and vice versa. When a customer enters in a shop, he doesn't know what services it can offer to him, but customers see the brand and go inside. They are looking for a seamless experience, without any stop, knowing in advance which are the customers and what is their problems without having to repeat it. More than expecting something from the store, consumers expect something from the company, a continuous experience regardless of the channel, in every sales channels. The real difficulty is the abnormal cost of system integration and maintenance costs, the reality is that for medium-small but also large companies they have an exorbitant cost. In the short term they want to make the same catalogue and the same promotions available both online and in store when usually, depending on the promotion, consumers can find it available only in the shop or only online because they have different warehouses and different consumers. There are different warehouses depending on the channel, the company is unique but retail and e-commerce buy independently and consumers cannot always find the same availability. Shortly, they want to implement the possibility for a consumer who buy online to make the return online or in the store, and if they enter in a store without finding for example an item of the desired colour, have the opportunity to make the in-store order together with the sales assistant, which will then be sent directly at home. A limit on the product return in store, is that it is possible only inside the same nation, but their customers are not the so-called traveller, those who travel and find themselves shopping in one country and returning to another. With technological devices in CRM, they are able to recognize customers, noting in this way they are more comfortable, knowing

in advance who they are and their languages, entrusting them with a person who speaks the same language.

QUESTION: What did you learn from initiatives that did not work out?

ANSWER: the company is completely in line with the omnichannel strategy and project. At the moment the result is that from the objectives point of view they are reaching them, so they do not have a real procedural contraindication.

TOD'S

QUESTION: How much is it important for your company to implement an omnichannel customer strategy? Are there any obstacles for the omnichannel strategy implementation?

ANSWER: It is no longer about quantifying or not the importance of omnichannel, because it's an assimilated process on an ideological level; for large luxury companies it is one of those projects that, if you want to remain competitive in the market, or it is already being implemented (and here there are some who are ahead of others) or in any case it has already been implemented. It is the main projects in which companies, in particular luxury brands, are working on, in several teams as e-commerce, retail, marketing and others involved. Tod's is a follower of this trend, as Valentino, not real precursors of this strategy. There are players further ahead from the technological point of view, however data confirm the benefits of omnichannel strategies in concrete terms of sales. Omnichannel is a planning that includes all company departments, all those aimed at the market, not only retail and e-commerce but also CRM, supply chain, merchandising, training, in addition to the fact that company needs to have a very good and ready stuff in the stores, especially for changes even within the same planning. An important skill that a company should have more than others is the ability to make all the offices involved speak, therefore having a good project manager who makes everyone talk. Secondly, companies that have a strong logistics department have an advantage

because the real key to omnichannel is logistics, if logistics work it's all a chain. Tod's has implemented omnichannel strategy since more or less two years, indeed Valentino last year as Moncler who followed Valentino. These first two years have been years of improvements' stages in which simple omnichannel services were subsequently completed with more defined services. Burberry is a very strong company both on digital and on this type of service.

QUESTION: How can new digital technologies create competitive advantage for your company?

ANSWER: omnichannel strategies lead to an increase in tickets, customers request this type of services and some prefer this sales channel almost to exclude others, or do not buy if you are unable to offer them this kind of service. Average ticket is significantly affected by the strategy.

QUESTION: How long did it take to cover the initial cost of the investment?

ANSWER: the planning is very long, in the sense that we are talking about projects that start with pilots, usually about ten stores, and only for the implementation of the pilots it can take a year, then it takes a second year for the roll out, hence all the large scale distribution of the service, at least two years to implement the strategy and as many two years to see feedback on the numbers and the comparison with the previous year. Market that evolves very continuously, services added during the work in the various phases.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: the analysis of consumer behaviour will be a key issue for the coming years, CRM will be the tool to measure all the points of contact with the customer, it will be a key department and this measurement will have an increasingly strategic importance. So, management systems that associate marketing and CRM initiatives to customer purchases and requests,

taking into consideration more or less long periods of time that can be associated to the customer's reception of the campaign and communication on the various channels. However, the traceability of all this information is still a very abstract discipline since a lot of components are included in the customer's purchase decision. For the future, it will be important that the CRM departments find more and more precise solutions for traceability of communications and the various campaign. To date, the communication channels on which transactions can also be carried out, as for example WeChat in Asia, which represents both a touchpoint and a place of information. Clearly. In the future, all communication tools will have to be based in this way, so will be important to be able to measure accuracy. Beyond current systems, it will certainly be possible in the future to buy in all the places where contact with the brand is communicated.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: considering also the situation we are living for the COVID emergency, consumer sentiment is at an all-time low, such a crisis in the luxury sector is unprecedented, for the simple reason that, when there were other similar events such as the 2008 crisis or epidemics or the 11 September it was an event that greatly influenced consumers' pockets, luxury was not yet such a powerful and well-established industry therefore it is a new situation for everyone, the nature of this sector is discretionary because it's a matter of non-indispensable products. The recovery processes and the use of strategies to involve the customer must be gradual, based on the long term. To give an example ad a case study, the strategy of all the brands that are reopening has been to apply balance promotions. On the contrary, Chanel announced the rise in prices by creating queues of people outside the shops. Everyone has his own strategy. The company will have to be good at diversifying investments by country, taking into consideration that some countries will recover before others and there will be differences; for exam-

ple, China will represent a reference for many because it was the first to go through this situation. Increasing communication between the various countries will be another method to strengthen physical stores, and then the key step is that the stores will have to start behaving like real digital players, enhancing as much as possible and investing in the omnichannel capabilities discussed, because the challenge will be start thinking about how stores serving digital channels can be exploited, not as companies have done so far, where e-commerce for luxury stores has always been an accessory. In luxury players e-commerce weighs between 5% and 6%, for good ones it weighs 10%. A big change must be made in this sense, by integrating the channels and putting the physical store at the service of the online for the first few years, making feel the perception to customers and the famous experience we have been talking about for years will have to be increasingly accentuated in a concrete way by offering services that really have added value, that lead the customer to want to have a shop experience because they feel they are treated in a certain way and because it can actually have an advantage over a banal online purchase. In the luxury sector, the online channel is strong but for some products categories, such as brands as Valentino or YSL, it is difficult to think that a € 10.000 garment is merely purchased online without an appointment in store, so it will be a great challenge. The key, in addition to the implementation of the omnichannel strategy, is that stores will have to become an online tool for the first few years.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: Beyond the classic discourses on flexibility, important skills are both technical and less technical, especially among the youngest who will be the company's reference point and must continue to be so: aptitude for information is fundamental even if it is not always so common within companies, aptitude for innovation and for the reference market. It is also difficult to find people within the fashion sector who are really interested in fashion and luxury

and this would be fundamental. Another habit, a skill that in Italy has yet to develop well because it is more an American thing where it is more frequent, it is the possibility of giving young people their own opinion which, however its way be, must be requested even when dealing with people at high level position inside the company. Especially in Italian brands, the opinion of those who are closest to new technologies and market changes must be listened to. Another important skill is to train perspective, in the sense that, in particular in this period, makes the difference who has the capability to work with a vision on future proposals, it means looking beyond own tasks and projects, and knowing how the market will respond to this issue. Learning to develop a perspective which usually belongs to entrepreneurs or business executives, but if this ability was also developed by employees it would certainly help because very often advices are listened at the end.

QUESTION: with the benefits of hindsight, what would you have done differently today?

What did you learn from initiatives that did not work out?

ANSWER: luxury markets are certainly more conservative than others, so who first has had more courage inside this market is more in an advantageous situation, in terms of technologies and communication means with the final client. If in the past the company had invested more or paid more attention to planning, the relationship with customers would certainly have improved and speeded up in particular during these days. Burberry, for example, is a brand that already years ago was digitally ahead in comparison to others, and it has certainly benefited from past investments after this period of lockdown so much that it entered in the list of the ten most desired brands in the world after a long time. In a future perspective there will be the same rule of the past, digital investments are certainly an added value. It's sufficient to think for example about Nike, during this year has replaced the CEO in charged from a long time with a highly managerial profile, with the ex-CEO of E-Bay who has a highly digital background. If a company with these dimensions makes such a change of course, the signal is

strong. Historically, the luxury sector has always been a follower of other sectors from a technological point of view, not from an image one.

LOTTO/STONEFLY

QUESTION: How much is it important for your company to implement an omnichannel customer strategy?

ANSWER: We are implementing new systems, with the help of a consulting agency based in Milan called Jakala, with the goal to develop the omnichannel strategy inside the company. Due to the fact that it's not a purely retail company, there is some delay in doing so. Certainly by 2021 part of omnichannel will be brought into the company, at least at information, users and customer's level. Creating pure omnichannel will take some time, but it's a process we are developing. The company has already laid the foundations within the projects, from information systems such as CX, ERP, CRM, to support the omnichannel part.

QUESTION: Are there any obstacles for the omnichannel strategy implementation?

ANSWER: Cultural obstacles for sure, in the sense that it is a company that has always had a strongly B2B nature, and has always focused heavily on the wholesales and less on the retail but we know that omnichannel is closer to retail companies, the more a company is retail the more is ready to implement an omnichannel strategy and, as opposite, the more the company is B2B the more it's difficult to absorb this kind of dynamics. The company needs dedicated business functions and dedicated IT functions, and this is the most difficult part on a cultural level. On the structural/functional level they are quite covered because it has been implemented the new ERP. A possible slowdown is all the part related to the GDPR.

QUESTION: How can new digital technologies create competitive advantage for your company? How long did it take to cover the initial cost of the investment?

ANSWER: From the economy of scale and benefits of the various functions point of view, new technologies give excellent results indeed sales increase ranging from 25% to 35% implementing an effective omnichannel strategy. In terms of timing, a company must consider 5 years within its business plan for normal companies, the more we move towards purely retail companies the more this period is shortened. For example Zara, a company that thrives on pure retail both in e-commerce and in the offline world, in one year has resumed any investment given by the omnichannel, just thinking of how many lost sales were recovered when, for example, when you arrived in the dressing room there was no desired size or colour and through the code that product was already in the cart.

QUESTION: what are the new company performance measurements/metrics across different touchpoints? Which touchpoints most contributes to the customer value perception?

ANSWER: the belief that measurement through sales has always been the classic index for guiding the goodness of companies is a mistake, now more than ever. There are a series of indices that the company collects daily: frequency in the collection of information (first collection of information automatically and then with the generation of some reports either automatically or manually), number of accesses to the site, conversion rate and optimization, the most important in the sense in % of how many people buy. How many people start a purchase process for every 100/1000 visitors to the site; it is an instantaneous data: we always measure it and we always try to improve it. Another index studied is the bonus rate, i.e. the % of users (both store and e-commerce) who immediately abandon without taking any action: in the shop can be a person who does not even take a look at the shop window and goes away and in an e-commerce a person who enters it almost by mistake and leaves immediately in a few seconds. Another index is the average receipt and the number of items per order. The user life value is also important, evaluates how a user's life value changes over time, if he makes multiple purchases, if he makes them in blocks or every 6 months, an index that is more difficult to read

but which gives a lot of information about the user. The other indices are almost all qualitative, such as average number of returns, average number or average trend of shipments. Marketing automation is the ultimate goal of omnichannel, being able to put on track all those targeted activities that the user can do.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: the physical store will always have levers that the digital world does not have, that is, the possibility to touch the product, to try it, to see it, a whole part of experience that can hardly be obtained with an intangible channel: experiential marketing, providing the customer something he cannot have if not physically present in the store such as perfume, music, use of all the senses and user service. There must be a connection between the channels, the possibility of having within the store APPs that already provide user data and already identify who it is, standardize payment systems in order to integrate perfectly. Adidas has been exemplary in the big cities as it has even eliminated the stock from the shops, it is almost transforming them into a virtual dressing room in which one can enter to see and try but in fact that article is not actually there. Once you have chosen the right product, the customer can order it with the sales assistant thus eliminating the warehouse and still giving the customer experience with an important cost containment.

QUESTION: in your opinion, are there any new skills/qualities that employee should develop?

ANSWER: today's way of working people needs different skills, you can no longer think that a person is not trained on what is the Google world, what is the digital, the web world. A lot of concentration is required, a lot of training, sensitivity from a digital point of view, not only for those who manage e-commerce but for any function. We also need the ability to analyse information and data in order to make better decisions.

QUESTION: How can company overcome the problem of price competition between different sales channels in order to avoid cannibalization?

ANSWER: there are many ways to control or eliminate cannibalization; the company must keep coherent pricelists, must have the strength not to yield to easy discounts or easy commercial policies. If the company first does not sell products to retailers at particularly discounted prices, the problem is eliminated and no one will sell something at a loss, rather it does not sell it. Sometimes we think that by not discounting a product we cannot sell it, however many times we would have to sacrifice a sale that we could only make by discounting because when I am able to sell a product only if I discounted it heavily, it means that there is an underlying problem. (I am not from the right customer, I am not proposing the right product, the context is not suitable for that product). It is always a problem of the company if price cannibalization exists, because a company could control them. There are some very useful tools in this case, which make an analysis of the presence of each product or all existing products on the web and compare and manage them to give an index of goodness or an index of consistency on the products that they provide.

ESSILOR LUXOTTICA

QUESTION: How much is it important for your company to implement an omnichannel customer strategy?

ANSWER: First of all, Luxottica and Essilor are quite different as companies, because they have two different businesses, indeed for Luxottica is more customer products but for Essilor is more about medical devices. For Essilor, the omnichannel strategy is very crucial; before they relied on the DGP model but right now they want to transform this model. A process customer really cares is about the experience, for this reason for Essilor it's not like for Luxottica

where sunglasses are easily sold online, but with lenses you need to try, so for Essilor the omnichannel strategy is very crucial. Right now they are doing some projects about omnichannel, for example in China they have launched the Flagship Store with Timo , a platform , all the business in China is very different from the Western World, because all the West World uses websites to make a direct order but most of the Chinese consumers make orders on the support platform like TIMO or GBR.com. Almost all of the Flagship are online and right now they also opened a showroom for check not only a sight, but in this way to launch omnichannel signs to facilitate stores Vegetal projects, you can see all the products and try on them. Another important thing is the CRM system, they are trying to connect these two parts (the CRM and the store) to make the same experience in each of the channel. Luxottica started omnichannel before than Essilor, because even if they are merged, they have two different businesses. Luxottica lunched the possibility to design your own glasses.

QUESTION: Are there any obstacles for the omnichannel strategy implementation?

ANSWER: the major obstacle are customers, because the company's business relies 90% on the B2B, so many of the end users are products and they cannot reach their customers directly. They cannot touch the end users, they can't know what they want in the future, they can't promote products to them: this is the major obstacle.

QUESTION: How can new digital technologies create competitive advantage for your company?

ANSWER: the main advantage they have right now is that they are a very big company, with the capacity to implement a lot of systems that cost a lot and they have a lot of talents that can manage those programs, so human capital and the cash flow are very crucial to implement the new technologies and in Essilor they are very strong in IT team and R&D team and it's easily for them through technologies reach the end users in the digital parts, for example they are launching a new APP in which target users are the end-consumers.

QUESTION: How long did it take to cover the initial cost of the investment?

ANSWER: the systems are not completely implemented right now, but about 5 years according to their calculations in the budget.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: the turnover is not so much compared to the traditional business model because the strategy is still in an implemented phase/stage but all the top managers say that is the future, a very strategic high-level point and probably in the future they will have very high turnover. CRM is very crucial online.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: consumers want experience, so especially for fashion brand, clothing and Essilor with medical devices/products or combination of medical and fashion products, that need a very good consumers experience because the customer journey is very crucial so in the future some of the physical business will not doing well, they didn't create this kind of environment for the customers. If you have the same especially digital devices like cameras, iPhone, for example Apple store doesn't create/design just the iPhone but they sell journeys, create experience. In the future physical store must create experience to remain competitive.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: it depends on which are they job responsibilities, but for the sales man in the store they have to create a unique experience for customers, make them feel like home and allow them to use digital devices because the future is omnichannel. For employees who work in digital functions they also need to know a lot about stores for online business they need to create familiar or a similar experience for the online shoppers. Essilor allows customers to choose the pair of glasses online and through a digital function to see how the product fits in

the face of the customer in this way Essilor Luxottica tries to create similar experience for consumers like they are in the stores where you can try everything you want.

QUESTION: How are your customers changing their behaviour during purchasing decision?

ANSWER: most of their customers haven't changed their purchasing behaviour, they prefer to go to the offline store to do the sight test. Others started to buy online because they know the brand and trust about the company. To encourage people to buy online giving them a gift, for example if they buy lenses, they receive the frame for free.

QUESTION: with the benefits of hindsight, what would you have done differently today?

What did you learn from initiatives that did not work out?

ANSWER: Great example of combining offline and online technologies in an omnichannel way, Ray-Ban remix digital screen in the store is a very good example, like before they launch this remix programme/function only online so to allow the consumers to design their own sunglasses right now in the official like store it's very popular right now, that's more fun for them, a unique experience. The best practice is to connect the customers relationship management system offline and online creating the same experience for costumers in all the touchpoints. It's a combination of CRM programs.

LIU JO

QUESTION: How much is it important for your company to implement an omnichannel customer strategy? Are there any obstacles for the omnichannel strategy implementation?

ANSWER: the omnichannel strategy has been implemented inside the company in the last 5 years, at the beginning it was very embryonic but now it's evolving, have not reached the top yet but that's what they are aiming for. Let's say that 5 years ago they started wanting to meet this strategy more than anything else, they are not a luxury company but a premium company between fast-fashion and luxury. They focus more on services than on the products. What

they want is that there is consistency in all the touchpoints for the user, the most difficult thing at the beginning was corporate education, this is due to the fact that each department was on its own and looked to its own profit. What they came up with is a desire to put the customer at the centre, therefore a strategy that is first and foremost customer centric, to overshadow all the primary interests of the departments. Therefore, if a service must be implemented because a customer requests it and needs it, however it may be difficult for one department rather than another, it must be implemented as efficiently as possible. The initial obstacle is the change in the mentality of the company, after which, as everyone aligned slowly, it was easier to proceed with the various services and the various measurements.

QUESTION: How can new digital technologies create a competitive advantage? How long did it take to cover the initial cost of the investment?

ANSWER: as regards the investment, it is difficult to quantify it because they are continually making changes and investments, they are still in the investment phase and in the phase of changing the platform for which they are starting another very important investment. New technologies are important because not being able to focus everything on the product or on being competitive on the price being a fast-fashion brand, they must focus on the excellence of the service which is what the user asks for. It is an assisted sale so they must be informed from the product point of view but also be quick and provide a service that is excellent for the user. They help from this point of view, to be always informed about the customer, to be fast, to understand how the user moves and which channels he prefers and which ones he is leaving and what he is aiming for. Their typical customer is not so young, in the sense it is not for kids but it starts as a woman from 25 years up to 45 years, they have customers who are not accustomed to new technologies but still have to approach in the traditional way, for example some do not have an email address or do not use it. For this reason, new technologies must

make changes in SMS, therefore landing SMS and ad hoc communications help a lot in this sense.

QUESTION: How are your customers changing their behaviour during purchasing decision?

ANSWER: the user increasingly asks and is informed, demands and expects the company to be prepared. In the shop they realized that customers already arrive with the item found in e-commerce rather than a photographed on social media; these channels have changed the traditional store and are aware of it because requests arrive where the customer expects you to already know that he has purchased online, rather than you know or can trace the size that has purchased so far, increasingly demanding customer.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: they still use fairly traditional measurements, what can be innovated is for example the implementation of in-store reserving, service through which a customer from online can book a garment in the store for a limited period of time and then buy it in the store, they measure the number of users who make this request and who want this service and how many of them buy, data still quite traditional. What allows and helps to understand better is to go to the shops and touch first-hand who the users of the shops are, knowledge of the end customer who then arrives in the shop. In this way, the stores manage to remain competitive with the online world. With omnichannel, they have seen an increase in sales by analysing sales performance, even if their consumers are not young so the preferred channel remains the offline one but they are trying to educate their consumers in order to increase sales also in the online channel.

QUESTION: How can company overcome the problem of price competition between different sales channels in order to avoid cannibalization?

ANSWER: always try not to put different prices within the various sales channels, but they try to follow their logic of creating equal prices in all channels by applying the same logic also for promotions, standardizing them.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: certainly, the passion for new technologies, but indispensable is also the will to make changes and be driven by the desire for curiosity.

QUESTION: with the benefits of hindsight, what would you have done differently today? What did you learn from initiatives that did not work out?

ANSWER: better weighting the initial investment and choosing the most suitable partners, and certainly making the various departments work together as a true and only team, with greater integration between the various departments.

CALZEDONIA

QUESTION: How much is it important for your company to implement an omnichannel customer strategy?

ANSWER: the office was born about 2 and a half years ago but actually started with e-commerce already in 2011. The company has about 5,000 stores around the world, so retail is one of the main aspects; right from the start, e-commerce was not perceived as the opening of a new sales channel but as a service that had to integrate with the world of stores. A need that then became a strategy because up until 2013 they introduced new services such as the online ordering of items in store, rather than the multi-channel gift card, and in the last two years the rebranding of the office that has gone from an e-commerce office to an omnichannel customer experience area and e-commerce with greater awareness of the importance of being aligned with the sales point. If until recently the shop was passive compared to what happened online,

starting from 2 years the point of sale becomes the protagonist of the services provided. (O2O service, offline to online, possibility to order at the point of sale based on the stock available online with the possibility of picking up the product at the point of sale or seeing it picked up at home).

QUESTION: Are there any obstacles for the omnichannel strategy implementation?

ANSWER: it took them a year and a half to start, from August 2018, the difficulties are related to the size of the company as a very large and distributed company, the first phase of the project was activated on 6 countries (Italy, Austria, Germany, France, Spain and Portugal) and fiscal administrative aspects related to the world of privacy. From a cultural point of view, it is still very much a brick and mortar company and therefore very oriented towards the physical retail channel, the aspect on which they have to make progress today is related to cultural change and training and the adoption of the services released at the point of sale. To achieve full integration, they must explain how the new features work to those who manage the stores as well.

QUESTION: How long did it take to cover the initial cost of the investment?

ANSWER: they are already at break-even because they have already managed to cover implementation costs, a business plan model that promised to pay off the investment after about 6 months. The omnichannel approach is not only to be observed with respect to the return on investment, therefore the time it will take to break-even, but more in terms of whether the company will still exist in 5-10 years; thinking of a management that sees e-commerce on one side and stores separately on the other side risks being a short-sighted and suicidal approach. It is not just a point of view of how much more I will be able to sell but also maintain the same level of sales before. They care about giving better customer service.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: in addition to sales, extreme attention to the margin, they have been observing customer satisfaction for 5 years with online tools and in the points of sales through surveys. If you enter their sites there is a label where you can leave feedback to the company, they study interaction with the company and NPS: net promoter score, used online to determine how much the customer is inclined to recommend the company to friends, acquaintances and family members. They recently introduced the close-the-loop, when customers report problems on the site, they are immediately contacted by customer service.

QUESTION: How can new digital technologies create a competitive advantage?

ANSWER: Intimissimi, Calzedonia and Falconeri have an active omnichannel loyalty, they can accumulate points for both online purchases and at the point of sales and a customer who buys on both channels is worth much more than at least 25% more than a customer who buys on a single channel. They see much greater performance in the loyal multichannel customer, which is why they push this type of strategy a lot.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: through experience, transforming stores into distribution points in such a way that the last mile is shorter than the last mile; e-commerce today is based on large distribution sites that take orders, collect them and then serve the final customer. By having points of sale and intercepting online customer orders, they are able to ship products much faster, saving a lot of money and satisfying the final customer who receives the product in a very short time. Going to the store above all to receive an experience that you cannot have online, where there is no touch of the product, no perception, perfume, smell. Or through the tailoring and partnership service that allow you to customize the customer's product and enhance the customer's time. For example, in Spain for Intimissimi man in a multi-storey shop, the top floor was occupied by a barber specialized in men's haircuts of a certain type to attract a particular type of clientele.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: new type of craftsmanship in the ability to produce content from photos, videos, texts but also programming to give an online experience close to what the brand wants to give. In addition, data analysis to make decisions, and the aspect on which to insist will be IT; ability to make information travel quickly within the company and integrate all departments, a true transition from analogy to digital across the entire company.

QUESTION: How can company overcome the problem of price competition between different sales channels in order to avoid cannibalization?

ANSWER: they have decided to remain aligned on three fronts: from the point of view of prices with the same prices online and in the points of sale, from the point of view of promotions and from the point of view of the product, it means that online there are no exclusive products that cannot be found in the points of sale precisely to protect against cannibalization. They are not interested in the customer moving from one channel to another, they are interested in serving the customer. It is a company with only single-brand shops and only retail outlets, a very clear and vertical approach from the very beginning. If a company also works in a wholesale way, it exposes itself to the risk of having a different pricing policy, which is why they have avoided going down this path. From his point of view, all brands should work in this direction.

QUESTION: with the benefits of hindsight, what would you have done differently today?

What did you learn from initiatives that did not work out?

ANSWER: do it wrong but quickly, change, evolve. It's better to open a site in Holland only in English than to wait some time to open it perfectly also in Dutch maybe six months later. There is no big issue that they would have done differently, they got their step by step but in the meantime the company has evolved so the things they are proposing today would never

have been accepted 5 years ago even though they already had them in mind. Step-by-step approach. They didn't make any big mistakes thanks to this gradual approach.

ETRO

QUESTION: How much is it important for your company to implement an omnichannel customer strategy?

ANSWER: Etro, a 52-year-old family business, is a company belonging to the world of luxury rather than fashion because it has always been in that niche. This brand from a digital point of view has always been very firm and traditional in its choices until just over 2 years ago, when the general manager together with Mr. Etro decided to set up a digital division, a new company function, and to have a director (top manager) who could only deal with the digital strategy of the brand at 360 degrees. New people with digital skills arrived and they also structured a strategy for 5 years and how they should get there. From January 2019 the quite deep and complex digital transformation project started, they rebuilt a site from scratch both from the technological point of view and from the processes/logic and experience for the customer. They went from an old site that sold very little, was inefficient and very slow, to a completely different site made to sell, where the product is the king and the services are the added value for the customers and everything behind it works according to this trajectory. They have implemented a CRM from scratch, and to date it is one of the keys to their success with reliable data. They introduced marketing automation with a customer journey on those customer segments that were on their CRM by communicating in a detailed way that works more. They also introduced the concept of multilingual because Italy is not their main market, indeed the brand is exposed a lot in Japan, in the United States, Europe: UK, Spain, Germany, France, Austria and Italy. Therefore, having a site only in English and Italian was not very effective unlike a multilingual site. Another step forward is direct marketing in the language,

not the language chosen by them but the language chosen by the customer. In all this they have also introduced new forms of payment, introduced partnerships with marketplaces such as FarFetch in the western world, Timon on the Chinese world, have introduced a DAM (digital asset management), a container where all company functions insert their digital assets, whether they are photos, texts, videos relating to anything you have as a product, advertising campaign, showcase, etc. The effort is made to have a series of rules to then go on to relate digital content to each other if necessary.

QUESTION: Are there any obstacles for the omnichannel strategy implementation?

ANSWER: cultural obstacle, especially when new ways of working are introduced, new tools like Trello, a bit of an abandonment of emails to communicate (create disruption). Change is by definition a source of stress. What has changed is the online impact of the business on the brand. If the website that existed at the time had an average of 7 orders per day, today we are talking about 70 orders per day. This also means that we need to review a series of processes within the company, including logistical ones. Initially a business model based solely on a boutique from which they shipped and sourced for the online world, today there are 6-7 of them in Europe and the United States and they plan to launch others and open new countries. All this culturally created a disruption.

QUESTION: How long did it take to cover the initial cost of the investment?

ANSWER: Costs are certainly very high but no higher than those for opening a new store. Business plan predicts that in about three years the company will be at break even with respect to the investment.

QUESTION: How can new digital technologies create a competitive advantage?

ANSWER: in terms of traffic on the site, they have increased visits by 40%, this means that they have done a strategic job by increasing traffic in terms of quality. The turnover generated

grew by 90% compared to last year and last year they closed the year with a +74%. Small improvements give big increases. The conversion rate grew by 0.3%, an exponential increase.

They brought people to the site more interested in discovering the brand, on the other hand the site was much better at converting the end customer.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: in addition to the KPIs already listed previously in the e-commerce field, if I look at other pieces of the chain I can observe the media, the main KPI is ROS (return on sales spent in advertising), CRM with increasingly quality information, the world of direct marketing where I can look at, for example, the dropout rate, newsletters that are crucial to understand if you are on the right path or not.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: Both channels will remain competitive, creating more and more synergy with each other, meaning the online world enjoys many advantages but today lacks an essential human component; in the next 10 years the biggest challenge that digital will have will be to humanize itself, which is an epochal challenge because bringing a human touch into technology, machines where today we talk about artificial intelligence is certainly a challenge. On the other hand, there are shops where human experience is king and it is the main feature of the shop and instead a whole range of services and speeds typical of the digital world are missing. (the fact that e-commerce is always open, it is possible to receive the package at home and having a chat with which to talk, except, etc). The union of these two worlds can only be good for both, the shops will have to be rethought a little in terms of spaces, layouts maybe a little smaller, shops with a little more experience, it is not certain that the store will be the final point of purchase but where I discover the brand, live and breathe the scent that otherwise would be impossible to perceive. Probably many stores in a broad sense will close, the most

important and strategic ones will remain, those a little smaller in terms of square meters will remain, the layouts inside will change and they will also be searched through technology, but not only, because the human part is always the strongest, the sense of experience and branding inside the stores. On the other hand, online will be increasingly dedicated to service.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: It is essential that companies and people within companies continue to grow constantly, it is vital that people in a role have the hard skills of that role, that is, more and more often we talk about soft skills that are fantastic but forgetting to check if there are hard skills, or those that made the difference especially in the digital environment where it is an extremely competitive world, a world that changes rapidly, it is important to always be updated and continue to study and understand new skills.

QUESTION: with the benefits of hindsight, what would you have done differently today? What did you learn from initiatives that did not work out?

ANSWER: they try to make mistakes, the mistake is one of the most precious things that can be done, when it is detected as an error. Among the things they would not do, is speed, in the sense that they have been running very fast to deliberate on a number of strategic projects, sometimes running is not the best thing in the world, one has to take some time to analyse the context and understanding who you are as a company, what your organization is, understanding where you can go, and where you want to go. When you have been there for this time you are longer in things but they are certainly much better.

MISSONI

QUESTION: How much is it important for your company to implement an omnichannel customer strategy?

ANSWER: mainly a B2B company, some services were activated about 2-3 years ago, 5 years later than the others, they have integrated FarFetch in some stores starting this year so they buy online and the goods are shipped from the store. They don't have a platform of their own, there are some things they can't do. Other services are for example the book an appointment.

QUESTION: Are there any obstacles for the omnichannel strategy implementation?

ANSWER: on a technological level, the fact of not having an e-commerce managed at home but an outsourcer, it's a problem because being a supplier doesn't exactly do everything they want. To date, they do not have a strength to manage an e-commerce at home due to the IT and digital team that is not large and developed enough. They cannot bring it home either for a matter of cost or for an internal matter. Another obstacle is the logistics/distribution network as to offer certain omnichannel services you must be present on a worldwide basis.

QUESTION: How can new digital technologies create a competitive advantage?

ANSWER: more revenue, helps the repositioning of the brand, to approach a younger and more digital clientele, increases the perception of the brand closer to innovation.

QUESTION: How long did it take to cover the initial cost of the investment?

ANSWER: currently the company is not moving to adopt an omnichannel strategy but to adopt services that can bring added value, it can be two years like 5.

QUESTION: What are the new company performance measurements/metrics across different touchpoints? Which touchpoint most contributes to the customer value perception?

ANSWER: as KPI, the supply time of the store is tracked, how long you can fulfil the request of a store that wants a specific item often at the request of some customer or because the item is selling. Other KPIs are for example the conversion rate or the sales campaigns.

QUESTION: How can physical stores coexist with this transformation to remain competitive?

ANSWER: they are transforming on a technical/technological level, with more advanced

checkout solutions, clientele situations, virtual walls where you can transmit the experience of a fashion show or a communication strategy with the same audio systems in all the stores in order to give the same customer experience. Spaces are changing.

QUESTION: In your opinion, are there any new skills/qualities that employees should develop?

ANSWER: data analysis, attitude to change, approach to technology.

QUESTION: How can company overcome the problem of price competition between different sales channels in order to avoid cannibalization?

ANSWER: no, they don't sell enough to have cannibalized prices.

QUESTION: with the benefits of hindsight, what would you have done differently today? What did you learn from initiatives that did not work out?

ANSWER: would have opened some stores in areas a little more strategic and a little less cool given the power of the online market in certain areas such as, for example, in the last two years stores have been opened in America and have not been opened in China, an error seen that the online market in China is very strong compared to offline or in Korea.