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OMNICHANNEL STRATEGY:
evolution and managerial implications with focus on Gucci case

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A mia madre,
per avermi aiutato a percorrere
questo difficile ma indimenticabile
percorso
e per aver sempre creduto in me.
Grazie!

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Introduction

The continuous technology evolution in the modern era is certainly one of the key factors that has definitely upset the daily activities. This trend had a major impact in various industries and segments, somehow undeniably shifting and modifying companies as well as users to their roots, regardless of namely their core activities or specific habits. In spite of the different outcomes that the application of technology could have determined within different businesses, this just-presented transition also had a major impact in the development and the modification of the retail sector. The aim of this thesis is, therefore, to evaluate these shifts and modifications in a specific segment of the retail industry, which refers to everything that concerns the luxury retail environment.

According to a general overview that we can infer simply from our personal daily experience, technology and its evolution have not only changed consumer habits and behaviours, determining the birth of a cluster of customers who are increasingly more experienced with respect to the basic products information and always updated about the latest trends, but it has also brought numerous opportunities for brands to satisfy a more and more segmented market, while better managing new customers..

Working in the luxury retail world for the past few months, I had the opportunity to appreciate the ability of an extremely traditional and greatly connected to heritage sector to understand the importance of innovation in all its forms, especially the ones represented by the technological enhancement. Specifically, I mainly experienced the intelligence of companies operating in this environment to study and exploit new tools and technologies with the aim of finding a solution to the problem of integrating distribution channels. In accordance to this, the latter will therefore constitute the main argument of this entire work.

Accordingly, the scope of this paper is to provide a comprehensive overview of how marketing channels have evolved throughout time, from the implementation of the classic brick and mortar single channel shop, up to definition of the omnichannel strategy. Eventually, a final analysis would be proposed and evaluated considering a top player operating in the luxury retail industry, with the aim of providing a successful example of how the most innovative and technologically comprehensive retail model

can be realized and enforced within a company, at which costs and considering which offsetting benefits.

In order to give a clear overview of how the thesis and all the arguments will be proposed throughout the paper, I will use this following section of the introduction to briefly summarize the different topics analyzed in each chapter.

The first section focuses on the definition of the theoretical concept of distribution channel, defining what the latter is, how it can be classified and which the main characteristics are, pros and cons of each classification.
This focus is necessary to understand the passage that brought the evolution of strategies in the world of retail marketing, meaning that it clearly gives a snapshot of the evolution of retail highlighting its most representative physical translations, the channels through which products and services are marketed, offered and sold.
The physical, the online, the mobile and the catalog channels will therefore be analyzed, following also the progressive transition from a single-channel strategy to the omnichannel one, highlighting the main differences existing both between the channels and, of course, between the different approaches - from narrower to broader.

The second chapter, on the other hand, will be focused on developing the main theme of the elaborate, that is the advent of the omnichannel marketing. The latter will be analyzed and evaluated with a strong focus on the various factors that characterize the strategy itself, starting from the mere technological development up until the new type of clientele that this model supports, passing through the relevance that in-store staff has on the generality of the customer experience.

A paragraph will also be dedicated to luxury brands, taking into consideration a study, which evaluates some actions those companies are trying to undertake in order to evolve, innovate and, in few words, keep up with the times.

Just to give you a short preview, a lot of luxury brands are indeed struggling with the adoption of these new strategies due to different cultural and structural issues, but those who have been able to carry out and eventually implement technologically and not technologically innovative ideas were eventually able to define a significant connection with customers, building in such a way a loyal clientele.

In order to test the relationship and confidence that consumers have with the concept of omnichannel in general, the third chapter eventually focuses on a questionnaire. The latter will be the base of the following analysis that will help us in understanding which both the peculiarities and the common traits of customers are in 2019, which as we said is a period of great progresses and changes for all the players in the retail industry.

In detail, conclusions will be drafted on consumers habits and preferences during their purchasing process, which will be investigated with the aim of analysing the propensity to buy online and to use technology during the in-store experience with respect to the aversion to such innovations.

As previously said, this thesis does not want to be a completely theoretical analysis of the changes occurred in the retail industry with respect to channel implementation, but it rather wants to create a starting point for evaluating how the changes have been internalized by companies. This, which sounds extremely complex, in reality simply translates in providing some evidence of the implementation of the omnichannel strategy with respect to a top player operating in our main-interest industry. Here is also where my personal experiences come into play. I had the chance to work for Gucci for the past few months and, during this period, I also had the possibility to personally experience how the company was able to successfully implement an omnichannel strategy. The aim of this final chapter will therefore be to show the ability of the enterprise in dealing with such innovation, accordingly presenting the main initiatives that the Italian maison has developed to cope with the digital era and its consequences.

Specifically, after a general overview and the digital strategy implementation will be presented, focusing mainly on the new company's website and on critically evaluating it with respect to a consumer perspective.

Furthermore, a special consideration to new tool, which has been a key factor for the company growth, will conclude the chapter. The latter is simply yet incredibly the GUCCI App and its functions, which has provided the company with some extremely astonishing outcomes, which will be examined.

In few words, this is what the entire work is about. As it is clear, the writing partially inspired by my personal experience within Gucci, which I firmly believe to be a distinctive added value for my thesis. Despite all the research and analysis work, which is inherently necessary to create an essay that is worthy of its name, my internship gave me the possibility to concretely experience the luxury retail environment and its evolution. I am therefore extremely aware of the journey customers have to undertake each time they are interested in buying a specific product or service, I personally saw how the in-shop experience is carried out and how much customers relies on staff and, eventually, I had the possibility to evaluate the Gucci App from an internal point of view, which is an interesting insight. The latter, what I have called "internal point of view", allowed me to write a thesis that was the most realistic possible, which is something that I hope you will appreciate when you will start reading the next chapter, the first one.

1. Distribution channels and their evolution

With the aim of defining a frame of reference, it is beneficial to analyze the various sales channels which retailers can select and adopt in accordance with their business operations. This section of the thesis will focus on defining these channels, highlighting the differences existing among them, which represent the main reasons for a company to opt for one or the other. After having defined the principal characteristics of each channel that a company has at its disposal, a section will be dedicated to the evaluation of the channel evolution in order to better understand which trends have been experienced by the retail sector.

1.1 Introduction to Retail sales channels

The sale channel can generally be defined as the way in which the companies decide to deliver their good or service to the customers. [1]

The function of these channels is to create and to convey value, transforming potential buyers into profit-generating customers.

Usually retailers can choose between various alternatives of channels, which can therefore be physical, online, mobile, catalog or a combination of these.

As suggested before, the selection mainly depends on what is considered the best and most fitted model for their organization.

In order to further explain this simple yet interesting concept, the following sections will deal with providing comprehensive details.

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[1] [Anne T. Coughlan, Erin Anderson, Louis W. Stern e Adel I. El-Ansary, Marketing Channels, 7th ed. (Upper Saddle River, NJ: Prentice Hall, 2007]

1.2 Physical channel

The analysis will start from the illustration of the physical channel, the store, which is undoubtedly the most effective and direct way to show closeness to the customer.

The store today represents the central element in the construction of the customer experience, a touchpoint between consumers and company from which it's possible to create value.

The physical channel plays a fundamental role in the creation of customer experience journey. In the past it was seen merely as place where companies could sell their goods, but now it is considered a real temple for companies, a space where they can communicate their values and provide unique and recognizable brand experiences.

Even if in the past stores were very important because there were few touch points with the customer, nowadays they still maintain their relevance as final place of purchasing phase. Indeed, today customers prefer doing their research online and then acquires the product in stores (ROPO) in order to enjoy the final purchasing experience. [2]

The following table shows how the store is changing, reporting the steps of its evolution:

FROM		TO
Small "secret" boutique	⇒	Large monobrand store with many product categories
Far and mithical	⇒	Accessible and easy to be visited
Only for big occasion	⇒	Open to various occasions and visatable also not for shopping
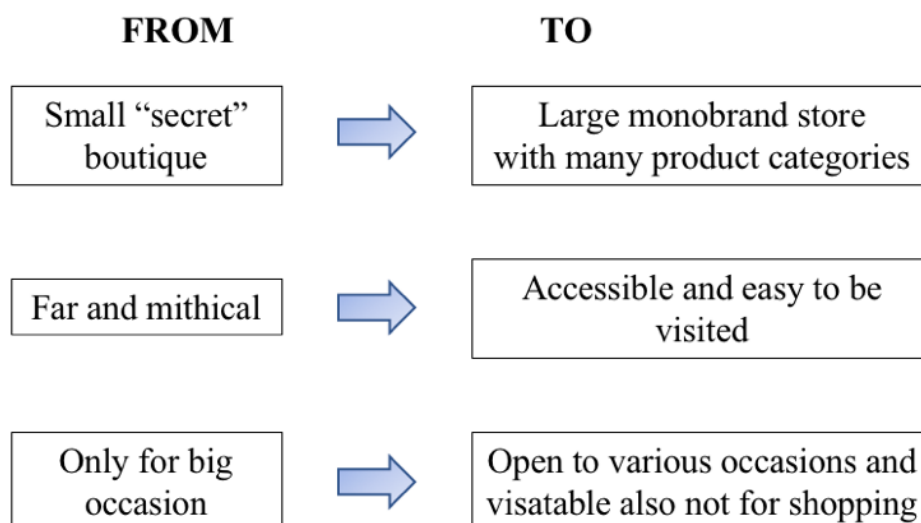
Moreover, today the store is not only the place where the product is sold but a brand declination where the consumer meets the dream.

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[2] Lemon e Verhoef, 2016

1.2.1 Store Classification

Focusing on digging a little bit deeper to better define these physical channels, we can now focus on the store classification, which can be perpetuate considering from one end the channel and from the other the typology.

Starting off with the Channel considerations, we can focus specifically on:

- D.O.S. - Directly owned stores;
- FRANCHISING;
- WHOLESALE multi-brand.

Nonetheless, before defining the previously highlighted categories, it is important to remember that, as shown by the picture below, the classification by channel goes from Direct to Indirect control.

The ownership ensures a direct control, with the benefit to have the possibility to control the personnel and the customer relationship, nut taking into consideration the high costs and a significant real estate investment.

Moving to the right, we can find the franchising model, which has less control in terms of brand image, but it requires limited investments.

The control becomes indirect when we move to a wholesale multi-brand shop, where there is the lowest brand image control even if it allows a very fast territory coverage with low costs of management.

DIRECT CONTROL ⟷ **INDIRECT CONTROL**

OWNERSHIP   FRANCHISING   WHOLESALE

+   **+**   **+**

Direct personnel control	Limited investment	Lowest costs of management
	Fast coverage	Fastest territory coverage
Reliable image control		
Direct customer relationship		
Maximum profitability		

High costs	Limited image control	Lowest image control
Real estate investment	Partner reliability	
Limited personnel flexibility		
Obsolete stock		

Table 1, Alberto Festa, Luxury Management, Luiss 2018

Considering that D.O.S. are easily identifiable as those stores directly opened and controlled by a specific brand, for which the latter eventually has full responsibility and liability, this section of the document will be focused more on the explanation of the other two channel categories.

The scope of here is to understand which are the main characteristics differentiating one with the other, also trying to shortly compare them on a high level.

Starting therefore with the *Franchising contract*, it can be generally inferred that its main features are synthesized as:

- DURATION: Contract duration allows the franchisee to recover the initial investment.
- LOCATION / AREA: Describes the store/s type and locations as well as the area of exclusivity granted to the franchisee.
- MARGIN: Higher margin than the wholesaler, to allow investment recovery.
- ROYALTY: Small percentage paid to the company for the brand usage and the know-how sharing.
- MARKETING SPENDING: Percentage of the generated sales to be invested by the franchisee at the local market (local ADV, events, billboard).
- DISCOUNT POLICY: Maximum discount allowed and sale policy.
- RETURN POLICY: Conditions for return in the unsold merchandising.
- OTHER: Brand protection, number of employees, training, minimum purchase, payment terms, guarantees.

Focusing now on the *Wholesale / Distribution contract,* the highlights can be summarized in:

- DURATION: Shorter duration than franchisee
- LOCATION / AREA : Area of exclusivity (selective distribution)
- MARGIN Lower than franchising, in line with competitors
- MARKETING SPENDING: Usually called Co-budget (coop-budget), support local marketing activities (local ADV, events) shared with the brand
- DISCOUNT POLICY: Maximum discount allowed and sale policy
- TARGETS Yearly targets linked to financial bonuses
- OTHER: Brand protection, level of display, training, minimum purchase, payment terms, guarantees.

After having defined the first section of the classification, i.e. the one by Channel, we can now focus on determining the differences existing between the typology categorization.

Here a list of the different types of stores comes handy, because it easily and simply summarizes the peculiar features of each type of store, allowing for short comparisons. The different typologies are therefore:

- FLAGSHIP STORE: Large store with all the product variances in stock and all the services available.
- CITY/LOCAL STORE: Mid-size store located in secondary cities, dedicated to serve local clientele.
- SEASONAL STORE: Small store located in touristic spots, usually opened few months, characterized by unique layout style and assortment.
- DEPARTMENT STORE: Small store or concession located in a large department store close to other comparable brands.
- TRAVEL RETAIL: Small store usually located in airports dedicated to travellers
- OUTLETS: Store located in an outlet complex, dedicated to reduce stock surplus of past collections.
- CORNERS / SHOP IN SHOP: Small area of a larger multi-brand store, dedicated to the brand with a strong layout personalization.

As shown by the graph below, the typology of the store influences the brand image; in fact, it affects the exclusivity and the accessibility of the products, starting from the flagship store which represents the most exclusive shop, up to the e-commerce which is the most accessible existing platform.
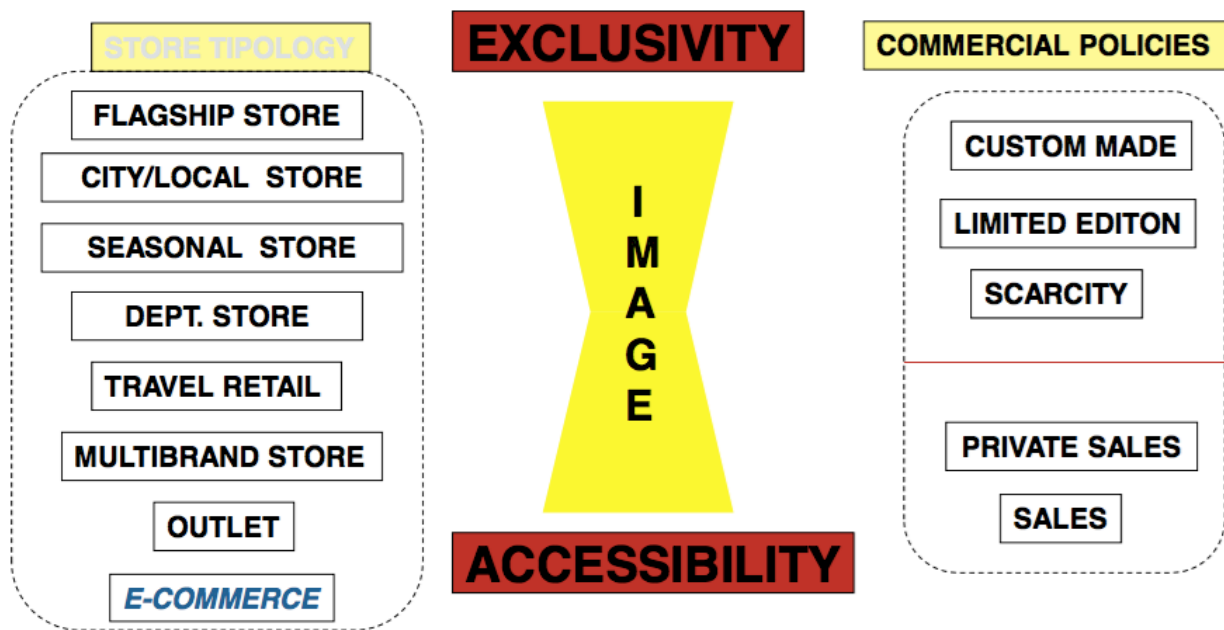

Table 2 The image through the retail; Alberto Festa, Luxury Management, Luiss 2018

1.3 Online channel

After defining the most intuitive type of channel a company can exploit to eventually sell its products and services, it is now time to move on to more recent and innovative ways for retail operations.

The online channel is extremely peculiar because it allows customers to access the shop 24/7, having the possibility to browse across categories and products as they like, wherever they like.

The possibility to have always available an online platform allows to customers to compare costs and to get informations whenever they want to.

Considering the typical time-constraint experienced by customer in an ever-changing and ever-moving environment, the online channel becomes the mean to spend less time during the purchasing process.

The online customer experience is totally different from the one previously analyzed: although customers can decide if and what buying in the comfort of their own homes[3], the companies' service level cannot be the same that the physical channel offers.

In accordance with this last statement, the retailers that have chosen to operate exclusively online usually deal with standardized products, where the only important variable is the price and the level of customer service is perceived as less critical, which allows for an overlook.

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[3] Zhang er al., 2010

1.4 Mobile channel

The mobile channel can be considered as the evolution of the online one.

It's the channel which satisfies customers with the need to quickly and easily access to any shopping platform. The distinction of this channel is led by the late advent of the technology, which has brought the smartphone to be considered a separate sale channel. The development of applications and of mobile versions of the website by retailers is a key point in the creation of the mobile channel.

In this way customers' needs are satisfied in a simpler and faster way, creating a link between the online and offline purchasing. In fact, thanks to internet access from a mobile device, customers can instantly have access to informations available online, such as reviews and prices comparison, while they are physically in store with the possibility to evaluate the non-digital components of the customer experience.

1.5 Catalog channel

Despite the disappearing trend that has characterized paper in the last decades, some retailers still list their goods and services on sale, with respective description and prices, on printed document known as catalog. If the latter is on the other hand available only online, the nomenclature changes in what is popular as e-catalog.

When dealing with this channel methodology, consumers have the advantage to look through the company catalog without the restriction to have internet access or a computer.

On the other hand, the main disadvantages of this channel are the cost of printing copies and the speed with which items shown on them become outdated.

To avoid the cost of printing some retailers, in order also to update prices and products more quickly, use an online catalog. In this case there is also another advantage to highlight the fact that consumers can filter and sort products by category, producer, price and other criteria, which allows them to have a more comprehensive and targeted view of the totality of the company offering.

There are two fashions to create a catalog: from one side the company can create its own document showing its proper items on products, while from the other it can also be the result of a collection of different competitors offerings falling within the same products category. The latter is commonly known as multiple companies' catalog.

1.6 Channels evolution

In this latest section we will now focus on an analysis of the channels evolution, going to evaluate and ponder the different problems related to the luxury sector.

Over the years, customer habits and needs have changed and the evolution of channels has followed this trend accordingly.

The increasingly frequent usage of telephones and smartphones, of PCs and of the Internet as well as the development of applications that allow to purchase easily and directly from the sofa at home, have impacted the purchasing methods, leading to a consequent distribution channels evolution.

This change was immediately evident in different sectors except for the luxury retail, where only in last years some different strategies have been implemented. All these strategies have to follow always the concept of customer centricity, where clients have to be fully satisfied in a unique customer experience.

Before focusing on describing the channel evolution and analysing how it impacted on the companies operating in the retail sector it is necessary to further divide channels in two distinctive categories that mainly differ for their narrower or broader level of control from the company.

- Direct: a direct distribution channel is a way to transfer the product and/or the service without the presence of intermediaries. The producer is therefore in direct contact with the client and has an absolute control on the sale. Even though these two elements seem to highlight a potential advantage for the company opting for this solution, it is important to remember that directly contacting clients comes with a very high cost of development and maintenance.

- Indirect: an indirect distribution channel is on the other hand determined by the existence of one or more intermediaries. These have therefore the aim of transferring the product and/or the service from the initial producer to the final consumer.

Another point which is fundamental to highlight before entering the analysis which title this section is that when dealing with the retail sector, it is common practice to exploit the short channel.

This translate in the presence of a retailer which buys from the producer and eventually sale the product to the final consumer.

Reaching now the core of our analysis, we can state that with the technological progress and with the consequent change of the clientele, the channel evolution can be simply identified as the process shown below, which will subsequently be detailed explained:
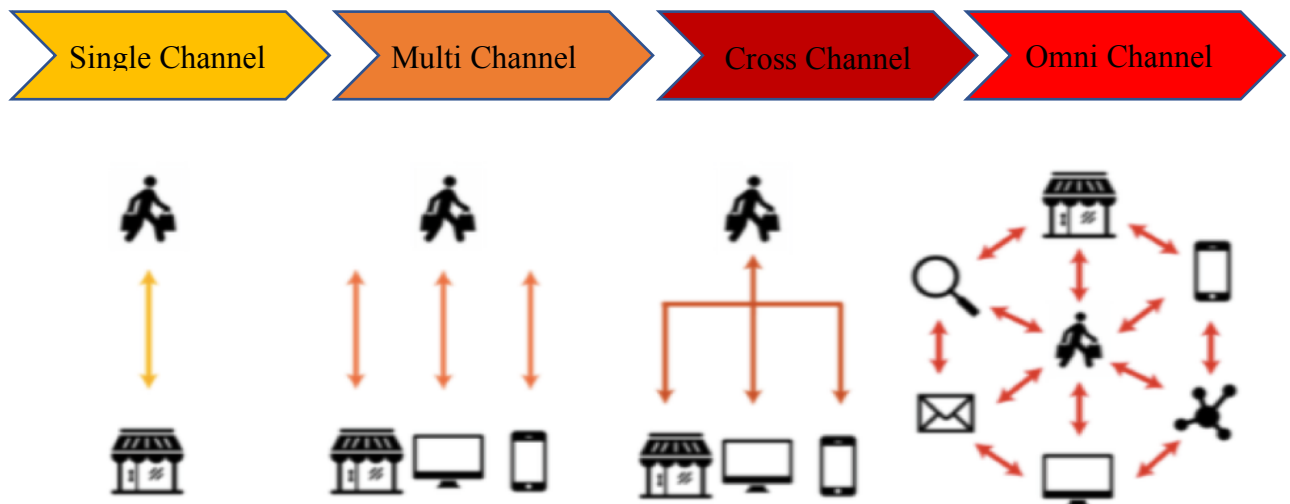

Table 3 Omni-channel Marketing. What you need to know. https://www.identic.be/en/omni-channel-marketing/

1.6.1 Single Channel

The single channel strategy can be simply defined as the traditional way of selling. It's a channel based on an exclusive usage of one or more stores with the possibility to choose if working offline (physical channel) or online (virtual store).

This strategy allows not only a strong and direct control of the relationship with customers thanks to the usage of one main dominant channel, but also a significant cost minimization.
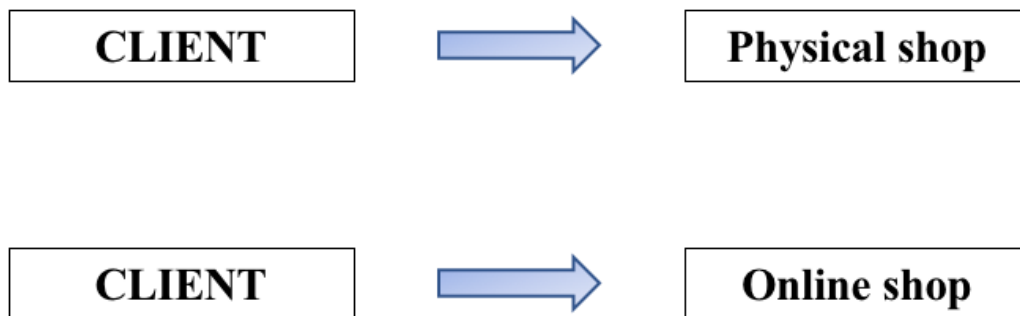
As shown by the graph above, the overall purchase experience takes place through a single touch point, which can be identified as *brick-and-mortar,* explained by the physical store and *pure-click,* shown by the online shop example.

- *Brick-and-mortar* represents a way for enterprises to operate following the traditional business model of a physical store. Here customers can experience the product directly for the first time, feeling its characteristics and appreciating its qualities.

   The workforce operating in loco plays a fundamental role in guiding the experience of the final customer, considering that the direct contact with the product available in store is influenced by the information shared with them. Focusing more on the concept of customer journey, we can therefore infer that it takes place within the walls of the stores, which have to be consequently properly organized to meet customers' needs and requirements.

- *Pure-click* on the other hand occurs when enterprises operate online only [4], through the use of search engines, Internet service providers, commerce sites, enabler sites, transaction sites, etc.

  When this model is implemented, consumers can easily search for a large amount of information on products, services and offers. Despite this huge information base available to the public however, the key element is represented by the online sale. The latter represents the main and exclusive activity that guarantees the turnover of the activity to the company.

  Focusing now on what can be identified as the main advantages of *pure-click* companies, we can infer that they are mainly linked to the cost reduction with respect to the physical store and, as well, to the possibility to serve directly the customers without the need of recurring to use intermediaries. The latter is extremely important if we take into consideration the geographical barriers that can emerge between different cultures within the stores.

  Nonetheless, also some kind of risks have to be taken into consideration, especially for what concerns the intangible nature of the online model. It indeed represents a major problem for those companies who decide to go for this specific strategy for their retail operations, majorly with respect to the concept of security and the development of loyalty.

To conclude with the analysis of the *single-channel* strategy, regardless of it being implemented online or with the construction of an offline store, we can focus on the main advantages that characterize it. Specifically, a company adopting this approach can experience gains in terms of coordination of marketing efforts, since they will be addressed unanimously, and in terms of quality and reliability of customer service, whose efforts will be directed in a single and specified direction.

Nonetheless, the concentration on a single channel, which is inherently built in the definition of the model itself, is also the main weakness of this channel. The enterprise, operating through a single online or offline store, is not able to reach customers who do not enter in contact with the unique available touch point and on the contrary have different shopping habits. This eventually leads to a stalemate in the opportunity to

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[4] Kotler er al., 2017

increase the customer base, which financially translates in a slower trend in the sales growth.

In addition to what has been said until this point and also in accordance with some of the conclusions that have been draft, it can be concluded that the *single-channel* strategy is a marginal and obsolete model which it is not able to meet the new needs of customers, who increasingly require the possibility of using different channels to make purchases.
Ultimately, companies have to consequently adapt to these new needs and innovative requests that comes from customers, whose only answer is the creation and development of a multi-channel strategy

1.6.2 Multi-Channel
As already stated, the evolution of marketing techniques has led companies to seek interaction with customers through a plurality of touch points, thanks to the exploitation of new technologies. Nonetheless, this statement may sound blurred and unclear, hence the need for a further explanation which will be the main scope of the following section of the document.

A simple question comes to our mind at this point. What does it mean to move from a single-channel to a multi-channel strategy? In few words the answer to this inquiry is that the just cited transition requires to the company the search of at least two or more independent distribution channels, both online and/or offline, which will become a new touch-point for the customer in order to find the company's products and services.

The new distributor usually offers different services, a varied range of products and different prices, with the aim of targeting customers on the basis of their shopping habits.

Looking at this phenomenon from the company point of view, with the expression "multichannel marketing strategy" we mean the use of a variety of channels (both innovative and traditional), assorted, coherent and integrated to communicate activities, pre-sale, marketing and after-sales customer assistance.

Multichannel, therefore, does not only mean increasing the number of channels of interaction between the company and the consumer, but also integrating them into a wider experience driven by the company values and culture.

The focus is not to persuade the customer to buy a specific product or service offered by the company, but to involve him in an optimal exchange of information and co-creation of interaction.
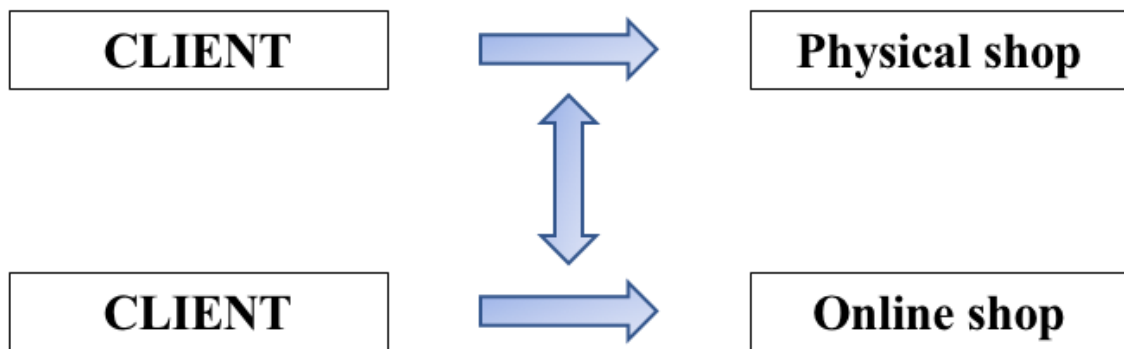
If we take into consideration what we said before about the in-store employees and their importance in guiding the customer in the purchasing process, it is easy to infer that final buyer has always been influenced and directed by the staff towards certain purchases. On the other hand, with the undertaking of a multi-channel strategy, the consumer now has the possibility to choose the channel that is most suitable to his or her lifestyle as well as to his or her habits.

The direct consequence of this newly emerging environment is that companies lose the total customer control that was first in their possession, while consumers acquire a stronger purchasing decision power.

Indeed, in this digital era, before making their purchasing decisions, consumers are likely to move between many different channels and platforms, exploiting the most of the available contact points passing freely from one to the other, customizing the purchasing paths. The latter represent one of the critical issues of this strategy for a company, because implies that due to the flexible course that clients may undertake, customer journeys becomes less predictable, overall in relation to the classic segmentation and analysis approaches which are usually used to determine them.

As all the other strategies that we will take into consideration, multichannel strategy has many advantages for companies, although it can often lead to difficulties and risks.

If on one hand the opportunities for contact and business with the customer multiply, at the same time the complexity of the volume of marketing activities is greatly increased. In accordance with this short sentence, we will now focus on analysing the main points for and against the multichannel strategy.

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   ┌─────────────────┐        ═══════▶    ┌─────────────────┐
   │     CLIENT      │                     │  Physical shop  │
   └─────────────────┘                     └─────────────────┘
                              ▲
                              ║
                              ▼
   ┌─────────────────┐        ═══════▶    ┌─────────────────┐
   │     CLIENT      │                     │   Online shop   │
   └─────────────────┘                     └─────────────────┘
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Benefits for the company:

• Development and optimization of CRM actions and of the relationship between the customer and the company This eventually translates in a greater interaction and retention of traditional customers.

• Expansion and strengthening of the distribution network to reach more customers, which can now be contacted through the usage of multiple touch points.

• Improvement of segmentation strategies and acquisition of customers in new segments, as for example market niches.

• Having a variety of available channels, which means that there is the possibility to choose the media more in line with the habits and characteristics of the targeted client. The direct consequence of this is a more effective and efficient communication.

• Possibility to achieve better results in terms of customer profitability and customer lifetime value. The brand, thanks to a differentiated quality service, encourages the consumer to spend more and with greater satisfaction as well as to recommend the brand to other potential customers through positive word of mouth.

• Costs reduction to manage different channels, for example by selling through mobile phone and not in a physical store or by promoting on social media rather than in television an advertisement.

• Development of differentiated and value services: companies that offer a service or a product for the customer using different channels stand out from the competition since they build a brand that is more recognizable.

• Efficiency of the organization in terms of processes, technologies and information.

• Eventually a broader availability of data collection. Today, user data is a key factor in developing a personalized marketing strategy. Using multi-channel marketing for data collection will bring more information about customers and at the same time an increase in competitive advantage.

Benefits for the consumer:

• Evolution of purchasing experience and improvement of brand perception thanks to service customization.

• Greater contact and wider interaction with the company.

• More informations available which increase the value of the available products / services on the market.

• Possibility to choose among the various channels in order to use the one considered most suitable.

Cons for the company:

Although the negative aspects are less than the positive ones, companies still have to consider the risks that the multichannel strategy may involve:

• The transition from single-channel to multi-channel and the management of different channels could be complex, due to lack of internal competences, lack of coordination between the marketing and IT function, lack of budget or even delay in adoption of technological infrastructures.

• There may also be problems with the lack of suitable metrics to measure and evaluate results, or issues related to the inability to identify the multichannel client.

• Using multichannel means representing a coherent and unified image of the company. Sometimes there is the danger of a growing fragmentation of communication.

• It may also become challenging to maintain an adequate and necessary level of service on several fronts.

• Possibility of conflict between channels, for example between direct sales and a partner company may emerge.

Eventually what can be inferred is that the lack of communication between channels could lead confusion in the transmission of the brand identity that would no longer be aligned within the different channels. The independence which is inherent to the

channel strategy described brings in conclusion numerous problems in defining a target that is different for each channel. Moreover, it becomes also very difficult to estimate general KPIs to analyze the performance, which must be different and specific for each type of channel used.

In consideration of these issues identified, companies have tried to find a new solution which would enhance the benefits implied in the multi-channel strategy minimizing its associated risks. According to this, multi-channel distribution strategy has evolved towards a cross-channel strategy.

1.6.3 Cross-channel

In the cross-channel strategy the client does not choose a unique channel to make the purchase but rather can use several channels for the same order This means that he can initially approach the purchase toward a specific channel and finishing up the other on a different platform/location, on the basis of his preferences and/or habits.

"Click & Collect" is a practical example of this model. When a company operates through this strategy, customers can indeed order online a specific product, avoiding therefore queues, crowding and wasting of time, and then collect the item in a physical store. If this has become possible, the reverse has also become common practice between customers. . Some clients indeed prefer the physical shopping experience to the online one, but occasionally may find a specific product available in store not 100% in line with what they were looking for. In the eventuality that a customer tries something in a shop, but he is still undecided about whether to finalize or avoid the purchase, companies with an online shop allows him to evaluate his interests at home and eventually order online at his own time.
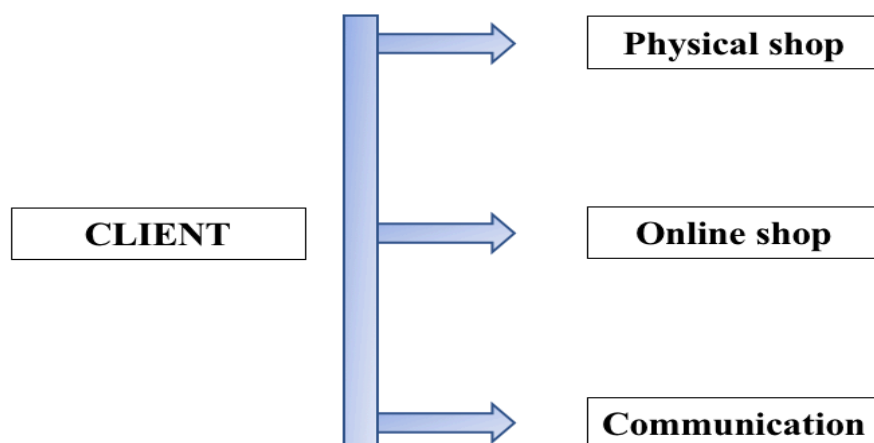
This is possible thanks to the communication and the integration between different channels, which are linked in terms of changes, returns and promotions.

Channels therefore are not in competition in this strategy, on the contrary they can become complementary. This complementarity becomes an extremely value enhancing characteristic for a company, because it allows the final customer to shape the customer experience at his convenience. Considering the increasing trends of personalization that have emerged in the last years, we can say that one of the strengths of this channel model is it high flexibility and adaptation capability with respect to client needs

The main difference between multichannel and omnichannel strategies is the integration of obtained informations thanks to sales made on different channels. This means that data collection becomes broader and can become an essential asset for the company to eventually perfect the targeting strategies in action to acquire and retain customers.

The company is able to define a unique customer experience through the integration of those information and data, focusing on customer specific needs to create a customer journey that is the most personalized and fitted possible to them.

The flow of this informations is possible thanks to the strong communication and the technological connection between all the distributive channels, which do not operate in a parallel and independent way but in an aligned way as a continuous exchange.

1.6.4 Omnichannel

The last strategy with respect to channel definition and development is the Omni-channel retailing. Developed as an extension of multi-channel retailing, the omni-channel model has as main focus the idea of completely integrating all the channels a company may exploit for its retailing operations [5].

It can be seen as an evolution of cross-channel strategy where digital and non-digital retailing combine in order to create a unique customer experience.

<u>Technological developments, purchasing behaviours changes and customer centricity</u> are the drivers of this innovation in the retailing sector and will be analyzed in the following chapter.

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[5] Klosek, 2012; Frazer & Stiehler, 2014; Rigby, 2011

When a company operates through this strategy, customers have the possibility to use different channels at the same time for their purchase. This means that they both can scroll items on their mobile phone while at the same time they are in a physical store, having therefore access to real time informations about products wherever and whenever they want and need.

The following table will be useful to clarify the different channels that we have described until this point in order to have a clearer view of the main characteristics of each of them before entering in the complete overview that the next chapter will be focused on.

	Multi-channel	**Cross-channel**	**Omni-channel**
Concept	Division between the channels	Partial integration of some channels	Integration of all widespread channels
Degree of integration	None	Enables switching between certain channels and touch-points	Total
Channel scope	Retail channels: store, web- site, and mobile	Retail channels: store, website, mobile, social media, customer touch-points	Retail channels: store, website, mobile, social media, customer touch-points
Customer relationship focus: brand vs. channel	Customer-retail channel focus	Customer-retail channel focus	Customer-retail channel-brand focus
Objectives	Channel objectives (sales per channel, experience per channel)	By channel or connected channels and touch-points	All channels work together to offer a holistic customer experience
Channel management	Per channel Management of channels and customer touch-points gea- red toward optimizing the experience with each one Perceived interaction with the channel	By channel or connected channels and touch-points Perceived partial interaction with the brand	Cross-channel Synergetic management of the channels and custo- mer touch-points geared toward optimizing the holistic experience Perceived interaction with the brand
Customers	No possibility of triggering interaction Use channels in parallel	Can trigger partial interaction Use channels in parallel	Can trigger full interaction Use channels simultaneously
Retailers	No possibility of controlling integration of all channels	Control partial integration of all channels	Control full integration of all channels
Sales people	Do not adapt selling beha- vior	Adapt selling behavior using different arguments depending on the channel	Adapt selling behavior using different arguments depending on each customer's needs and knowledge of the product
Data	Data are not shared across channels	Data are partially shared across channels	Data are shared across channels

Table 4: Differences between multi-, cross-, and omni-channel retailing. Source: Based on Rigby (2011), Piotrowicz and Cuthbertson (2014), Beck and Rygl (2015), Verhoef et al. (2015), Picot-Coupey et al. (2016) and Juaneda-Ayensa et al. (2016)

2. Omnichannel approach

The previous chapter was determinant for establishing which differences exists between the various types of channels, as well as their evolution throughout time and technological changes.

As previously stated, this evolution is leading companies to progressively shift to a type of omnichannel interaction with customers.

Omni-channel strategy refers to an ideal strategy that offers and exploit several channels in accordance with the latest technological developments and current consumer behaviour.[6]

This new way of approaching to marketing requires an extremely high capacity to adapt to change. Considering that the most significant change of our time concerns the use of technologies and their continuous development, the company's technological impact should be aligned with the newest trends and be always updated accordingly.

It is important to highlight that this new strategy is not well developed in all sectors and by all companies, but the fashion, travel and financial services industries have already adopted this model with very satisfying achieved results.[7] The main challenge for retailers is to understand which the best technique is to adopt in order to create an extraordinary and unforgettable customer journey.

Companies should therefore define which is the most fitted strategy for their sector, focusing on their goals and the best approach to achieve them. Thus, they have to be able to understand what it is necessary to keep up with new technologies and to unify pricing, products informations and client's communications among the different channels.

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[6] Verhoef et al., 2015b; Zhang et al., 2010
[7] Gao & Yang, 2016; Harvey, 2016; Verhoef et al., 2015b

2.1 Technological developments

The rise of technological progress in recent years has played a fundamental role redefining the strategies of traditional marketing: it indeed represents an indispensable means today, a mechanism necessary to be competitive in a society governed by users, by their movements and by free access to any information at any place or time.

For companies able to grasp the importance of this change, all this has led huge investments in new platforms and technological tools, in order to guarantee a better understanding of the state of demand and therefore a better offer of products and services. The ultimate goal of such recently acquired assets is to create goods, which are not better per se, but product and services improved in terms of fit with respect to the needs required by customers.

New technologies will therefore allow companies to be closer to consumers and their needs, as well as more suitable to answer to specific habits and customs. The constant increase in interactions will allow companies, through the use of adequate tools, to meet the consumer's needs more and more efficiently, strengthening more profitable and efficient strategies for companies and generating a greater degree of end customer satisfaction.[8]

Companies eventually became players involved in highly technological markets. In order to keep the pace of new technologies, the most innovative and forward-looking firms focused firstly on implementing what is called the online commerce, or *e-commerce*, with the aim of refining their digital skills and creating new touchpoints with customers.

What comes next on the path for innovation is the integration of digital contact points throughout the customer experience, in order to create added value for the consumer. The latter, despite the obvious benefits that would bring to the companies undertaking them as previously stated, is still not considered a common practice in the industry, but rather a new innovative strategy yet to be exploited and implemented.

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[8] Katherine N. Lemon & Peter C. Verhoef; Understanding Customer Experience Throughout the Customer Journey

Eventually, the only way in which we can conclude this paragraph is through inferring that the change in technology has led to a modification in the typical customer's shopping pattern, so that companies face new challenges in their daily operations. What is indeed required to them is to hold in consideration these new habits, while designing new perfectly fitted strategies. [9]

2. 1.1 In-Store Technology

The omnichannel evolution has changed the role of the physical store, defining it as the heart where integrating online and offline interactions occur and evolve. Therefore, the physical touch point, despite believed and perceived to be completely gone, is becoming the perfect space to meet and target those previously cited new needs, allowing customers to complete the purchase process in an authentic, personalized and memorable way.[10]

Customers, in spite of the frenzy and rapidity that characterize their environment, still want to see, feel, touch, and try products, as well as to experience the shop atmosphere. This therefore means that the latter, so it remains an essential contact point between clients and the company, where relationship can be established in light of loyalty and heritage.

The shop created through the new available innovations - being them technological or merely cultural is characterized by an atmosphere where both tangible elements (as the building, carpeting, fixtures, store decorations) and intangible elements (as lights, colours, music, perfumes, temperature) coexists as an integral part of the shopping experience.

Nonetheless, we cannot forget that nowadays, technology represents the ultimate added value for targeting and personalization of a remarkable customer journey. Therefore, considering its presence as a basic standard within the store ambient, it must be employed to improve the in-store experience and meet customer expectations[11].

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[9] Brynjolfsson et al., 2013; Frazer & Stiehler, 2014
[10] Going Online While Purchasing Offline: an Explorative Analysis of Omnichannel Shopping Behaviour in Retail Settings Authors: Marco Savastano, Riccardo Barnabei, Francesco Ricotta
[11] Puccinelli et al. 2009

As will be later shown, the availability of in-store technology that can simplify, speed up and improve the shopping experience is favourably viewed by the entire potential clientele.

In accordance with what has been just said, we can shortly analyze some data from an *Epson* research, whose results have highlighted the following benefits with respect to the technological implementation and exploitation:

- improvement of customer service, which increased by 57% with respect to the overall sample);
- general speeding up the payment procedure by53%;
- lower waiting in line, which decreased by 53%;
- greater convenience and better shopping experience, which impacted by 33%.

Nonetheless it is also important to highlight a small shadow emerging from this analysis, which is represented by the fact that one interviewee out of ten has shown a certain distrust of technological tools available at the store.[12]

The latter is important because allows for the emergence of other point of view, mainly the ones of technology-averse individuals that, despite not being evaluated in this thesis, also cover a little yet meaningful slice of the population. Indeed, the trends show an ever improvement and appreciation of the technological advancements proposed by companies in the retail sectors, but not all the customers may be keen to them. Therefore, technology represents here a double-edged sword.

Despite the previous digression, which is important to give context and evaluate also other issues that remains relevant despite being out of scope here, we will now focus on analysing what are the most frequently implemented technologies, with the aim of evaluating them and see which their main characteristics are:

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[12] Epson 2018

- **Interactive Touch Screen Kiosks**.

  The interactive kiosks can be defined as *virtual shop-assistants* able to mainly provide support about products informations, as well as to make comparisons between different items and, eventually, in some occasions and with the due specificities to complete a purchase order.

  This tool represents to the best the meeting point between the brick-and-mortar retail environment and the incredible efficiency and convenience of the online world.[13]

  The kiosks can be both freestanding or wall-mounted. Their principal benefits impact the customer-employee relationship. from one side they are far more effective and engaging than an employee, while at the same time either freeing up time of your personnel, which can be spend elsewhere, or even assuming the role of an employee altogether[14].

  The reason behind this just proposed assumption is, touch screen kiosks are capable to work 24 hours in a day, offering the same high standard day in and day out, delivering a consistent and quality user experience.

  A European study showed that kiosks have reduced the waiting times for customers by as much as 60% without mentioning the decline in the queues levels that customers in the store could experience[15].

  Lastly, this technology can be used also with a log-in system, meaning that it can remember customer identities, going to study and analyze their interests, preferences and search histories. This is astonishing revolutionary. Using informations as, for example, which products customers purchased in the past and, as well, which are of their interest now, the kiosk can customize the following access offering them personalized deals and discounts.

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[13] HBR, How Self-Service Kiosks Are Changing Customer Behavior, Gavett 2015
[14] Kiosks in retailing: the quiet revolution. ROWLEY, J. and SLACK, Frances
[15] Self-Service Technology in Retailing: The Case of Retail Kiosks; Hira Cho , Susan S. Fiorito

Figure 1 Prototype by Metrolite https://www.olea.com/product/metrolite-retail-kiosk/

Consequently, the main benefits that a company can experience when undertaking such a strategy can be therefore summarized as followed,

- Overall business costs reduction. The technological investment can be spread throughout time and therefore amortized, reducing in the long run operating costs;

- Interactive Touch Screen Kiosks Improve Business Efficiency, decreasing the level of time waste both for the company and for the clients;

- Interactive Touch Screen Kiosks Enhance Customer Service, considering their ability to define a personalized and targeted customer experience;

- Interactive Touch Screen Kiosks Improve The Customers' Buying Experience, focusing on their true interests and precedent purchase journeys;

- Interactive Touch Screen Kiosks Increase Sales, mainly considering the reduced time needed to serve each customer;

- Interactive Touch Screen Kiosks Deliver A Faster Return On Investment, which is mainly due to the improvement in efficiency;

- Interactive Touch Screen Kiosks Boost Job Satisfaction

- Interactive Touch Screen Kiosks Help Businesses Understand Consumer Behaviour

- **Free Wi-fi connection**.

  We all know what Wi-Fi is. Most of the people in 2019 would not imagine living in a world without an internet connection and this technology has become almost a basic feature to ensure a positive customer experience, regardless of the sectors of interest. Wi-Fi connection is a very popular and widely used service and making it available to customers is an excellent strategy to retain them, in spite of its simplicity and actually low cost of implementation.

  The Wi-fi connection should be used as a marketing tool and therefore must be known how to manage it.[16]

  Companies should provide an hotspot connection which works with a dedicated access control software, and that is able to "see" individual connections and intercept users before they start browsing.

  Customers should create an account to access and use this kind of service; in fact companies can ask for name, e-mail address, phone number, etc. Thus, we cannot forget the data collection associated with this kind of registration, which can eventually be exploited by customers for their targeting and retention strategies.

  Studies indeed show that mobile devices represent the most effective loyalty channels and also that about 74% of customers prefer to receive communications regarding loyalty programs and marketing initiatives via email available on their smartphones[17]. For this reason, is an effective method to send them personalized messages with offers, discounts, promotions of the month, Christmas greetings or any other informations, which can be addressed through the data collected as a consequence of the Wi-Fi registration.

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[16] El Azhari e Bennett, 2015

[17] Coniq 2018

- **Beacon Technology**.

Beacons are Bluetooth sensors used to intercept nearby mobile devices and trigger a communication.

Shortly, "Beacon technology is poised to change the way consumers interact with brands, making devices more helpful and revolutionizing the way retailers measure the offline impact of online ads".[18] With this tool, messages, coupons and offers can be addressed in the right way and at the right time, making the store a cornerstone of the omnichannel propositions of brands and retail chains.

After having explain its basic features, it is important to also evaluate its procedures in order to have the most comprehensive view possible with respect to this strategy:

- First of all, each customer can be recognized while he crosses the entrance door. It is sufficient that they have installed the retailer's mobile app on their smartphone and that the Bluetooth is enabled.

- Then, the beacons installed in the store identify the phone and send a push notification which suggests the user to open the app to view product categories and offers tailored to his interests, based on previous visits or on online purchases.

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[18] How Beacons Can Reshape Retail Marketing, Lewis 2016

How Beacons Work

Beacons placed in venue

Transmit one-way signal within close proximity to enabled devices

Opt-in process:
- App to interpret signal downloaded
- Bluetooth turned on
- Notifications for app enabled

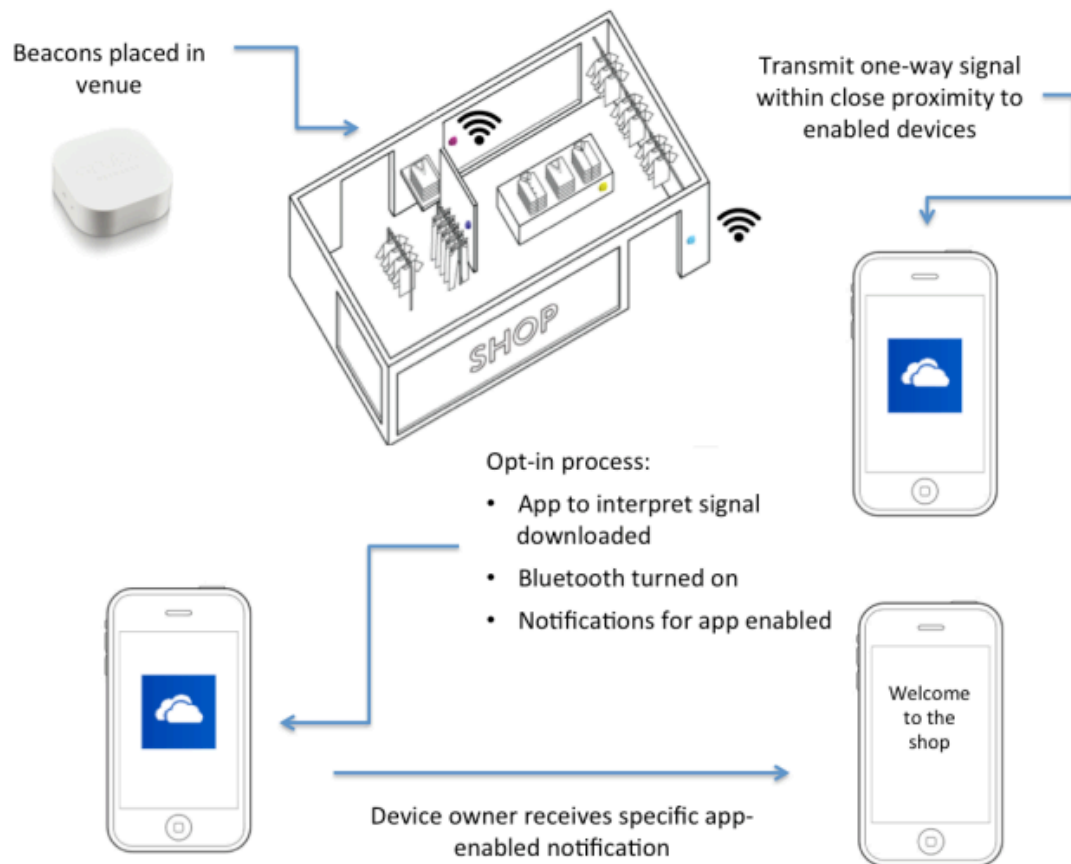**Device owner receives specific app-enabled notification**

Welcome to the shop

Figure 2 Understanding Beacons, Local search association & Future of privacy forum

The beacon technology also allows to redirect the coupons usage. In fact, this tool avoids useless spam but targets the notifications.

Currently, this technology is not widely used due to some barriers which slow down its expansion. The physical installation of the transmitters in the shop and the need to active the Bluetooth are the main issues.

For this reason specialists are working to implement this strategy, for example putting in contact the beacon and the customer through a simple GPS localization, which is a function requested by different applications by default and that does not require manual activation by the user.[19]

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[19] Sterling, Polonetsky & Fan 2014

- **Smart mirrors and Virtual dressing rooms.**

The Augmented Reality (AR) and the Virtual Reality (VR) are the trends which will revolutionize the shopping[20] , a trend that is already showing off its results and outcomes.

An example of this tendency is through the use of AR or RFID (Radio Frequency Identification) systems: a scan of the customer's body is carried out, which can quickly test different combinations of clothing items.

A survey conducted by Gartner between July and August 2018 showed that of 97 retailers in Europe, in US, in Canada and in China, 46% of them intend to adopt AR or VR solutions by 2020. The ultimate aim of this choice is to eventually meet customer needs in the most innovative way possible, allowing for a competitive advantage. The same Research also revealed that those same companies estimates that, still by 2020, 100 million consumers will benefit from the augmented reality when going shopping both in-store and online.

Figure 3 SMART MIRRORS TRANSFORM RETAIL; Antedote

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[20] Gartner 2018

- **Tablet devices in store.**

  Smartphones and tablets permeates our everyday life on a daily basis. These new technologies may effortlessly ease ordinary jobs. For example, this kind of device, within the retail industry, allows client advisors to assist customers in every point of the store. Moreover, other benefits arise when the tablet is in the customers' hands, who can browse the online section of the brand with the aim of looking for informations about product and services in the shop.

Figure 4 The Empowered Store Associate: Driving Tomorrow's Retail Experience; Aspire Systems

2.2 Importance of staff

As in all the types of relationships we weave on daily basis, people and empathy plays a fundamental and determinant role. Therefore, the store associates have a key role during the purchasing experience: their support is fundamental for the data collection, for communicating informations and for assisting and steering the customer towards purchasing choices.

In order for information and experiences to be coherent and consistent among the different channels and communication means, the staff must have updated its knowledge and skills, therefore becoming an important touch point to connect other channels.

This kind of connection is fundamental when dealing with customers who exploit the online channel for information searching and eventually ask for advice before concluding a specific purchase. Here the ability of the instore employee to nimbly ease the communication process determines a competitive advantage for the brand itself, because it shows one of the most relevant characteristics of a company identity, which is perceived consistency[21].

Today, the customer journey does not begin when the potential customer crosses the threshold of the door, but rather when the research phase starts, usually independently and especially through digital channels such as company website, social media or online prices comparison platforms. Within this environment, the "salesperson" will have to face a difficult challenge since he will meet the customer physically for the first time when the latter will be already in the middle of his purchasing process[22].

In conclusion, sales assistants play a tricky role in the new retail environment dominated by a strong contamination between online and offline tools, but as proposed before their ability consist in consistently communicate the brand values while giving the required fill up of information. Their eventual goal is to add a physical and more real contest to a specific customer experience, which goes beyond the mere display of information that customers are already able to find online.

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[21] Customer journey management, Newnham

[22] Angelos, Davis, Gaylard 2017

2.3 Purchasing behaviours changes

Thanks to technological development analyzed in the previous section, the customer purchasing behaviours are quickly changing.

We have already seen some of the modification previously but considering the importance and radically changing outcomes that this trend is having, it is important to dedicate a short section of the thesis to the analysis of the technology impact on the typical customer purchasing behaviours.

Shortly summarizing the trend, today customers are increasingly demanding, thanks to the possibility to stay constantly connected to the global marketplace where they can compare prices and browse across the wide production selection available.

Moreover, as we have seen before, nowadays the purchasing process goes through multiple shopping channels without interruptions. The most common example of using multiple channels for a single purchase is evaluating the product from home (thanks to the very detailed informations available on the web sites or on other online platforms) and then visiting the store to understand the non-digital characteristics of the product, with the aim of concluding a satisfied in store purchasing it in store[23].

Choosing one channel with respect to the other mostly depends on the different requirements connected to the preferred purchasing path. Basically, this can be explained by the following:
- an offline purchase does not have delivery costs nor waiting time, but it implies the time costs of going back and forth from the store;
- an online purchase allows the customer to get products which are not available in the store at their convenience both in terms of time frame and location, but with delivery time and sometimes with delivery costs.

Many retailers have recently started to offer customers the option to buy online and pick up in store (BOPS) and this is one the main cause of the purchasing behaviour changing of the clientele.

This process allows to conclude the transaction online and to collect the product in a

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[23] Bell et al 2014

physical store, highlighting how the omnichannel experience can be an added value for the client.[24] It's clear from our analysis that each channel has its strengths, and the BOPS model is eventually able to take the best of each one: the client can learn detailed and completed informations, as well as specific availability of the products, before concluding the order, and eventually he can collect the items in a physical store avoiding long queues with an immediate gratification.

In the *Omnichannel Retail Operations report* (2016), Gao and Su have stressed the importance of choosing the best fitted product eligible for this kind of service; in fact, retailers should choose carefully the strategy to not lose traffic and sales.

According to various researches, it's very important to invest in the BOPS model since in the next five years (EY 2015) direct store sales and home delivery will decrease, while accordingly click and collect will be always more and more common.

Predicted shift in fulfillment channel importance

1. Store sales
-9%

2. Click and collect (store)
3%

3. Home delivery
-7%

Figure 5 EY 2015

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[24] Omnichannel Retail Operations with Buy-Online-and-Pick-up-in-Store; Gao, Su 2016

2.4 Customer centricity

The direct connection between the channels, without brake points, represents the greatest strength of the omnichannel strategy, where the client is the fulcrum of all the shopping experiences with the power to decide if, when, where and how to buy thanks to the multiple available alternatives.[25]

The main objective of the omni-channel strategy is to create and to deliver value to the customers rather than only selling the products, as, on the other hand, occurs in the product-centric approach.

Today, in accordance with the latest and most innovative trends, the firms build their strategies around the customers' needs, with the aim of building a unique and durable relationship with them.

All the available touch points allow companies to be close to the client, establishing a confidential relationship based on data collection exploitation and personalization of the customer journey.

All of these assumptions are better explained in the table below.

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[25] Customer experience in the omni-channel world and the challenges and opportunities this presents, Cook 2014

A comparison of the Product-Centric and Customer-Centric approaches

	Product-Centric Approach	*Customer-Centric Approach*
Basic philosophy	Sell products; we'll sell to whoever will buy.	Serve customers; all decisions start with the customer and opportunities for advantage
Business orientation	Transaction-oriented	Relationship-oriented
Product positioning	Highlight product features and advantages	Highlight product's benefits in terms of meeting individual customer needs
Organizational structure	Product profit centers, product managers, product sales team	Customer segment centers, customer relationship managers, customer segment sales team
Organizational focus	Internally focused, new product development, new account development, market share growth; customer relations are issues for the marketing department	Externally focused, customer relationship development, profitability through customer loyalty; employees are customer advocates
Performance metrics	Number of new products, profitability per product, market share by product/subbrands	Share of wallet of customers, customer satisfaction, customer lifetime value, customer equity
Management criteria	Portfolio of products	Portfolio of customers
Selling approac	How many customers can we sell this product to?	How many products can we sell this customer?
Customer knowledge	Customer data are a control mechanism	Customer knowledge is valuable asset

Table 5 The path to customer centricity; Shah et al.

The new omni-channel customer is identified as a strongly prepared and informed person, highly connected and in confidence with technology.

A research[26] has segmented this new customer category in three segments depending on the age group to which individuals belong or by their technological cultural habits:

1. <u>Omni Integrated</u>: Affluent, home oriented, well connected, aged 30–50 years;
2. <u>Young mobile</u>: Under 30 years, constantly on the move, SMS is their primary communication channel;
3. <u>Social networker</u>: Spans all age groups, highly connected by interest rather than demographics.

Omnichannel customers have a very different behaviours from traditional retail customers. They are better informed, they can use technology and demand more and more from retailers, both from an information point of view and from a service perspective. When they find a retailer, which offers the experience they want, these customers become very loyal and profitable, with the expectation that this service will continue over time. Therefore, the retailer should be very prepared to serve this kind of customers, making use of technology and good products knowledge their strengths.

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[26] Journal of Direct, Data and Digital Marketing Practice; Cook 2014

2.5 How luxury brands are adapting to an omnichannel world

Before analyzing how brands are evolving with times, which will be topic of the next chapter, the change in luxury sector should be considered and evaluated. Originally, the concept of luxury involved aspects of culture, of lifestyle and especially of high purchasing power of minorities.

Once upon a time, for example, the European monarchies showed power and outlined frivolous social differences by the eccentricity of their properties and therefore began the marketing of luxury.

With the passing of time and the transformation of society, the meaning of luxury also evolved. [27]

Due to the digital tools which facilitate the access to everything, luxury has become more visible[28] passing from a purely economic concept to a more emotional feeling with a more emphatic value attached.

Offering the same customer experience both in store and on a digital platform is the main challenge that luxury brands are facing, and to make this issue worse they also have to adapt also to the omnichannel world.

As stated before, in an omnichannel strategy, each channel interacts and supports the other channels, creating a unique and cohesive image of the brand. Today the consumer hardly differentiates the web experience from the in-store one, but both are part of the same customer journey without disconnections[29].

Nonetheless, before entering in the specificity of the analysis, it is important to highlight some peculiar characteristics belonging to the luxury brands and its relevant environment, which are highlighted below:

- Combining In-Store and Online
  The reason why luxury brands have been slower with respect to other in investing in digital channels and platforms is due to the fact that customers would not have bought such expensive items online. Therefore, the greatest

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[27] Central European Business Review, Vol. 5 N.02, 2016
[28] Gutiérrez de Ravé, 2015
[29] Forbes, How Luxury Brands Are Adapting To An Omnichannel World

difficulty was finding the meeting point between the online experiences and the "brick and mortar".

Certainly, most of the luxury sales still take place in the shops but the customers rather use digital technologies as a research tool, inquiring and knowing the products and then going to the boutique to see and touch the product before the final decision, combining the ease of information searching through the online channels, and the physical experience provided by the store;

3 OUT OF 4 PURCHASES ARE INFLUENCED BY ONLINE PRESENCE

While all luxury consumer profiles are exposed to digital touchpoints, digital plays a stronger role for consumers selling experience and emotional value.
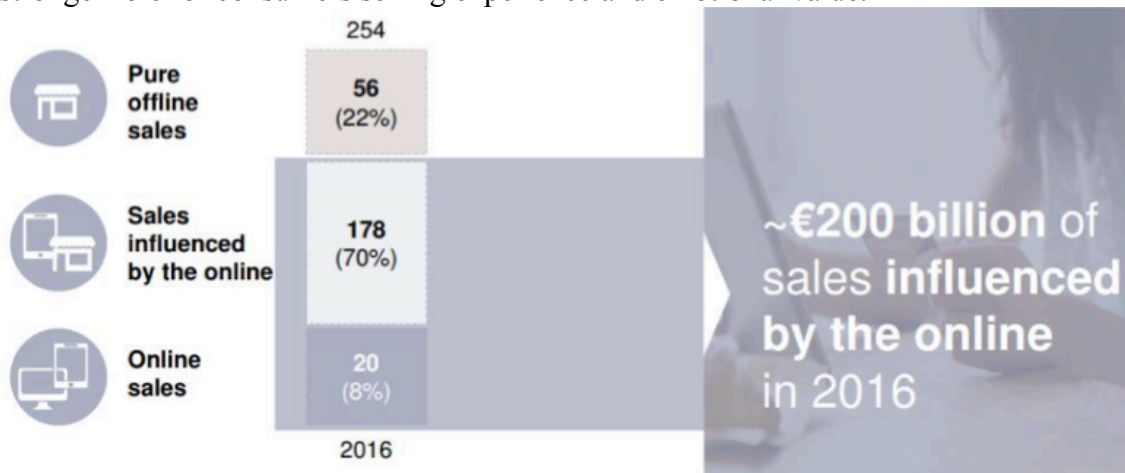

Table 6 Euromonitor; Forrester; companies' Annual Report; McKinsey & Company – Digital Luxury Experience 2017. Includes Apparel, Footwear, Accessories, Jewelry & Watches, Leather Goods, Beauty & Perfumes.

- Focusing on mobile

  The mobile channel also experienced the same issues as the online channel. It is difficult to think that consumers can buy luxury goods through their smartphone, but on the other hand the omnichannel experience considers the phone as a fundamental tool in the customer journey.

  A research[30] has shown that the 29% of smartphone owners uses retailer mobile app at least once per week, while the 23% of customers uses the smartphone to search informations and to compare prices inside the store.

  For this reason, luxury brands that are adopting an omnichannel approach are investing in optimized websites for mobile phones and developing applications to offer a seamless experience across all channels and devices to their customers.

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[30] UPS 2015

Figure 6 Forbes, Apple And Burberry Team Up To Create Dazzling iOS Apps

- Active presence on social networks

As well known, social media is a powerful way to interact with consumers and when most brands have started to use them, luxury brands have become detached thinking about a loss of exclusivity[31].

Today, however, marketing strategies that follow an omnichannel approach increasingly refer to social networks.

As previously said the strength of the omnichannel strategy reside in the ability of the brand to create a cohesive communication which reflects in the entire customer journey, which means that it has to be perceived by customers both online and offline.

A way to communicate the brand identity in a united approach is through storytelling. The latter is the basis of luxury marketing and social media is a tool that easily allows to tell a story about these precious brands.
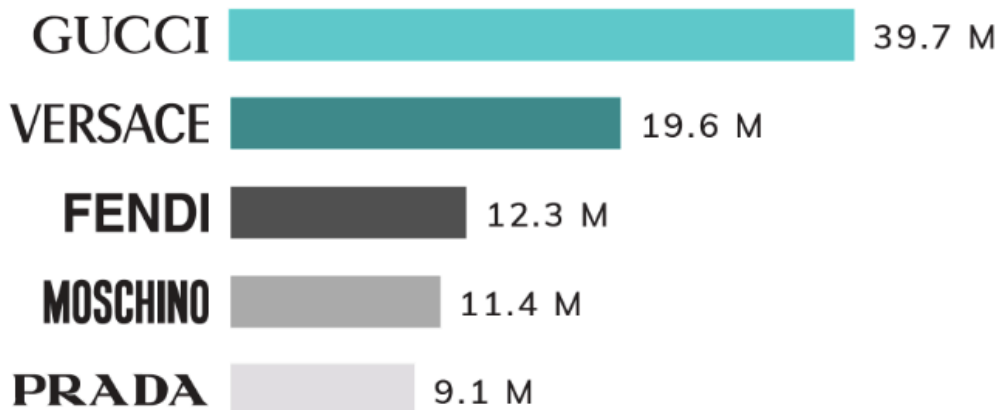
In accordance with all these assumptions, below you will find an example of the impact of social media with respect to luxury brands, evaluating the engagement of people using them to interact with those companies.

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[31] McKinsey & Co 2015

Social media engagement (#reactions) during Milan Fashion Week 2017

GUCCI	39.7 M
VERSACE	19.6 M
FENDI	12.3 M
MOSCHINO	11.4 M
PRADA	9.1 M

Table 7 Data on the Runway SS2018, Launchmetrics

- Offering digital customer service with a human touch
  The luxury customer service is one of the most important strengths of high-level brands. This also emerges also from a dialectical point of view, considering that sometimes the word "luxury" is synonymous of "excellence".
  According to this, it is easy to understand the reason why when dealing with luxury brands, a supreme quality is what customers expect as a standard and not as an optional. It is therefore very important that the online experience corresponds to the service that customers would like to receive in the store and that the digital customer service has what is commonly known as a human touch.
  Obviously, this represents a critical and also a hard challenge, but through a careful planning and a strong customer know-how, luxury brands are learning to focus on the development of this philosophy.

3. Perceptions of omnichannel strategy

After having analyzed in detail the best practices and characteristic features of the omnichannel strategy, a on field research has been pursued to investigate if consumers are confident with online purchases, their propensity to the use of technology and their connection with the physical shop.

The aim of the research is to give a contribution to the literature regarding the approach and behaviours that consumers have during their purchasing process.

It was therefore decided to interview consumers directly to see which the actual attitude of a potential client to the topic is.

3.1 Methodology

The interview was conducted through an online questionnaire. The choice to use an online questionnaire was made mainly to allow interviewees to respond honestly and without feeling judged.

The questionnaire was distributed to pages dedicated to the fashion industry (seven Italian pages and six pages in English), through the most popular social networks, such as Instagram, Facebook and different Forums.

The questionnaire was distributed via a link based on the Google Forms platform and has been available for one week during the month of September 2019.

The first part of the questions was aimed at identifying the consumer and allow the interviewees to be classified according to nationality, gender, age and educational qualifications.

The second part was aimed at framing the interviewees' habits on the issue of shopping, the purchasing frequency and the preferred used channel have been investigated.

The third and last part was aimed at revealing the preferences that the interviewees have in the retail context.

Once results were collected, IBM SPSS Statistics software version 25 was used for the statistical analysis of the results, while the Microsoft Excel software was used to implement the graphs.

A descriptive analysis was first carried out on the univariate data detected through the questionnaire: frequency tables were created and, where possible, the centrality and variability indices were calculated.

Lastly, statistical tests were carried out to verify eight research hypotheses and the correlation between three different variables.

To conclude the analysis, a cluster analysis was implemented, choosing four variables in such a way to represent four different but relevant aspect of the survey. For the clustering Two Stepp technique of SPSS was used, which has allowed us to define the number of clusters using the BIC criteria optimally.

3.2 Questionnaire results

In this section an overview of the general results of the survey will be presented.

The total answers were 200, without incomplete ones.

As a starting point we consider whether the respondents are Italian or foreign and from this we derive that 78,5% of the sample participated in are Italian, while 21,5 % of the answers came from abroad and in particular 18 respondents are from Spain and 11 from France.

Nationality

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	French	11	5,5	5,5	5,5
	German	7	3,5	3,5	9,0
	Italian	157	78,5	78,5	87,5
	Other	7	3,5	3,5	91,0
	Spanish	18	9,0	9,0	100,0
	Total	200	100,0	100,0	

Table 8 Nationality, Data from survey
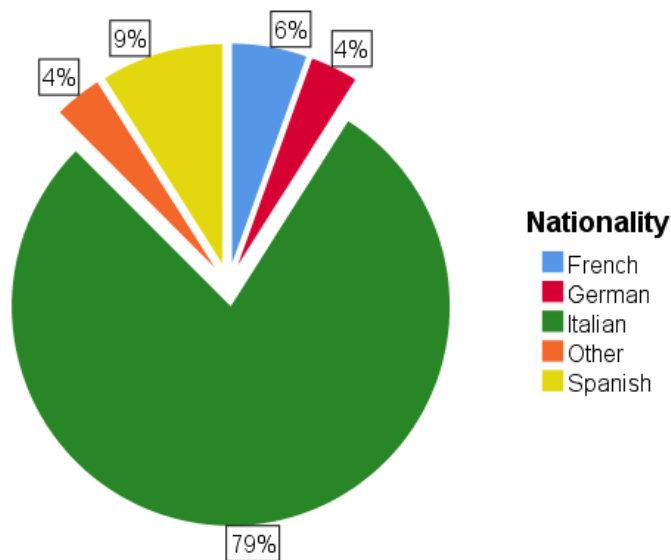
From here, we proceed with our analysis on gender, in which we find an equilibrium. In fact, the women respondents were 92 (46%), compared to 54% of male one.

Gender

|		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	92	46,0	46,0	46,0
	Male	108	54,0	54,0	100,0
	Total	200	100,0	100,0	

Table 9 Gender, Data from survey
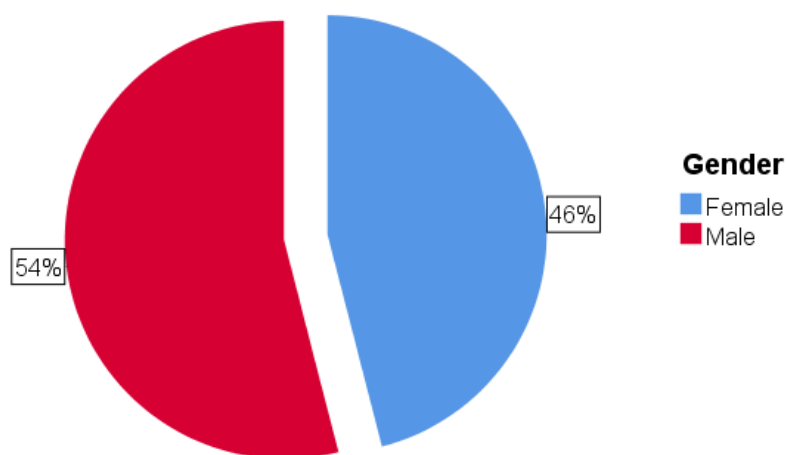
As the next question is concerned, Gen Y, the so-called "Millennials", represents the majority of respondents for as much as 76%, followed by the 35-54 segment which represents 11,5% and from the under 20 which represents the 5%. Finally, 10% is represented by the baby boomers (above 54).

This highlights the fact that, even though Baby Boomers are part of the generation that is less familiar with online channels, they still participate to a mobile format, showing that they are able to adapt to this ever-changing environment.

Age Class

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	< 20	10	5,0	5,0	5,0
	20 – 34	152	76,0	76,0	81,0
	35 – 54	23	11,5	11,5	92,5
	Above 54	15	7,5	7,5	100,0
	Total	200	100,0	100,0	

*Table 10 Age class, Data from survey*
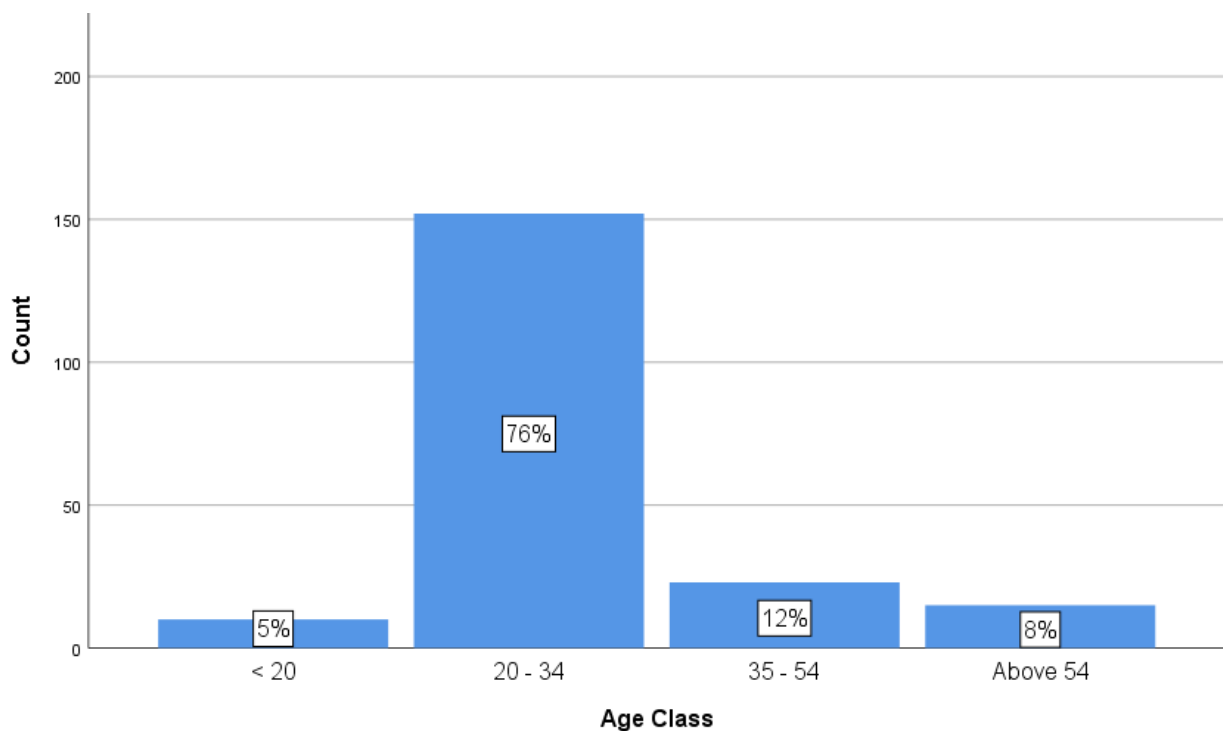
Regarding the level of education, the majority of respondents belong to the "Degree/ Postgraduate Specialization" category, namely 64%, followed by 24% of respondents with high school diploma and 12% with lower secondary school qualification.

Level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Lower Secondary School	24	12,0	12,0	12,0
	High school diploma	48	24,0	24,0	36,0
	Degree / Postgraduate specialization	128	64,0	64,0	100,0
	Total	200	100,0	100,0	

Table 11 Level of education, Data from survey
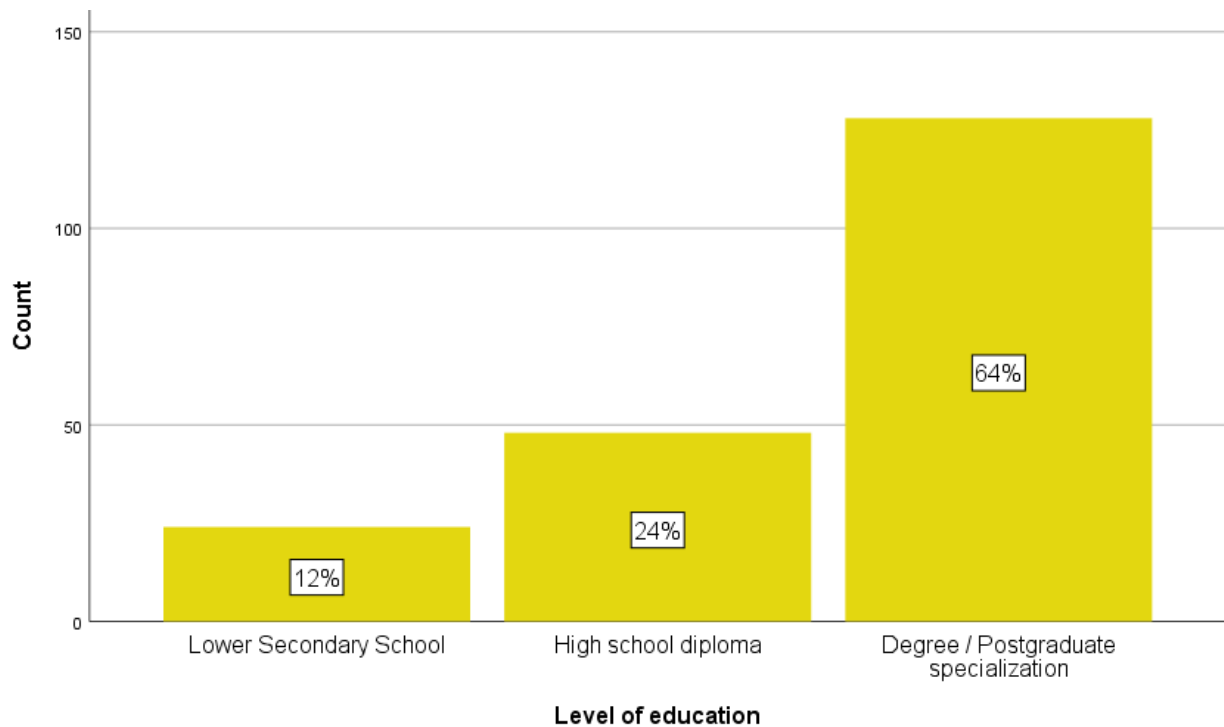
For question 5: "Before being told, I was aware of the term OMNICHANNEL and its meaning" respondents delivered the following opinions, giving positive signals towards the awareness of the term omnichannel: 39,5% chose "Yes, I have Heard of the term and understand its meaning".

Awareness of the term OMNICHANNEL

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No, I had never heard of the term and not understand its meaning	22	11,0	11,0	11,0
	No, I had never heard of the term but I understand its meaning	65	32,5	32,5	43,5
	Yes, I have heard of the term and understand its meaning	79	39,5	39,5	83,0
	Yes, I have heard of the term but I didn't understand its meaning	34	17,0	17,0	100,0
	Total	200	100,0	100,0	

Table 12 Awareness of the term Omnichannel, Data from survey

In question number 6, the shopping frequency has been investigated and it's emerged that the 23% of respondents goes shopping 2/3 times per month, followed by Rarely and once per month (19%), Once per week (18%), 2/3 times per week (11%), Everyday (9%) and Never (1%).

How often do you go shopping?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Never	2	1,0	1,0	1,0
	Rarely	38	19,0	19,0	20,0
	Once per month	38	19,0	19,0	39,0
	2/3 times per month	46	23,0	23,0	62,0
	Once per week	36	18,0	18,0	80,0
	2/3 times per week	22	11,0	11,0	91,0
	Every day	18	9,0	9,0	100,0
	Total	200	100,0	100,0	

Table 13 Frequency shopping, Data from survey

With the aim of defining the preferred retail channel, question 7 was: "What retail channels do you currently shop through? Select one or more of the following".

The answers showed that the physical cannel is still the preferred channel, with 147 interviewees (73,5%) that have ticked the box. It's evident how the online and mobile channel have already a significant market share; in fact, online cannel and mobile cannel have been chosen 79 and 73 times respectively. While only 4,5% shops through the catalogue channel.

Channel: Physical channel (STORE)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	53	26,5	26,5	26,5
	Yes	147	73,5	73,5	100,0
	Total	200	100,0	100,0	

Table 14 Physical channel choice, Data from survey

Channel: Online channel (Laptop/PC)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	121	60,5	60,5	60,5
	Yes	79	39,5	39,5	100,0
	Total	200	100,0	100,0	

Table 15 Online channel choice, Data from survey

Channel: Mobile phone (Smartphone/iPad)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	127	63,5	63,5	63,5
	Yes	73	36,5	36,5	100,0
	Total	200	100,0	100,0	

Table 16 Mobile channel choice, Data from survey

Channel: Catalogue channel

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	191	95,5	95,5	95,5
	Yes	9	4,5	4,5	100,0
	Total	200	100,0	100,0	

Table 17 Catalogue channel choice, Data from survey

In the last section, some statistics have been sought, analyzing some in-store and online behaviours. Below answers are reported:

When shopping, I still value the experience provided by the physical retail store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	11	5,5	5,5	5,5
	2	7	3,5	3,5	9,0
	3	59	29,5	29,5	38,5
	4	71	35,5	35,5	74,0
	5	52	26,0	26,0	100,0
	Total	200	100,0	100,0	

Table 18 In-store evaluation, Data from survey

I prefer to shop predominately online and wait for my products to be delivered

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	28	14,0	14,0	14,0
	2	49	24,5	24,5	38,5
	3	68	34,0	34,0	72,5
	4	28	14,0	14,0	86,5
	5	27	13,5	13,5	100,0
	Total	200	100,0	100,0	

Table 19 Online shopping and delivered products, Data from survey

I like to shop online and offline using both physical and digital retail channels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	18	9,0	9,0	9,0
	2	22	11,0	11,0	20,0
	3	61	30,5	30,5	50,5
	4	66	33,0	33,0	83,5
	5	33	16,5	16,5	100,0
	Total	200	100,0	100,0	

Table 20 Online and offline shopping, Data from survey

For what regards the physical shop subject, seven statements have been quoted asking to consumers if they disagree or agree:

I like to touch, feel and try products before purchasing

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	6	3,0	3,0	3,0
	2	33	16,5	16,5	19,5
	3	49	24,5	24,5	44,0
	4	53	26,5	26,5	70,5
	5	59	29,5	29,5	100,0
	Total	200	100,0	100,0	

Table 21 Touch, feel and try before purchasing

I like to get advice from store associates on what products to buy

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	42	21,0	21,0	21,0
	2	55	27,5	27,5	48,5
	3	64	32,0	32,0	80,5
	4	27	13,5	13,5	94,0
	5	12	6,0	6,0	100,0
	Total	200	100,0	100,0	

Table 22 Advices from staff, Data from survey

I like to do research and then find the product online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	28	14,0	14,0	14,0
	2	65	32,5	32,5	46,5
	3	62	31,0	31,0	77,5
	4	29	14,5	14,5	92,0
	5	16	8,0	8,0	100,0
	Total	200	100,0	100,0	

Table 23 Doing research and then online, Data from survey

I like to browse in store and then order for delivery

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	42	21,0	21,0	21,0
	2	51	25,5	25,5	46,5
	3	58	29,0	29,0	75,5
	4	38	19,0	19,0	94,5
	5	11	5,5	5,5	100,0
	Total	200	100,0	100,0	

Table 24 Browse in store and order for delivery, Data from survey

I like to collect products that I have ordered online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	72	36,0	36,0	36,0
	2	58	29,0	29,0	65,0
	3	46	23,0	23,0	88,0
	4	13	6,5	6,5	94,5
	5	11	5,5	5,5	100,0
	Total	200	100,0	100,0	

Table 25 Collect products ordered online

I don't like to collect products that I have ordered online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	29	14,5	14,5	14,5
	2	34	17,0	17,0	31,5
	3	56	28,0	28,0	59,5
	4	43	21,5	21,5	81,0
	5	38	19,0	19,0	100,0
	Total	200	100,0	100,0	

Table 26 To not collect products ordered online

I don't like shopping online

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	59	29,5	29,5	29,5
	2	60	30,0	30,0	59,5
	3	48	24,0	24,0	83,5
	4	22	11,0	11,0	94,5
	5	11	5,5	5,5	100,0
	Total	200	100,0	100,0	

Table 27 Don't like shopping online, Data from survey

The possibility to touch, feel and try the products before purchasing them is the main reason why customers can't do without the physical store.

The staff support during the purchasing process seems to be something that today is not fundamental.

"I prefer brands that have a seamless shopping experience across both online and offline retail channels (e.g. everything about the brand feels interconnected and obvious)" was the second-last question.

The 90% of the respondents gave a minimum of 3 (out 5) to this question, showing how they are likely to "live" an integrated experience between the online and offline channels.

I prefer brands that have a seamless shopping experience across both online and offline retail channels

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	2	1,0	1,0	1,0
	2	16	8,0	8,0	9,0
	3	69	34,5	34,5	43,5
	4	59	29,5	29,5	73,0
	5	54	27,0	27,0	100,0
	Total	200	100,0	100,0	

Table 28 Preference of seamless shopping experience brands

The questionnaire ends with a last question concerning the importance given by consumers to the presence of technology in store. As the answers show, it's emerged that the technology is a key factor of the customer journey.

Importance of technology in the store

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	1	,5	,5	,5
	2	13	6,5	6,5	7,0
	3	52	26,0	26,0	33,0
	4	64	32,0	32,0	65,0
	5	70	35,0	35,0	100,0
	Total	200	100,0	100,0	

Table 29 Importance of technology in store, Data from survey

3.3 Analysis of the results

As anticipated in the previous section, the analysis of the research done below focuses on eight hypotheses, in order to test the dependence among certain variables. Subsequently, a correlation between specific indexes was investigated, in order to see if there is significance between the alternative proposed.

HYPOTESIS 1-2-3:

CHOICE OF PHYSICAL CHANNEL (Yes / No)
- IMPORTANCE OF TECHNOLOGY IN STORE
- IMPORTANCE TO TOUCH, FEEL AND TRY THE PRODUCTS BEFORE PURCHASING THEM
- IMPORTANCE TO BROWSE IN STORE BEFORE ORDER FOR DELIVERY

Group Statistics

	Channel: Physical channel (STORE)	N	Mean	Std. Deviation	Std. Error Mean
Importance of technology in the store	No	53	3,57	,888	,122
	Yes	147	4,08	,947	,078
I like to touch, feel and try products before purchasing	No	53	2,68	,728	,100
	Yes	147	3,97	1,091	,090
I like to browse in store and then order for delivery	No	53	3,08	1,174	,161
	Yes	147	2,46	1,130	,093

Table 30 Group statistics

We can note that for the variables "*Importance of technology in the store*" and "*I like to touch, feel and try products before purchasing*" the mean was higher in the subgroup "*Channel: Physical channel = Yes*" compared to "*Channel: Physical channel = No*". On the contrary, for the variable "*I like to browse in store and then order for delivery*" the average score attributed is lower in the subgroup "*Channel: Physical channel = Yes*" compared to the group "*Channel: Physical channel = No*".

This shows that people who still prefer the physical channel to go shopping prefer an innovative store with presence of technology and that touching, feeling and trying the product is very important before purchasing it. Furthermore, the client who goes physically to the shop does not want to order the product for delivery.

We now verify using an independent sample t-test if the differences we have noted in the subgroup averages are statistically significant.

The t-test has as null hypothesis the equality of the averages between two subgroups and as alternative hypothesis their statistically significant difference. We are going to reject the null hypothesis when the p-value is lower than 0.10.

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
Importance of technology in the store	Equal variances assumed	,186	,666	-3,452	198	,001	-,516	,149	-,810	-,221
	Equal variances not assumed			-3,559	97,560	,001	-,516	,145	-,803	-,228
I like to touch, feel and try products before purchasing	Equal variances assumed	4,096	,044	-8,004	198	,000	-1,294	,162	-1,612	-,975
	Equal variances not assumed			-9,615	138,142	,000	-1,294	,135	-1,560	-1,028
I like to browse in store and then order for delivery	Equal variances assumed	,923	,338	3,350	198	,001	,613	,183	,252	,974
	Equal variances not assumed			3,290	89,013	,001	,613	,186	,243	,983

Table 31 Independent sample test

For all three variables considered the difference is statistically significant at the 0.01 level (p <0.01). For the variable "*I like to touch, feel and try products before purchasing*" it was necessary to carry out a robust t-test because the Levene test for the equality of variances in the subgroups rejected the null hypothesis at 0.05 level (p=0.044).

These significant differences could represent critical issues to be monitored: in particular, the fact that those who prefer the physical channel give great importance to the presence of in-store technology implies that retailers must have developed at least one digital innovation to support the customer experience. Investments in this field will be essential to increase customer retention and to increase market share.
This also shows that the physical store is still an important centre in the purchasing process, in fact the decision to go personally to buy for the desire to touch, try and feel the product before the final choice is also statistically significant and it is an attitude that technology and online commerce cannot replace.
To conclude, it has been shown that those who visit the store tend not to prefer the delivery of the purchased products. Surely the desire to immediately have the purchased good and to be able to take advantage of it immediately plays a crucial role.
It is therefore good for the various retailers to have a good well-stocked warehouse to compete with the wide availability of online commerce.

HYPOTHESIS 4-5: Omnichannel awareness and online/offline shopping experience and preference of brands with interaction among channels

Descriptives

		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean Lower Bound	95% Confidence Interval for Mean Upper Bound	Minimum	Maximum
I like to shop online and offline using both physical and digital retail channels	No, I had never heard of the term and not understand its meaning	22	3,00	1,155	,246	2,49	3,51	1	4
	No, I had never heard of the term but I understand its meaning	65	3,34	1,004	,125	3,09	3,59	1	5
	Yes, I have heard of the term and understand its meaning	79	3,42	1,307	,147	3,13	3,71	1	5
	Yes, I have heard of the term but I didn't understand its meaning	34	3,56	1,021	,175	3,20	3,91	2	5
	Total	200	3,37	1,153	,082	3,21	3,53	1	5
I prefer brands that have a seamless shopping experience	No, I had never heard of the term and not understand its meaning	22	3,36	1,093	,233	2,88	3,85	1	5

across both online and offline retail channels	No, I had never heard of the term but I understand its meaning	65	3,58	,934	,116	3,35	3,82	1	5
	Yes, I have heard of the term and understand its meaning	79	4,01	,967	,109	3,80	4,23	2	5
	Yes, I have heard of the term but I didn't understand its meaning	34	3,62	,888	,152	3,31	3,93	2	5
	Total	200	3,74	,980	,069	3,60	3,87	1	5

Table 32 Descriptives

We note first of all how for the variable "*I like to shop online and offline using both physical and digital retail channels*" the average score attributed is higher in the subgroup "*Yes, I heard the term but I didn't understand its meaning*" while the lowest is in the subgroup "*No, I had never heard of the term and not understand its meaning*".

Instead, for the variable "*I prefer brands that have a seamless shopping experience across both online and offline retail channels*" the average score attributed is higher in the subgroup "*Yes, I have heard of the term and understand its meaning*" while the lowest is in the subgroup "*No, I had never heard of the term and not understand its meaning*".

In both hypothesis, results show that people who already knew the word "omnichannel" are addressed to brands which offer a shopping experience across both online and offline retail channels.

Using an ANOVA test, now we're going to examine whether the differences we noted in the subgroup averages are statistically significant.

The ANOVA test has as null hypothesis the equality of all the averages and as an alternative hypothesis the statistically significant difference of at least one pair of averages. We are going to reject the null hypothesis when the p-value is lower than the threshold value of 0.10.

Test of Homogeneity of Variances

		Levene Statistic	df1	df2	Sig.
I like to shop online and offline using both physical and digital retail channels	Based on Mean	2,260	3	196	,083
	Based on Median	1,010	3	196	,389
	Based on Median and with adjusted df	1,010	3	174,139	,390
	Based on trimmed mean	2,045	3	196	,109
I prefer brands that have a seamless shopping experience across both online and offline retail channels	Based on Mean	,270	3	196	,847
	Based on Median	,076	3	196	,973
	Based on Median and with adjusted df	,076	3	182,550	,973
	Based on trimmed mean	,277	3	196	,842

Table 33 Test of homogeneity of variances

The Levene test accepts the null hypothesis of homogeneity of the variances in the subgroups for both the considered variables, therefore we will be able to carry out a classic ANOVA test.

ANOVA

		Sum of Squares	df	Mean Square	F	Sig.
I like to shop online and offline using both physical and digital retail channels	Between Groups	4,469	3	1,490	1,122	,341
	Within Groups	260,151	196	1,327		
	Total	264,620	199			

I prefer brands that have a seamless shopping experience across both online and offline retail channels	Between Groups	11,063	3	3,688	4,018	<mark>,008</mark>
	Within Groups	179,892	196	,918		
	Total	190,955	199			

Table 34 Anova test

For the only variable "*I prefer brands that have a seamless shopping experience across both online and offline retail channels*" the difference between the averages is statistically significant at the 0.01 level (p <0.01). On the contrary, for the variable "*I like to shop online and offline using both physical and digital retail channels*" the averages do not appear to be significantly different (p> 0.10).

For "*I like to shop online and offline using both physical and digital retail channels*" we therefore conclude that the average score awarded <u>does not depend on the knowledge of the omnichannel concept.</u>

For "*I prefer brands that have a seamless shopping experience across both online and offline retail channels*" we will go instead to carry out the post hoc test to find out where the significant differences between averages are.

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Post Hoc Tests
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Multiple Comparisons

Bonferroni

Dependent Variable	(I) Awareness of the term OMNICHANNEL	(J) Awareness of the term OMNICHANNEL	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
						Lower Bound	Upper Bound
I prefer brands that have a seamless shopping experience across both online and offline retail channels	No, I had never heard of the term and not understand its meaning	No, I had never heard of the term but I understand its meaning	-,221	,236	1,000	-,85	,41
		Yes, I have heard of the term and understand its meaning	-,649*	,231	<mark>,033</mark>	-1,26	-,03
		Yes, I have heard of the term but I didn't understand its meaning	-,254	,262	1,000	-,95	,44

		Mean Difference	Std. Error	Sig.	Lower Bound	Upper Bound
No, I had never heard of the term but I understand its meaning	No, I had never heard of the term and not understand its meaning	,221	,236	1,000	-,41	,85
	Yes, I have heard of the term and understand its meaning	-,428*	,160	<mark>,050</mark>	-,86	,00
	Yes, I have heard of the term but I didn't understand its meaning	-,033	,203	1,000	-,57	,51
Yes, I have heard of the term and understand its meaning	No, I had never heard of the term and not understand its meaning	,649*	,231	,033	,03	1,26
	No, I had never heard of the term but I understand its meaning	,428*	,160	,050	,00	,86
	Yes, I have heard of the term but I didn't understand its meaning	,395	,197	,275	-,13	,92
Yes, I have heard of the term but I didn't understand its meaning	No, I had never heard of the term and not understand its meaning	,254	,262	1,000	-,44	,95
	No, I had never heard of the term but I understand its meaning	,033	,203	1,000	-,51	,57
	Yes, I have heard of the term and understand its meaning	-,395	,197	,275	-,92	,13

*. The mean difference is significant at the 0.05 level.

Table 35 Multiple statistics

We note that the only statistically significant differences are among the subgroups "*No, I had never heard of the term and not understood its meaning*" and "*Yes, I have heard of the term and understand its meaning*" (difference: 0.649; p = 0.033) and between "*No, I had never heard of the term but I understand its meaning*" and "*Yes, I have heard of the term and understand its meaning*" (difference: 0.428; p = 0.050).

Post hoc tests have shown how the awareness of the omnichannel term is influential in choosing a brand that offers a "seamless shopping experience across both online and offline retail channels".

In particular, the customer who was already aware of the term and its meaning is more dependent on the choice of a brand that provides a hybrid experience between the physical and online retail channel.

HYPOTHESIS 6-7-8: Online channel users and advices from store associates, preference to collect personally online orders and preference to search the product in store and then order online.

Group Statistics

	Channel: Online channel (Laptop/PC)	N	Mean	Std. Deviation	Std. Error Mean
I like to get advice from store associates on what products to buy	No	121	2,45	1,118	,102
	Yes	79	2,72	1,165	,131
I like to do research and then find the product online	No	121	2,58	1,195	,109
	Yes	79	2,89	,987	,111
I like to collect products that I have ordered online	No	121	2,09	1,197	,109
	Yes	79	2,28	1,073	,121

Table 36 Group statistics

We can note how for all three variables the average score attributed is higher in the subgroup "*Channel: Online channel (Laptop / PC) = Yes*" compared to the group "*Channel: Online channel (Laptop / PC) = No*".

We now verify, using an independent sample t-test, if the differences we have noted in the subgroup averages are statistically significant.

Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means					95% Confidence Interval of the Difference	
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	Lower	Upper
I like to get advice from store associates on what products to buy	Equal variances assumed	,001	,978	-1,624	198	,106	-,267	,164	-,591	,057
	Equal variances not assumed			-1,610	161,941	,109	-,267	,166	-,595	,061
I like to do research and then find the product online	Equal variances assumed	6,459	,012	-1,902	198	,059	-,308	,162	-,626	,011
	Equal variances not assumed			-1,980	187,300	,049	-,308	,155	-,614	-,001
I like to collect products that I have ordered online	Equal variances assumed	,083	,774	-1,128	198	,261	-,188	,166	-,516	,140
	Equal variances not assumed			-1,154	179,282	,250	-,188	,163	-,508	,133

Table 37 Independent sample test

Only for the variable "*I like to research and then find the product online*" the difference is statistically significant at 0.05 (p <0.05). On the contrary for the variables "*I like to get advice from store associates on what products to buy*" and "*I like to collect products that I have ordered online*" the difference between the subgroups "*Channel: Online channel (Laptop / PC) = Yes* "and " *no* "is not statistically significant (p> 0.10), although very little for the first of the two.

For the variable "*I like to do research and then find the product online*" it was necessary to carry out a robust t-test because the Levene test for equality of variances in the subgroups rejected the null hypothesis at level 0.05 (p = 0.012).

The test showed that the digital channel users have the tendency to go to the store to make a research before finding the product online.
In particular, the cooperation between the two channels emerges, with the physical channel that proves to be a complementary support for the online channel.
The decision to carry out a preliminary research through the physical channel is in line with the previous test, where the willingness to touch and try the product proved to be significant and therefore very important in the purchasing process.
For this reason, it's important that companies are provided of a well-developed and assorted personal e-commerce in such a way that they do not lose the online-oriented customer who decides to buy from home using a different channel.

3.3.1 Cluster analysis

For the Cluster Analysis we have chosen 4 variables with the aim to represent four different considerable aspects in the questionnaire:

Model Summary

Algorithm	TwoStep
Inputs	4
Clusters	4

Cluster Quality
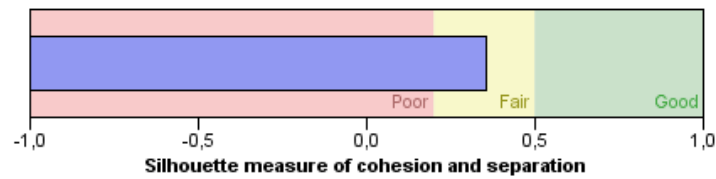
Table 38 Cluster model

Cluster Distribution

		N	% of Combined	% of Total
Cluster	1	66	33,0%	33,0%
	2	63	31,5%	31,5%
	3	18	9,0%	9,0%
	4	53	26,5%	26,5%
	Combined	200	100,0%	100,0%
Total		200		100,0%

Table 39 Cluster distribution

With the TwoStep technique, four clusters have been determined, three of these with a large sample size (from a minimum of 53 to a maximum of 66 subjects) and one (the number 3) of smaller size (18 subjects equal to 9% of the sample):

Cluster Sizes
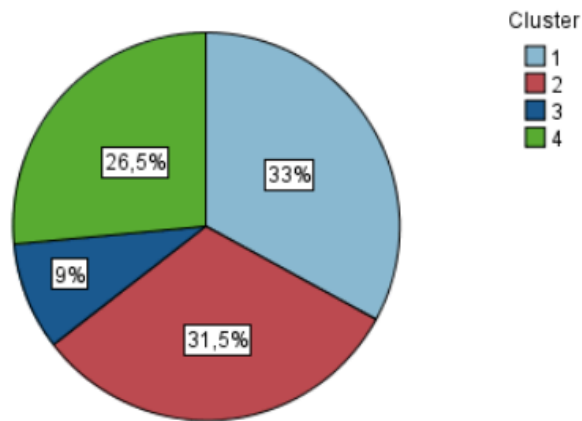
Size of Smallest Cluster	18 (9%)
Size of Largest Cluster	66 (33%)
Ratio of Sizes: **Largest Cluster to** **Smallest Cluster**	3,67

All the four variables have influenced consistently the division in clusters, in fact all of them have, as the below graph shows, a very high predictor importance.

Predictor Importance
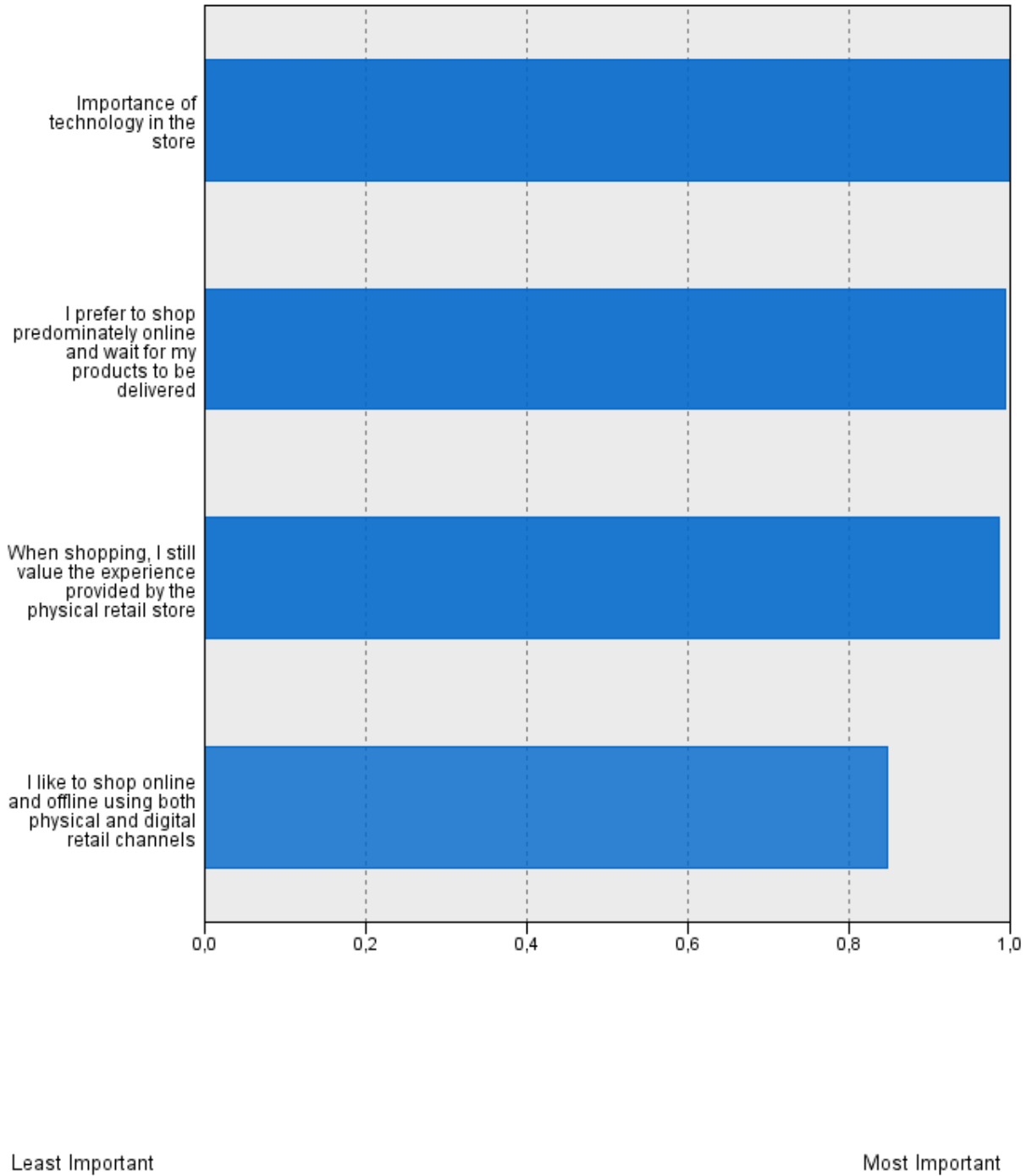
Table 40 Cluster Predictor Importance

Below we have determined the profiles of the various clusters by associating a label to each cluster that describes the salient features of the cluster:

Clusters

Input (Predictor) Importance
☐ 1,0 ☐ 0,8 ☐ 0,6 ☐ 0,4 ☐ 0,2 ☐ 0,0

Cluster	1	2	4	3
Label	Innovative offline	Traditionalist offline	Online multichannel	Neither online nor offline
Description	They prefet to shop in store but innovation is a key factor for their shopping experience.	Physical store is their preferred channel and they do not care about integration of channels and technology in store.	They very like the innovative services: technology is important and online purchases are the preferred ones. Moreover channels should be integrated.	They do not care if go to shopping online or offline and for them neither the integrated experience is important.
Size	33.0% (66)	31.5% (63)	26.5% (53)	9.0% (18)
Inputs	Importance of technology in the store	Importance of technology in the store	Importance of technology in the store	Importance of technology in the store
	I prefer to shop predominately online and wait for my products to be delivered	I prefer to shop predominately online and wait for my products to be delivered	I prefer to shop predominately online and wait for my products to be delivered	I prefer to shop predominately online and wait for my products to be delivered
	When shopping, I still value the experience provided by the physical retail store	When shopping, I still value the experience provided by the physical retail store	When shopping, I still value the experience provided by the physical retail store	When shopping, I still value the experience provided by the physical retail store
	I like to shop online and offline using both physical and digital retail channels	I like to shop online and offline using both physical and digital retail channels	I like to shop online and offline using both physical and digital retail channels	I like to shop online and offline using both physical and digital retail channels

Table 41 Cluster division

Centroids

		When shopping, I still value the experience provided by the physical retail store		I prefer to shop predominately online and wait for my products to be delivered		I like to shop online and offline using both physical and digital retail channels		Importance of technology in the store	
		Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation	Mean	Std. Deviation
Cluster	1	4,42	,528	2,27	,714	3,62	1,092	4,61	,551
	2	3,57	,797	2,37	,747	2,97	,740	3,17	,583
	3	1,61	,850	2,72	1,776	1,39	,778	2,94	1,056
	4	3,77	,869	4,32	,644	4,21	,631	4,38	,740
	Combined	3,73	1,060	2,89	1,216	3,37	1,153	3,95	,957

Table 42 Centroids

The first cluster has been identified as "*innovative Offline*" as it is composed of subjects that give very high scores to "*When shopping, I still value experience with physical retail stores*" and also to "*Importance of technology in the store*" while a very low score to "*I prefer to shop predominately online and wait for my products to be delivered*".

We have then named the second cluster as "*traditionalist Offline*" because it is composed of subjects that give high scores to "*When shopping, I still value the experience provided by the physical retail store*" but low to "*Importance of technology in the store*" and to "*I prefer to shop predominantly online and wait for my products to be delivered*".

The third cluster is represented by "*Online multichannel*" as it is composed of subjects that give average high scores to all the observed variables.

In the end, we have named the fourth cluster as "*neither online nor offline*" as it is composed of subjects that give averagely low scores to all the observed variables.

To conclude the cluster analysis, we have observed the socio-demographic composition in the four just determined clusters.

TwoStep Cluster Number * Gender

Crosstab

% within TwoStep Cluster Number

		Gender		Total
		Female	Male	
TwoStep Cluster Number	Innovative Offline	43,9%	56,1%	100,0%
	Traditionalist Offline	52,4%	47,6%	100,0%
	Neither online nor offline	38,9%	61,1%	100,0%
	Online multichannel	43,4%	56,6%	100,0%
Total		46,0%	54,0%	100,0%

Table 43 Gender - Cluster

We note that the "*traditionalist Offline*" cluster is the only one with a slight prevalence of females while the "*Neither online nor offline*" cluster has the highest percentage of males.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	1,657[a]	3	,647
Likelihood Ratio	1,657	3	,646
Linear-by-Linear Association	,103	1	,748
N of Valid Cases	200		

a. 0 cells (0,0%) have expected count less than 5. The minimum expected count is 8,28.

Table 44 Chi-square test for age

The Chi square test, however, accepts the null hypothesis of independent variables ($p > 0.10$) so belonging to a cluster does not depend significantly on the respondent's gender.

TwoStep Cluster Number * Age Class

Crosstab

% within TwoStep Cluster Number

		Age Class				Total
		< 20	20 - 34	35 - 54	Above 54	
TwoStep Cluster Number	Innovative offline	0,0%	89,4%	7,6%	3,0%	100,0%
	Traditionalist Offline	11,1%	71,4%	17,5%	0,0%	100,0%
	Neither online nor offline	11,1%	33,3%	11,1%	44,4%	100,0%
	Online multichannel	1,9%	79,2%	9,4%	9,4%	100,0%
Total		5,0%	76,0%	11,5%	7,5%	100,0%

Table 45 Age class - Cluster

In clusters 1, 2 and 4 there is a strong prevalence of respondents of the class "20 - 34".
In the *traditionalist Offline* cluster there is also a significant presence of "35 - 54".
On the contrary, in cluster 3 the most frequent age range are those over 54, which shows that they generally have little interest in shopping.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	59,027[a]	9	,000
Likelihood Ratio	49,650	9	,000
Linear-by-Linear Association	4,320	1	,038
N of Valid Cases	200		

a. 9 cells (56,3%) have expected count less than 5. The minimum expected count is ,90.

Table 46 Chi-square test for age class

The Chi-square test confirms that the association between cluster membership and age group is statistically significant at the 0.01 level ($p < 0.01$). We therefore conclude that the cluster of membership depends on the age of the respondent.

TwoStep Cluster Number * Level of education

Crosstab

% within TwoStep Cluster Number

		Level of education			
		Lower Secondary School	High school diploma	Degree / Postgraduate specialization	Total
TwoStep Cluster Number	Offline innovativi	0,0%	10,6%	89,4%	100,0%
	Offline tradizionalisti	22,2%	27,0%	50,8%	100,0%
	Né online né offline	33,3%	27,8%	38,9%	100,0%
	Online multicanali	7,5%	35,8%	56,6%	100,0%
Total		12,0%	24,0%	64,0%	100,0%

Table 47 Level of education - Cluster

The highest percentages of subjects with a low level of education are in the "*traditionalist Offline*" and "*Neither online nor offline*" clusters. On the contrary, the highest percentage of subjects with the highest level of education is in the "*innovative off-line*" and "*online multi-channel*" clusters.

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	40,076a	6	,000
Likelihood Ratio	45,363	6	,000
Linear-by-Linear Association	9,518	1	,002
N of Valid Cases	200		

a. 2 cells (16,7%) have expected count less than 5. The minimum expected count is 2,16.

Table 48 Chi square for education

The Chi square test confirms that the association between cluster membership and education is statistically significant at 0.01 level (p <0.01). We therefore conclude that the cluster of membership depends on the level of education of the respondent.

We have therefore identified four clusters of interest.

In the first cluster (33% of the sample) there are the subjects that we define as "*innovative Offline*", these subjects are mostly male, very young and very educated.

In the second cluster (31.5% of the sample) there are the subjects that we define as "*traditionalist Offline*", these subjects are mostly females, rather young and not very educated.

In the third cluster (9% of the sample) there are the subjects that we define as "*Neither online nor offline*", these subjects are mostly male, rather elderly and not very educated.

In the fourth cluster (26.5% of the sample) there are the subjects that we define as "*Online multichannel*", these subjects are mostly male, on average young and quite educated.

4. Gucci Company analysis

The choice to analyze a company like Gucci, other than my work experience, is due my passion for fashion, luxury and web marketing.

Gucci, indeed, represents an interesting case which has managed to merge these three sectors in an excellent and peculiar way.

In order to have a clear overview of firstly the company itself, but in general of its innovative approach, this paragraph will initially propose a short and almost listed overview of Gucci from its dawn to the present, eventually focusing on the latest innovation in terms of integrated marketing and retail strategies.

Gucci is an Italian fashion house active in the sectors of high fashion and luxury, it was founded in Florence in 1921 by Guccio Gucci[32].

Initially, the company started selling common leather goods, travel and riding items. Nonetheless, the distribution network expanded quickly, in fact with ever wider horizons the first store in New York opened in 1953.

In 1982 Gucci became a joint stock company.

In 1987 Investcorp, an investment company based in Bahrain, began to acquire Gucci, later completing the purchase of all company shares in the early 1990s[33].

Subsequently, in 1999, Gucci formed a strategic alliance with Pinault-Printemps-Redoute (PPR), now known as Kering[34].

Today, under the guidance of CEO Marco Bizzarri, Gucci represents one of the most renowned, prestigious and sought-after brands in the world of luxury goods, in fact in 2006 it became the second most sold fashion house after Louis Vuitton and it's still one of the most famous international fashion brands.

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[32] https://www.kering.com/it/maisons/moda-e-pelletteria/gucci/storia/
[33] http://www.moda.san.beniculturali.it/wordpress/?protagonisti=gucci-guccio
[34] https://firenzeurbanlifestyle.com/gucci-a-firenze-la-nascita-di-un-impero/

Figure 7 Gucci, Firenze 1921

4.1 Successful digital strategy

Gucci is considered a pioneer of web marketing, considering that it's active in the e-commerce sector since 2002, when it started to offer the possibility to US customers to buy from its online site.

The historic Italian company, in fact, is remembered as one of the first brands to have opened its e-commerce site.

The new creative direction, in the hands of Alessandro Michele since 2015, has also worked on restyling the website, modifying its design and content to reach the new digital generation, a fundamental market segment for the success that followed.

In fact, Gucci boasts of better results than the industry average, with online sales that have growth rates of 50% from year to year[35].

This strong investment in digital channels is not only driven by the desire to increase online sales but also by the ambition to provide an advanced and complete service at 360 degrees, uncommon in the tradition of the luxury fashion world.

The excellent development and use of the website, social media channels and the mobile app are allowing the company to retain customers, increasing both direct sales and the traffic in the physical store. Curiosity and the desire to go personally to the physical channel demonstrates how a luxury brand can be relevant online too.

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[35] https://www.corriere.it/economia/19_febbraio_12/gucci-conti-record-lo-stilista-romano-alessandro-michele-ma-pesa-l-accusa-14-miliardi-evasi-01499244-2eb1-11e9-9800-d9788a74058f.shtml

4.1.1 *www.gucci.com*

The first impression given by the homepage is the elegance and luxurious essence of the brand that is underlined by the atmosphere and the colours of the website.

The new collection appears in movement in the central part, *fall winter 2019* in this case, close to a product of the moment (focus on sneakers).
Pages scroll automatically, so that customer is allowed to focus on the desired one.
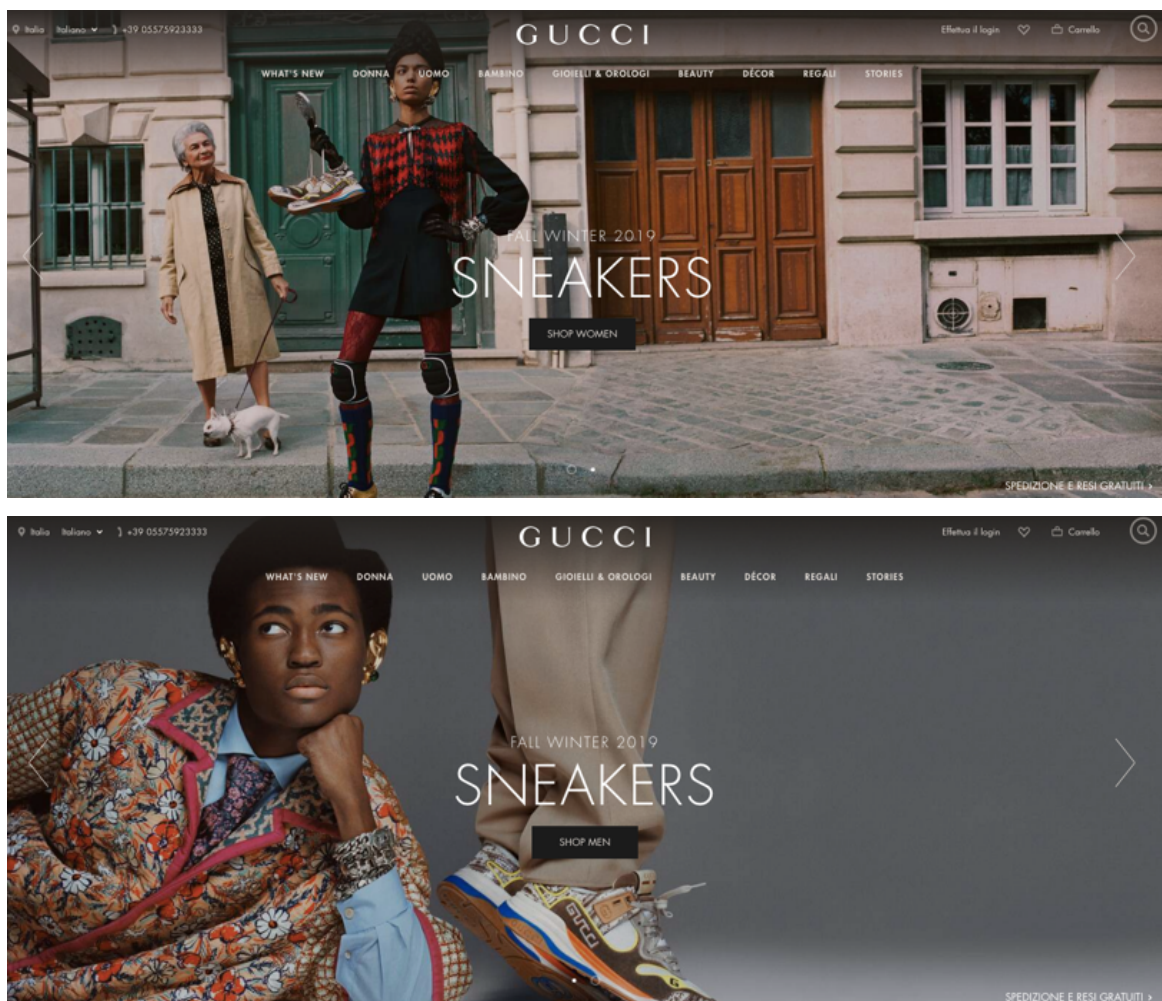
Figure 8 Homepage from http://www.gucci.com.it/it/

The navigation bar [*What's new, Woman, Man, Child, Jewellery and Watches, Beauty, Décor, Gifts, Stories*] is the tool to select the macro-category of products and informations. Selecting one of these, the customer has access to the catalog, where each product has a sequence of images with description and reference price.

Figure 9 Toolbar from http://www.gucci.com/it/it

As previously stated, storytelling is a way to communicate that creates empathy, that proves experience and that influences the image, the visibility of a company and the perception of consumers.

Therefore, knowing how to tell a story can be an effective marketing tool, especially if it is a story as important as Gucci's.

This is why *Stories* is the section dedicated to the narration of codes, inspirations, places, events and people related to the company.

Each of these is represented by an image and the set of these goes to make up a mosaic from which the customer can select the most intriguing one, joining the Gucci world.
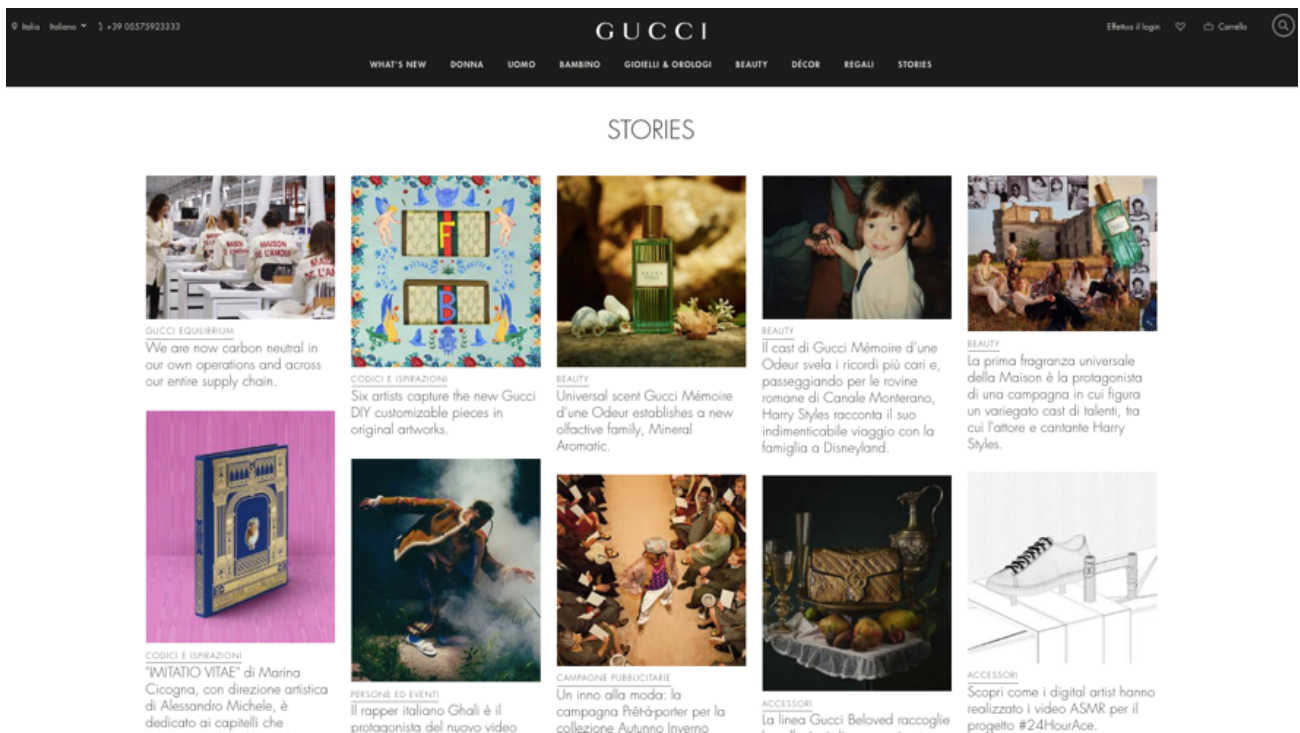
Figure 10 Stories section from http://www.gucci.com/it/it/

4.2 Omnichannel expansion

Gucci is a company that is strongly tied to tradition and despite this, it has implemented a highly interactive and multimedia digital communication, able to make the user feeling completely immersed in the business reality and increasingly shading the division between the physical store and the online environment.

In fact, according to the ranking drawn by *Contactlab* and *Exane Bnp Paribas*, which have analyzed the level of digital and cross channel competitiveness of 34 fashion and luxury brands globally in the sixth edition of the 'Digital Competitive Map'[36] (2018), Gucci is at the head of the ranking of Italian fashion houses in the digital world.

Here a focus on criteria and parameters analyzed for the map construction is reported.

AXES	CATEGORIES
DIGITAL STRATEGIC REACH 74 Parameters Worldwide Focus *Supply Side*	1. Ecommerce Strategy
	2. Customer Engagement Strategy
	3. "Made In" on Web
DIGITAL CUSTOMER EXPERIENCE 104 Parameters US Focus *Demand Side*	4. Website Experience
	5. Ecommerce Experience
	6. Cross-Channel Experience
	7. Customer Engagement Experience

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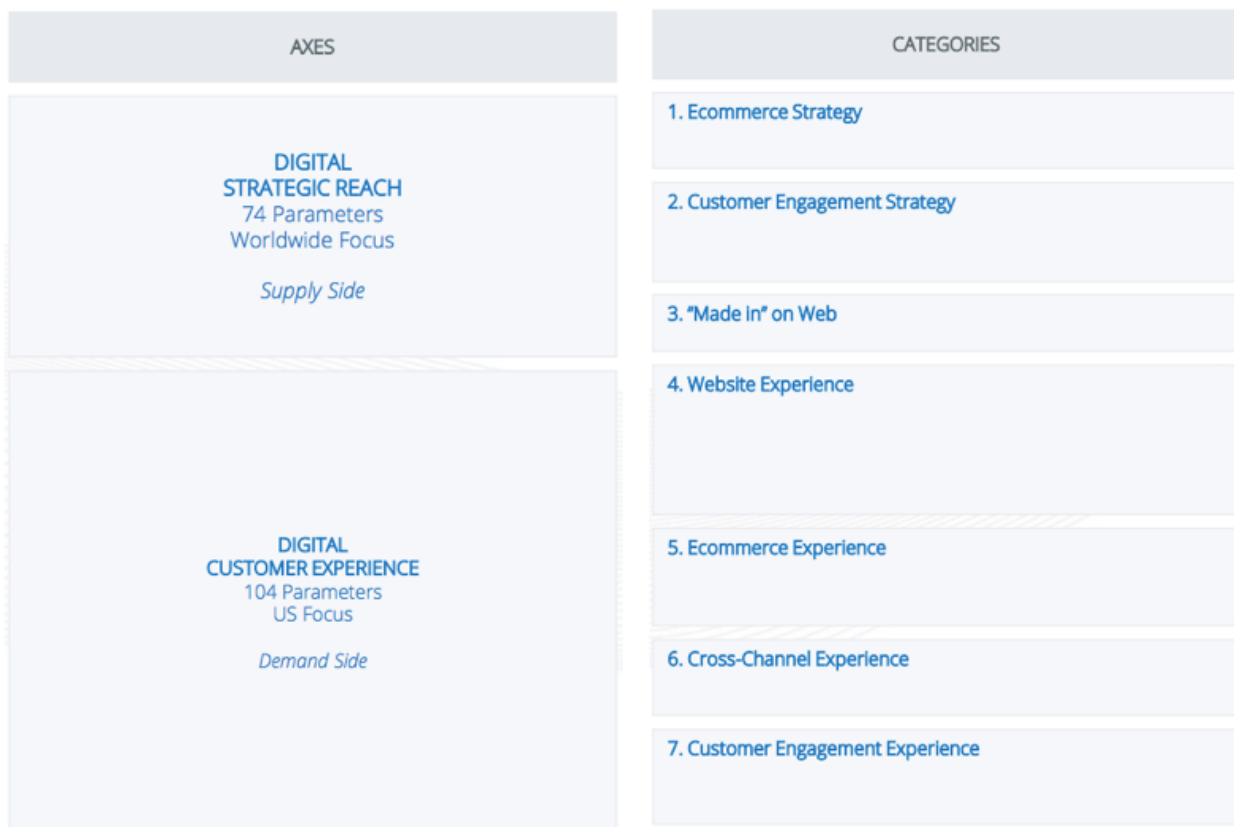
[36] Available at https://altagamma.it/media/source/Contactlab_Digital%20Competitive%20Map.pdf

The X-axis on the map reports a worldwide focus on the *digital strategic reach* of the companies, while on the Y-axis their *digital customer experience*, with a US focus, is marked.

Seven categories influence the ranking: *ecommerce strategy, customer engagement strategy, "made in" on web, website experience, ecommerce experience, cross-channel experience, customer engagement experience.*

CRITERIA	
1. Countries with Ecommerce 2. Online Product Categories Extension	12. Online Shopping Appeal and Friendliness 13. Online Payment Methods 14. Delivery Options
3. Web Languages 4. Email Reach 5. Social Reach	
	15. Store Finder 16. Cross-Channel Services
6. "Made in" on Web	
7. Display Visualization 8. Product Presentation 9. Product Selection Support 10. Customer Service 11. Style Advisory	17. Email Proficiency 18. Product Page Share on Socials 19. Apps

As shown in the graph, *Gucci* has joined *Burberry* in the overall digital leadership
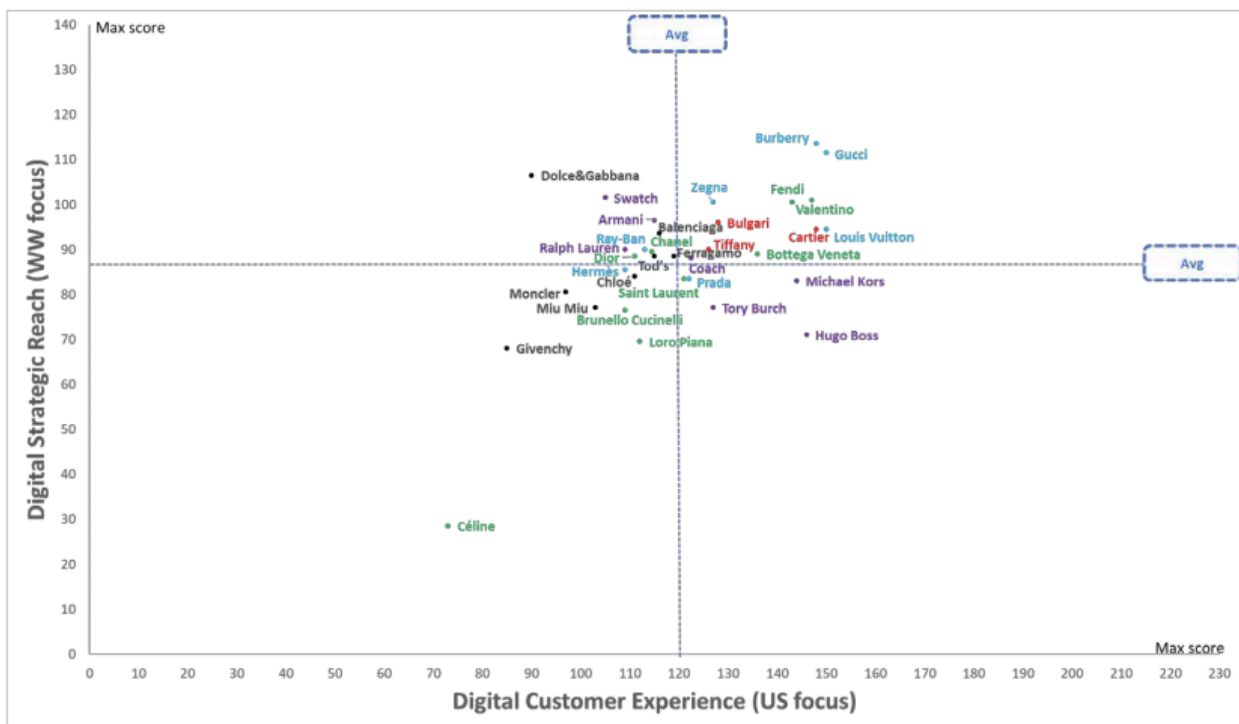
Table 49 Digital Competitive Map, Contactlab 2018

Table 50 Focus on Digital Competitive Map, Contactlab 2018

The brand has doubled its revenue over the past four years[37] and its success is largely attributed to Gucci's ability to make money from a millennial audience. In 2018, 62% of sales were attributed to the under 35.

The strategy, led by Alessandro Michele, is articulated on several fronts[38]:

- praised investment in e-commerce;

- a renewed focus on sustainability;

- a review of its heritage to adapt it to the tastes of streetwear culture.

It is evident that today Gucci is seen as an excellent example of reality in the fashion & luxury system which, although it has the craftsmanship, the quality of manufacturing and tradition as supporting columns, it has succeeded in innovating and assuming a proactive attitude from the digital marketing point of view, bringing consumers closer to the company vision and using constantly updated and engaging communication tools. One of these tools, undoubtedly worthy of a thorough analysis, is the GUCCI APP.

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[37] https://www.repubblica.it/economia/rubriche/fashion-e-finance/2018/02/13/news/gucci_spinge_i_conti_di_kering-188732620/
[38] https://www.kering.com/it/maisons/moda-e-pelletteria/gucci/alessandro-michele/

4.2.1 GUCCI DIY

If it is true that fashion is the expression of personality, the idea of Alessandro Michele is in perfect line with this concept.

DIY (Do it yourself) is a new customizable collection[39] and it involves part of the actual collection, from bags and small leather goods up to the shoes.

The name *do-it-yourself* is due customers can choose their own distinctive initials: from letters in leather, caiman, python, to those in felt with crystals, and they can be applied in large format on the front or back of the bag and on the side of the shoes.

This service was already available, but the new version allows customer to use it also in store. Through an AR app, users will be able to focus the camera lens of an iPad or iPhone on one of the Gucci items by customizing it directly from the app in the most realistic way possible.
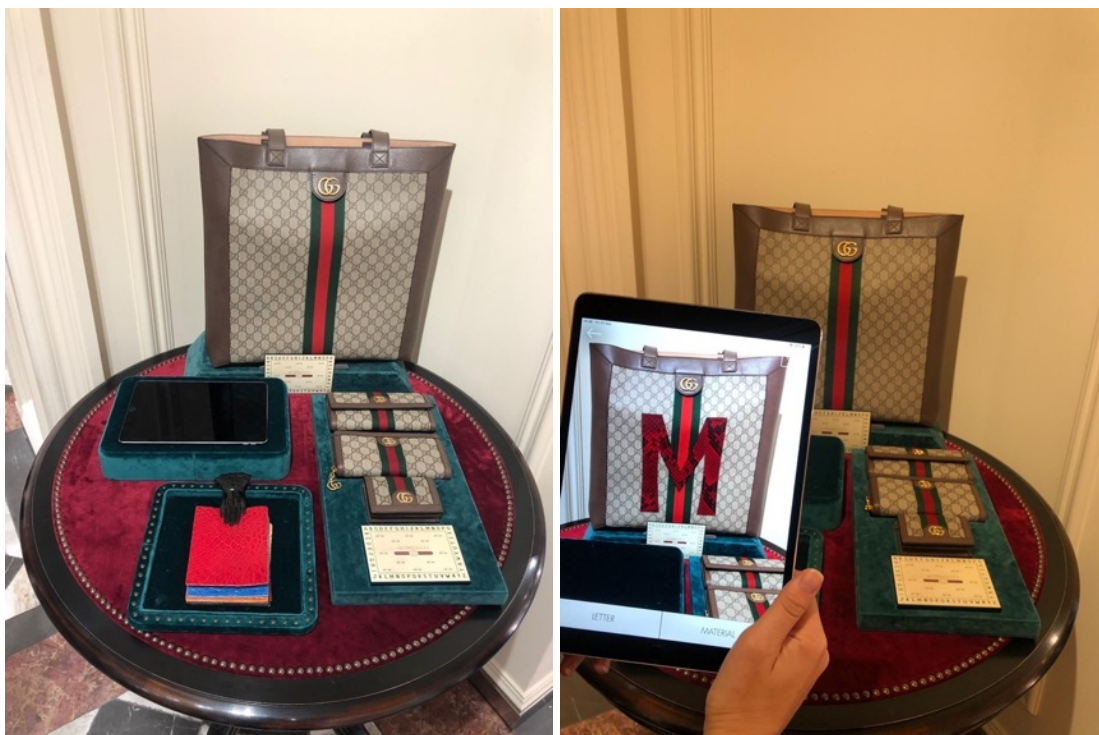
Figure 11 DIY Corner, Gucci Via Condotti Roma

DIY project represents the added value that technology can bring to the business; it's a perfect example of how omnichannel can improve the customer journey and satisfy customers' needs, also without losing tradition.

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[39] https://www.gucci.com/it/it/st/stories/inspirations-and-codes/article/agenda_2016_diy_london_rtw

4.3 GUCCI App

The Gucci App was launched in 2009, in the same year as the website renewal.

Frida Giannini, at the time in charge of creative director, defined it as "*the last virtual accessory, not the usual fashion app*" [40].

The application is the optimized version of the website for smartphones, a tool that is always available for the customer, with functions with the aim to be present in the customer's life; successful goal given the very high number of downloads[41].

Among the many features offered, the utilization of Augmented Reality stands out: a technology that is evolving very rapidly and that will allow companies, which will be able to exploit its potential, new forms of engagement of consumers through new and revolutionary experiences.

If well used, a good AR marketing campaign drives the potential buyer on his journey to the final purchase.
If previously trying on the shoes at home before buying them was a dream now this new technology offers the possibility of realistically trying out some products before buying them 'physically'.

This new "virtual" layer has allowed Gucci to create an interaction between the physical channel and the mobile one, developing tools that customers can use to try and choose some products.

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[40] https://st.ilsole24ore.com/art/SoleOnLine4/dossier/Economia%20e% 20Lavoro / 2009/2010-to-start / insights / label-store-not-virtuali.shtml? uuid = 7bc70240-dff1-11de-bb10-a6c8fe24412b & DocRulesView = Free & related
[41] https://digiday.com/marketing/gucci-still-investing-mobile-app/

4.3.1 ACE Try On

Ace Try On is the new hi-tech tool introduced by Gucci that allows customers to try shoes (Ace sneaker[42]) remotely, taking advantage of the augmented reality[43].

The app allows users to choose which *Ace* model to try by orienting the smartphone's camera towards their feet and also offers the possibility of taking a picture of themselves wearing their favourite shoes and sharing them on social media or buying the preferred model instantly by the e-shop.

Figure 12 ACE Try On, GUCCI App on iOS

The technology used by Gucci is provided by Wannaby, a Belarus-based startup, which had already worked on another app, Wanna Kicks, which allows customers to customize and try on shoes from a large catalog[44].

On-device and real-time automatic machine learning algorithms are the key factors in the operation of the app, they identify the position of shoes in space, considering colour, texture and lighting variations.

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[42] https://www.gucci.com/it/it/st/capsule/men-ace?sitelink=shoesmale_it_1&gclid=CjwKCAjwwvfrBRBIEiwA2nFiPVbqKXi3mINsMNgiazM5IDZbLmRH1CRHPfoLTOUWdpGrrWEnuv8OuRoCjwcQAvD_BwE&gclsrc=aw.ds

[43] https://it.fashionnetwork.com/news/Gucci-App-lancia-il-servizio-di-realta-aumentata-per-provare-le-sneaker,1114101.html#.XXzFNZMzYdU

[44] https://wwd.com/fashion-news/fashion-scoops/gucci-unveils-in-app-ar-tool-1203203731/

It is a foot tracking technology that adapts to different camera shots and follow the steps as the feet move and rotate.

The already known skill of Alessandro Michele in combining past and present, vintage and technology is the basis of this new project: an engaging and interactive experience for customers.

Figure 13 Ace Try On, GUCCI APP

4.3.2 GUCCI Arcade

Having fun is part of the 360-degree journey that Gucci wants for its customers, for this reason the maison wants its customers to play in its app.
Alessandro Michele has decided once again to combine past and present, using technology to tell stories in an innovative way without losing the tradition.

From August 2019, *Gucci Arcade* is available in the app's functions: a new section dedicated to games inspired by those of arcades of the 70s and 80s, whose protagonists are the most representative symbols of the Brand with the aim to tell the story of the house and its codes.

Gucci Bee was the first game to be launched: the bee has long been used on clothes, shoes, belts and bags[45], but it is now trapped in a maze.

By overcoming three difficulty levels, collecting badges and discovering special elements to get extra points, the user can free the bee and see his score and find out where he is in the ranking of the highest scores worldwide and sharing results and badges on all social and instant messaging platforms.
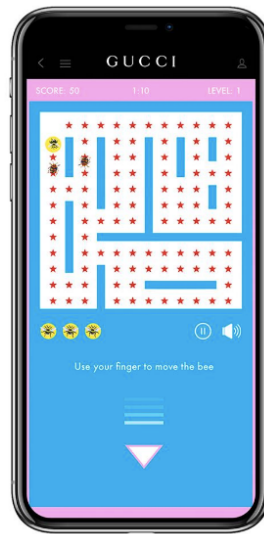
Figure 14 Gucci Bee on Arcade, GUCCI App for iOS

Gucci Ace instead is inspired by the idea of "*revisiting the past, living in the present and looking to the future*", as a way of exploring the history of the Gucci Ace sneaker; it retraces three levels of video game history, from retro to console to mobile devices.

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[45] https://www.gucci.com/it/it/st/stories/inspirations-and-codes/article/agenda_2016_issue04_gucci_garden_prefall

Figure 15 Gucci Ace on Arcade, GUCCI App for iOS

Both games are accessible from a map (*figure 19*) in the Gucci App, where each stage of the journey brings players to a different game.

Figure 16 Map from Arcade, GUCCI App for iOS

This path tells the company's history through its codes, in the form of badges hidden in the games and grouped according to the theme.

In the research[46] published by the Journal of Marketing Management, it emerged that the products presented in AR attract more attention than the ones presented with normal photos. Trying the product with this technology is absolutely simpler, especially without the need for outside help.
Gucci was able to develop a correct omnichannel strategy that revitalized the brand, demonstrating proximity to people even in the digital world.

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[46] "It's an illusion, but it looks real!" Consumer affective, cognitive and behavioral responses to augmented reality applications ; Journal of Marketing Management

5. Conclusions

In few words and as has been stated in the beginning, the purpose of this thesis was to generally explore the concept of omni-channel retailing as well as its implementation in retail firms, with a specific focus on luxury sector. The reason behind the choice of such an argument for the essay development was mainly laid down by the new technological trends that have emerged and have influenced the world in general, but more interestingly the sector we have dealt with throughout the pages.

In accordance with the just-proposed technological evolution we can say that with the Internet and all the others new technologies advent, consumer behaviour has simply evolved. This means that with respect to the past, consumers have access to new and more diversified processes, methodologies and tools for searching for information and for purchasing products or services. Moreover, strategies aimed at evaluating problems that may arise in the phase of post-purchase have also been developed.

The consequence of all of this was that it was therefore necessary for companies to develop constantly more and further diversified touch points between them and customers. The principal aim of these operations was to be more efficient and faster, in order to attract new individuals and, at the same time, maintain the already acquired customer portfolio.

The following example extremely simplify the entire concept that has been just stated. If in the past it was possible to reach the consumer through a single channel, identified with the physical store, today there is the possibility of choosing between a wider variety of channels, depending on the predisposition of a subject to technology, his or her habits as well as his or her time/ place constraints. All of these concepts that have been here briefly summarized are mainly developed in the first chapter, which through the analysis of the different channels evolution, characteristics, benefits and costs gives a snapshot of where we are now passing through what has forced companies to reach this compromise and implement these changes.

What has mainly emerged from this paper is the importance and necessity for companies of adapting their strategy to the new integrated experience required by customers, which translates in the existence of different developed touch points, whether physical, online or an integration of the two, aimed at reaching the customer at

his or her convenience and providing them with the most comprehensive and equivalent experience possible.

What has eventually emerged is that, thanks to the implementation of the omnichannel strategy, companies will be able to reach the goal set at the beginning of the thesis: the efficient and effective integration of the offline and online world. Indeed, the starting point of the thesis was an almost blind trust in the ability of the omnichannel experience to positively impact the company operations, but a careful statistical analysis developed in chapter three has eventually supported this initial assumption.

Nonetheless, it has been highlighted that integration will only be possible if some conditions are complied with in the beginning:

• there will be a fluent communication between all the sectors of the brand;

• all employees will take a vision directed towards an omnichannel strategy;

• funds for technological development will always be invested;

• creative and innovative solutions will also be adopted in the distribution sector.

The last chapter was eventually focused on the development of a case study in support to the technical and theoretical analysis carried out up until this moment. The company chosen for this was eventually Gucci, due to my personal involvement in its operations through my internship. In few words, Gucci has developed an omnichannel strategy that has given a new life to the brand. Mainly, the strength of the Italian brand was to be able to show all its personality even digitally, offering a pleasant online navigation to the customer. To use a metaphor, the same air that customers were used to breathe in store could also be perceived online. This consistency eventually represents a superior value to customers, that are able to always recognize and appreciate a specific journey with a company regardless of the mean they are using.

The present paper and, specifically, the Gucci case after all demonstrate how in this time it is essential for companies, especially in the retail sector since it is our main concern, to develop new and efficient marketing strategies, moving to new technological tools through investing resources in innovation.

As evidenced from the results of the research carried out in chapter three, users prefer brands that are trying to offer a *seamless* shopping experience. Moreover, another important aspect that results from the answers obtained in the survey is the importance of an updated store.

This because users have not shown themselves ready to leave definitively the store due to the importance of some actions that are fundamental for the purchasing, such as trying, feeling and touching the product. Nonetheless, they have demonstrated the need to live an unforgettable integrated experience in line with their wishes. This means that the only way possible to give a remarkable experience is therefore integration and, today, the best strategy to bring innovation in the retail industry is through the omnichannel experience.

In conclusion, omnichannel marketing is a reality with which many organizations will have to face in the coming years in an ever-increasing way, due to the continuous technological progress and the changes in customer habits.

This *evolution* is an opportunity, but also a complex challenge: change is radical and implies, first of all, the adoption of a mentality (or a real culture) aimed at ensuring a seamless and coherent experience for the customer, definitely overcoming the barriers between the physical world and the digital world.

If this is true for the retail environment in general, it becomes even more true in the luxury industry. Gucci has indeed shown that also in the luxury retail world this expansion process is possible and profitable, mostly without losing prestige, tradition and exclusivity.

Appendix

<u>Appendix A: the questionnaire</u>

The following survey is also available at the following link:
https://docs.google.com/forms/d/e/1FAIpQLSdI_tjWg5xK-ayvxVN8n2Dffy-sw6_LuyFBuGAweyS_Hrox6w/viewform

1- Nationality:

Italian

Spanish

French

German

Other

2- Gender:

Female

Male

3- Which age group do you belong to?

< 20

20 - 34

35-54

Above 54

4- Level of education:

Middle school

Lower secondary school

High school diploma

Degree / Postgraduate specialization

5- Before being told, I was aware of the term OMNICHANNEL and its meaning:

Yes, I have heard of the term and understand its meaning

Yes, I have heard of the term but I didn't understand its meaning

No, I had never heard of the term but I understand its meaning

No, I had never heard of the term and not understand its meaning

6- How often do you go shopping?

Every day

2/3 times per week

Once per week

2/3 times per month

Once per month

Rarely

Never

7- What retail channels do you currently shop through? Select one or more of the following:

Physical channel (STORE)

Online channel (Laptop/PC)

Mobile phone (Smartphone/iPad)

Catalogue channel

8- When shopping, I still value the experience provided by the physical retail store

9- I prefer to shop predominately online and wait for my products to be delivered

10- I like to shop online and offline using both physical and digital retail channels

Strongly disagree – Strongly agree

11- When shopping, why might you use the retail store? Indicate on a scale of 1 (strongly disagree) to 5 (strongly agree) how much you agree with the following statements.

I like to touch, feel and try products before purchasing

I like to get advice from store associates on what products to buy

I like to do research and then find the product online

I like to browse in store and then order for delivery

I like to collect products that I have ordered online

I don't like to collect products that I have ordered online

I don't like shopping online

12- What is the percentage of your ONLINE purchases?

10%

20%

30%

40%

50%

60%

70%

80%

90%

100%

13- I prefer brands that have a seamless shopping experience across both online and offline retail channels (e.g. everything about the brand feels interconnected and obvious)

Strongly disagree – Strongly agree

14- To conclude, how important is the technology presence in the store for you? (The possibility to immediately check the availability of sizes, of other models. Or the possibility to order online from the store and to arrange the delivery)

Not important – very important

Appendix B: index of figures and tables

Tables:

Table of figures:

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Summary

The continuous technology evolution in the modern era is certainly one of the key factors that has definitely upset the daily activities. This trend had a major impact in various industries and segments, somehow undeniably shifting and modifying companies as well as users to their roots, regardless of namely their core activities or specific habits. In spite of the different outcomes that the application of technology could have determined within different businesses, this just-presented transition also had a major impact in the development and the modification of the retail sector.

The aim of this thesis is, therefore, to evaluate these shifts and modifications in a specific segment of the retail industry, which refers to everything that concerns the luxury retail environment.
According to a general overview that we can infer simply from our personal daily experience, technology and its evolution have not only changed consumer habits and behaviours, determining the birth of a cluster of customers who are increasingly more experienced with respect to the basic products information and always updated about the latest trends, but it has also brought numerous opportunities for brands to satisfy a more and more segmented market, while better managing new customers..

Working in the luxury retail world for the past few months, I had the opportunity to appreciate the ability of an extremely traditional and greatly connected to heritage sector to understand the importance of innovation in all its forms, especially the ones represented by the technological enhancement. Specifically, I mainly experienced the intelligence of companies operating in this environment to study and exploit new tools and technologies with the aim of finding a solution to the problem of integrating distribution channels. In accordance to this, the latter will therefore constitute the main argument of this entire work.

Accordingly, the scope of this paper is to provide a comprehensive overview of how marketing channels have evolved throughout time, from the implementation of the classic brick and mortar single channel shop, up to definition of the omnichannel strategy. Eventually, a final analysis would be proposed and evaluated considering a top player operating in the luxury retail industry, with the aim of providing a successful example of how the most innovative and technologically comprehensive retail model

can be realized and enforced within a company, at which costs and considering which offsetting benefits.

The first section focuses on the definition of the theoretical concept of distribution channels and we can briefly define them as the way in which the companies decide to deliver their good or service to the customers.
The ultimate function of these channels is to create and to convey value, transforming potential buyers into profit-generating customers.
This focus is necessary to understand the passage that brought the evolution of strategies in the world of retail marketing, meaning that it clearly gives a snapshot of the evolution of retail highlighting its most representative physical translations, the channels through which products and services are marketed, offered and sold.
Usually retailers can choose between various alternatives of channels, which can therefore be physical, online, mobile, catalog or a combination of these.

- **Physical channel**: the store is undoubtedly the most effective and direct way to show closeness to the customer. Today it represents the central element in the construction of the customer experience, a touchpoint between consumers and company from which it's possible to create value.
- **Online channel**: the online channel is the mean through which customers can access the shop 24/7, having the possibility to browse across categories and products as they like, wherever they like. The possibility to have always available an online platform allows to customers to compare costs and to get informations at their convenience.
- **Mobile channel**: the mobile channel can be considered as the evolution of the online one. It's the channel which satisfies customers with the need to quickly and easily access to any shopping platform. The distinction of this channel is led by the late advent of the technology, which has brought the smartphone to be considered a separate sale channel. The development of applications and of mobile versions of the website by retailers is a key point in the creation of this channel.
- **Catalogue channel**: some retailers still list their goods and services on sale, with respective description and prices, on printed document known as catalog. When dealing with this channel methodology, consumers have the advantage to

look through the company catalog without the restriction to have internet access or a computer.

The technological progress and the consequent change of the clientele have led a channel evolution which can be simply identified as the progressive transition from a single-channel strategy to the omnichannel one.

- **Single channel**: The single channel strategy can be simply defined as the traditional way of selling.
  It's a channel based on an exclusive usage of one or more stores with the possibility to choose if working offline (physical channel) or online (virtual store).
- **Multi-channel**: interaction with customers through a plurality of touch points is the core of the multi-channel strategy.
  With the undertaking of a multi-channel strategy, the consumer now has the possibility to choose the channel that is most suitable to his or her lifestyle as well as to his or her habits.
- **Cross-channel**: In the cross-channel strategy the client does not choose a unique channel to make the purchase but rather can use several channels for the same order. This means that he can initially approach the purchase toward a specific channel and finishing up the other on a different platform/location, on the basis of his preferences and/or habits.
  ["Click & Collect" is a practical example of this model]
- **Omni-channel**: It can be seen as an evolution of cross-channel strategy, where digital and non-digital retailing combine in order to create a unique customer experience.
  When a company operates through this strategy, customers have the possibility to use different channels at the same time for their purchase. This means that they both can scroll items on their mobile phone while at the same time they are in a physical store, having therefore access to real time informations about products wherever and whenever they want and need.

	Multi-channel	**Cross-channel**	**Omni-channel**
Concept	Division between the channels	Partial integration of some channels	Integration of all widespread channels
Degree of integration	None	Enables switching between certain channels and touch-points	Total
Channel scope	Retail channels: store, web- site, and mobile	Retail channels: store, website, mobile, social media, customer touch-points	Retail channels: store, website, mobile, social media, customer touch-points
Customer relationship focus: brand vs. channel	Customer-retail channel focus	Customer-retail channel focus	Customer-retail channel-brand focus
Objectives	Channel objectives (sales per channel, experience per channel)	By channel or connected channels and touch-points	All channels work together to offer a holistic customer experience
Channel management	Per channel Management of channels and customer touch-points gea- red toward optimizing the experience with each one Perceived interaction with the channel	By channel or connected channels and touch-points Perceived partial interaction with the brand	Cross-channel Synergetic management of the channels and custo- mer touch-points geared toward optimizing the holistic experience Perceived interaction with the brand
Customers	No possibility of triggering interaction Use channels in parallel	Can trigger partial interaction Use channels in parallel	Can trigger full interaction Use channels simultaneously
Retailers	No possibility of controlling integration of all channels	Control partial integration of all channels	Control full integration of all channels
Sales people	Do not adapt selling beha- vior	Adapt selling behavior using different arguments depending on the channel	Adapt selling behavior using different arguments depending on each customer's needs and knowledge of the product
Data	Data are not shared across channels	Data are partially shared across channels	Data are shared across channels

Omni-channel is s new way of approaching to marketing and it requires an extremely high capacity to adapt to change.

Technological developments, purchasing behaviours changes and customer centricity are the drivers of this innovation in the retailing sector and companies have to understand which best technique is to adopt in order to create an extraordinary and unforgettable customer journey, defining which is the most fitted strategy for their sector, focusing on their goals and the best approach to achieve them.

The omnichannel evolution has changed the role of the physical store, defining it as the heart where integrating online and offline interactions occur and evolve.

Therefore, the physical touch point, despite believed and perceived to be completely gone, is becoming the perfect space to meet and target new needs, allowing customers to complete the purchase process in an authentic, personalized and memorable way.

An *Epson* research has highlighted the following benefits with respect to the technological implementation and exploitation:

• improvement of customer service, which increased by 57% with respect to the overall sample);
• general speeding up the payment procedure by53%;
• lower waiting in line, which decreased by 53%;
• greater convenience and better shopping experience, which impacted by 33%.

Below, some examples of the most frequently implemented technologies are listed:

- **Interactive Touch Screen Kiosks**.
- **Free Wi-fi connection**.
- **Beacon Technology**.
- **Smart mirrors and Virtual dressing rooms.**
- **Tablet devices in store.**

As previously stated, all these innovations have brought a store update and, consequently, the store associates play a key role during the purchasing experience: their support is fundamental for the data collection, for communicating informations and for assisting and steering the customer towards purchasing choices.

In order for information and experiences to be coherent and consistent among the different channels and communication means, the staff must have updated its knowledge and skills, therefore becoming an important touch point to connect other channels.

The technological development has also influenced the change in customer habits: today customers are increasingly demanding, thanks to the possibility to stay constantly connected to the global marketplace where they can compare prices and browse across the wide production selection available.

Today, in accordance with the latest and most innovative trends, the firms build their strategies around the customers' needs, with the aim of building a unique and durable relationship with them.

In fact, the main objective of the omni-channel strategy is to create and to deliver value to the customers rather than only selling the products, as, on the other hand, occurs in the product-centric approach.

	Product-Centric Approach	*Customer-Centric Approach*
Basic philosophy	Sell products; we'll sell to whoever will buy.	Serve customers; all decisions start with the customer and opportunities for advantage
Business orientation	Transaction-oriented	Relationship-oriented
Product positioning	Highlight product features and advantages	Highlight product's benefits in terms of meeting individual customer needs
Organizational structure	Product profit centers, product managers, product sales team	Customer segment centers, customer relationship managers, customer segment sales team
Organizational focus	Internally focused, new product development, new account development, market share growth; customer relations are issues for the marketing department	Externally focused, customer relationship development, profitability through customer loyalty; employees are customer advocates
Performance metrics	Number of new products, profitability per product,	Share of wallet of customers, customer

	market share by product/subbrands	satisfaction, customer lifetime value, customer equity
Management criteria	Portfolio of products	Portfolio of customers
Selling approac	How many customers can we sell this product to?	How many products can we sell this customer?
Customer knowledge	Customer data are a control mechanism	Customer knowledge is valuable asset

Omnichannel customers have a very different behaviours from traditional retail customers. They are better informed, they can use technology and demand more and more from retailers, both from an information point of view and from a service perspective. When they find a retailer, which offers the experience they want, these customers become very loyal and profitable, with the expectation that this service will continue over time. Therefore, the retailer should be very prepared to serve this kind of customers, making use of technology and good products knowledge their strengths.

Focusing eventually on luxury brands, a lot of them are struggling with the adoption of these new strategies due to different cultural and structural issues, but those who have been able to carry out and eventually implement technologically and not technologically innovative ideas were eventually able to define a significant connection with customers, building in such a way a loyal clientele.

In order to test the relationship and confidence that consumers have with the concept of omnichannel, a on field research has been pursued to investigate if consumers are confident with online purchases, their propensity to the use of technology and their connection with the physical shop.

The aim of the research is to give a contribution to the literature regarding the approach and behaviours that consumers have during their purchasing process.

It was therefore decided to interview consumers directly to see which the actual attitude of a potential client to the topic is.

The interview was conducted through an online questionnaire. The choice to use an online questionnaire was made mainly to allow interviewees to respond honestly and without feeling judged.

The questionnaire was distributed to pages dedicated to the fashion industry, through the most popular social networks, such as Instagram, Facebook and different Forums. The questionnaire was distributed via a link based on the Google Forms platform and has been available for one week during the month of September 2019.

The first part of the questions was aimed at identifying the consumer and allow the interviewees to be classified according to nationality, gender, age and educational qualifications.

The second part was aimed at framing the interviewees' habits on the issue of shopping, the purchasing frequency and the preferred used channel have been investigated.

The third and last part was aimed at revealing the preferences that the interviewees have in the retail context.

Once results were collected, IBM SPSS Statistics software version 25 was used for the statistical analysis of the results, while the Microsoft Excel software was used to implement the graphs.

A descriptive analysis was first carried out on the univariate data detected through the questionnaire: frequency tables were created and, where possible, the centrality and variability indices were calculated.

Lastly, statistical tests were carried out to verify eight research hypotheses and the correlation between three different variables.

To conclude the analysis, a cluster analysis was implemented, choosing four variables in such a way to represent four different but relevant aspect of the survey. For the clustering Two Stepp technique of SPSS was used, which has allowed us to define the number of clusters using the BIC criteria optimally.

200 total answers have been collected, with 78,5% of the sample from Italy and 21,5% from abroad and in particular 18 respondents are from Spain and 11 from France.
The women respondents were 92 (46%), compared to 54% of male one, among which there are 76% millennials, 11,5% people from 35 to 54, 5% under 20 and 10% people above 54.

The following hypothesis have been tested:

- *CHOICE OF PHYSICAL CHANNEL (Yes / No)*
  - IMPORTANCE OF TECHNOLOGY IN STORE
  - IMPORTANCE TO TOUCH, FEEL AND TRY THE PRODUCTS BEFORE PURCHASING THEM
  - IMPORTANCE TO BROWSE IN STORE BEFORE ORDER FOR DELIVERY.

  It's emerged that those who prefer the physical channel give great importance to the presence of in-store technology and it implies that retailers must have developed at least one digital innovation to support the customer experience. Investments in this field will be essential to increase customer retention and to increase market share. This also shows that the physical store is still an important centre in the purchasing process, in fact the decision to go personally to buy for the desire to touch, try and feel the product before the final choice is also statistically significant and it is an attitude that technology and online commerce cannot replace. To conclude, it has been shown that those who visit the store tend not to prefer the delivery of the purchased products. Surely the desire to immediately have the purchased good and to be able to take advantage of it immediately plays a crucial role. It is therefore good for the various retailers to have a good well-stocked warehouse to compete with the wide availability of online commerce.

- Omnichannel awareness and online/offline shopping experience and preference of brands with interaction among channels.

  The awareness of the omnichannel term is influential in choosing a brand that offers a "seamless shopping experience across both online and offline retail channels". In particular, the customer who was already aware of the term and its meaning is more dependent on the choice of a brand that provides a hybrid experience between the physical and online retail channel.

- Online channel users and advices from store associates, preference to collect personally online orders and preference to search the product in store and then order online.

  Digital channel users have the tendency to go to the store to make a research before finding the product online.
  In particular, the cooperation between the two channels emerges, with the physical channel that proves to be a complementary support for the online channel. For this reason, it's important that companies are provided of a well-developed and assorted personal e-commerce in such a way that they do not lose the online-oriented customer who decides to buy from home using a different channel.

To conclude the research a cluster analysis has been carried out and four clusters of interest have been identified:

- Innovative offline
- Traditionalist offline
- Neither online nor offline
- Online multichannel

The last section of the document is eventually constructed following a case study approach, with the aim of supporting the theoretical and statistical analysis.

I indeed had the chance to work for Gucci for the past few months and, during this period, I also had the possibility to personally experience how the company was able to successfully implement an omnichannel strategy.

For this reason, the aim of the final chapter will therefore be to show the ability of the enterprise in dealing with such innovation, accordingly presenting the main initiatives that the Italian maison has developed to cope with the digital era and its consequences.

Specifically, after a general overview and the digital strategy implementation will be presented, focusing mainly on the new company's website and on critically evaluating it with respect to a consumer perspective.

Gucci is considered a pioneer of web marketing, considering that it's active in the e-commerce sector since 2002, when it started to offer the possibility to US customers to buy from its online site.

The historic Italian company, in fact, is remembered as one of the first brands to have opened its e-commerce site.

This, which sounds extremely complex, in reality simply translates in providing some evidence of the implementation of the omnichannel strategy with respect to a top player operating in our main-interest industry. Here is also where my personal experiences come into play.

Gucci is a company that is strongly tied to tradition and despite this, it has implemented a highly interactive and multimedia digital communication, able to make the user feeling completely immersed in the business reality and increasingly shading the division between the physical store and the online environment, heading the ranking of Italian fashion houses in the digital world.

One of the greatest strengths is the GUCCI App, a tool that is always available for the customer, with functions with the aim to be present in the customer's life; successful goal given the very high number of downloads.

Among the many features offered, the utilization of Augmented Reality stands out: a technology that is evolving very rapidly and that will allow companies, which will be

able to exploit its potential, new forms of engagement of consumers through new and revolutionary experiences.

GUCCI DIY, ACE Try On, Gucci Arcade are examples of success and they demonstrate how in this time it is essential for companies, especially in the retail sector since it is our main concern, to develop new and efficient marketing strategies, moving to new technological tools through investing resources in innovation.

What eventually emerged from the entire analysis is, in few words, that the omnichannel marketing is a reality with which many organizations will have to face in the coming years in an ever-increasing way, due to the continuous technological progress and the changes in customer habits.

This evolution is an opportunity, but also a complex challenge: change is radical and implies, first of all, the adoption of a mentality (or a real culture) aimed at ensuring a seamless and coherent experience for the customer, definitely overcoming the barriers between the physical world and the digital world.

If this is true for the retail environment in general, it becomes even more true in the luxury industry. Gucci has indeed shown that also in the luxury retail world this expansion process is possible and profitable, mostly without losing prestige, tradition and exclusivity.