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**Strategies for the integration of e-commerce and physical
retail stores: a study focusing on omni-channel retailing**

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May, 2024

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Abstract

This study examines the strategic integration of online e-commerce and offline brick-and-mortar stores in China's fast-growing retail industry, especially in the consumer leisure goods sector. With the rise of traditional retailing and e-commerce, competition is becoming increasingly fierce, and omni-channel retailing strategy has become the key for companies to maintain competitiveness and satisfy diversified consumer needs. This thesis takes Company X as a case study to explore how to build and implement an effective omni-channel retail model. Firstly, it introduces the development trend of online and offline retailing, establishes the theoretical foundation of omni-channel retailing, and discusses the challenges faced by the current integration efforts. Through case studies, questionnaires, interviews and market data analysis, the thesis identifies and investigates the main problems in corporate marketing channels. On this basis, the study proposes strategies to enhance the influence of offline channels, improve the operation of online platforms, and promote interaction and synergy between online and offline. The study also discusses the necessary support for implementing these strategies, including logistics, technology, human resources, and financial management. The conclusions emphasize the importance of omni-channel retailing in improving firms' competitiveness and satisfying consumers' needs. The strategies and recommendations presented are applicable not only to Company X but also to similar businesses. The study recognizes its limitations and suggests directions for future research.

Keywords: omni-channel retailing; e-commerce integration; leisure consumer goods; China retail strategy; online-offline synergy

Resumo

Este estudo examina a integração estratégica do comércio eletrônico em linha e das lojas físicas fora de linha na indústria retalhista chinesa em rápido crescimento, especialmente no sector dos bens de consumo de lazer. Com o aumento do retalho tradicional e do comércio eletrônico, a concorrência está a tornar-se cada vez mais feroz e a estratégia de retalho omnicanal tornou-se a chave para as empresas manterem a competitividade e satisfazerem as necessidades diversificadas dos consumidores. Este documento toma a empresa X como um estudo de caso para explorar a forma de criar e implementar um modelo de retalho omnicanal eficaz. Em primeiro lugar, apresenta a tendência de desenvolvimento do comércio retalhista em linha e fora de linha, estabelece os fundamentos teóricos do comércio retalhista omnicanal e analisa os desafios enfrentados pelos actuais esforços de integração. Através de estudos de casos, questionários, entrevistas e análise de dados de mercado, o documento identifica e investiga os principais problemas dos canais de marketing das empresas. Nesta base, o estudo propõe estratégias para aumentar a influência dos canais offline, melhorar o funcionamento das plataformas online e promover a interação e a sinergia entre o online e o offline. O estudo também discute o suporte necessário para a implementação dessas estratégias, incluindo logística, tecnologia, recursos humanos e gestão financeira. As conclusões salientam a importância do retalho omnicanal na melhoria da competitividade das empresas e na satisfação das necessidades dos consumidores. As estratégias e recomendações apresentadas são aplicáveis não só à empresa X, mas também a empresas semelhantes. O estudo reconhece as suas limitações e sugere direcções para investigação futura.

Palavras-chave: retalho omnicanal; integração do comércio eletrônico; bens de consumo de lazer; estratégia de retalho da China; sinergia online-offline

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Chapter 1. Introduction

1.1 Background of the study

In China in the 21st century, steady economic growth and significant improvement in national living standards have changed the face of the casual consumer goods market. Consumers no longer view casual food as just a means to satiate their hunger, but as a way to enjoy life, entertainment and leisure (Cao & Li, 2015).. This consumer upgrading has driven the prosperity of the leisure food industry, with an expanding market scale, numerous brands, and product categories that have developed from traditional pastries and candies to diversified halogenated products, puffed foods, candies and preserves, and so on. To stand out in the competitive market, companies must adapt to these changes and make innovations in marketing channels (Song, Shi, & Song, 2020).

Against the backdrop of an increasingly prominent omni-channel retail model, Company X, a competitor in the casual food industry, has demonstrated different adaptation and transformation strategies. Company X, through two decades of development, has opened more than 3,000 stores nationwide, and has developed a strong market presence especially in Jiangsu, Zhejiang, and Shanghai. However, the company faced slow revenue growth and negative net profit growth after its IPO due to its over-reliance on offline channels and lagging in the construction of online e-commerce channels. Comparatively, although Company X started late, it quickly adapted to the market trend by implementing an omni-channel strategy of integrating online and offline channels, and achieved solid revenue growth with more flexible supply chain management and full utilization of e-commerce channels. The popularity of e-commerce in the food industry has changed all aspects of the supply chain, posing higher demands on logistics, warehousing and inventory management. Company X has adopted a distribution channel strategy that is in tune with the times, not only occupying a position on traditional e-commerce platforms such as Taobao and Jingdong, but also seeking a breakthrough in vertical e-commerce platforms to provide consumers with more choices. The implementation of this strategy has enabled Company X to achieve remarkable results in terms of increasing market share and brand effect (Ye, Lau, & Teo, 2018).

In the face of such market development, the importance of omni-channel retailing strategy has become increasingly prominent, and Company X urgently needs to transform its marketing model that relies too much on a single channel and integrate online and offline resources to adapt to consumers' personalized and diversified shopping habits. At the same time, the case of Company X shows that even a latecomer can gain an edge in the fiercely competitive marketplace as long as it is able to grasp the pulse of the market and adopt an effective omni-channel strategy. In the future, with the advancement of technology and further segmentation of the market, omni-channel retailing will become the standard for retailers. For Company X, how to further optimize their channel strategy to meet consumers' pursuit of high quality of life while maintaining their brand characteristics will be the key to their sustainable development. This study aims to explore how e-commerce and brick-and-mortar retail stores can be effectively integrated to realize complementary advantages and build a new retail model that meets the needs of modern consumers, providing a strategic framework for retailers to stand out in a competitive market.

1.2 Significance of the study

In recent years, the research on omni-channel retailing model has achieved some results, such as the evolution and operation mechanism of omni-channel retailing, the combination of omni-channel retailing and smart retailing, and so on (Chen, 2022). However, as omni-channel retailing is still in the process of exploring and practicing, there are still many theories to be explored and improved. There are fewer case studies on omni-channel retailing in the research, which are mainly qualitative studies at the conceptual level and are not related to the data of enterprises (Truong, 2021). Therefore, this thesis summarizes the existing literature, defines the concept of omni-channel retailing mode, enriches the related theoretical knowledge, and selects Company X as a research enterprise to supplement and enrich the theoretical research on the impact of omni-channel retailing mode on enterprise data.

Under the background of the receding e-commerce dividend, the traditional multi-channel sales model can no longer satisfy the increasing consumption demand of customers.

Therefore, the retail industry under the traditional operation mode needs to follow the development of the times and realize transformation to adapt to the current economic norm. How to efficiently carry out the omni-channel retail model is a common development problem faced by enterprises. Under the current state of economic development, enterprises have to invest high and continuous costs to build an omni-channel retail to realize the integration of inter-channel communication. Some enterprises have only superficially adjusted to the omni-channel retailing model, but in reality they still adopt the traditional multichannel retailing parallel operation model. The main reasons for this are that omni-channel retailing does not realize the synergy between multiple channels and the omni-channel information platform is not perfect. Therefore, based on the existing results, this thesis selects X Foods, a pioneer in China's omni-channel retail industry, as a case study to investigate the financial effects of its implementation of the omni-channel retail model. From the perspective of the enterprise itself, X Foods, as a leader in the snack food industry, evaluates its relevant data so that it can understand its general situation in the industry and find out the advantages and problems of the omni-channel retailing model, which can further improve its core competitiveness. From an industry perspective, X's omni-channel retailing operation model is an important reference for other peer companies that are about to transform or are in the process of transforming, as well as showing the direction of development for peer retail companies.

1.3 Research objectives and issues

1.3.1 Research objective

This study is dedicated to providing deep insights and analyzing the strategies for the integration of e-commerce and brick-and-mortar retail stores, and focuses on omni-channel retailing as the core path to achieve an efficient integration between the two. Through precise analysis and exploration, this study aims to achieve the following objectives:

1. To gain an in-depth understanding of the actual situation and development dynamics of the integration of e-commerce and physical retail stores

This study will explore specific cases of e-commerce and brick-and-mortar store integration within the casual food industry, analyzing the market drivers and potential challenges behind this emerging trend. By analyzing companies' convergence models, it aims to reveal the key factors for successful implementation of convergence strategies.

2. Highlighting the central role of omni-channel retailing in convergence strategies

The study will place special emphasis on the important role of omni-channel retailing in driving the integration of e-commerce and brick-and-mortar retailing. In addition, it will explore how omni-channel retailing can optimize customer experience and improve operational efficiency, as well as how it can enhance the fluidity of online and offline interactions through technological and innovative means.

3. Evaluating the effectiveness of Company X's integration strategy

This study plans to meticulously evaluate the omni-channel convergence strategies of the casual food industry leader through a case study approach, analyzing the impact of the strategies on performance and market position, as well as the challenges they encountered and the results they achieved in implementation.

4. Propose customized recommendations for the implementation of the convergence strategy

Based on the in-depth analysis and evaluation, this study will develop a series of practical recommendations aimed at supporting casual food companies to execute their omni-channel retail strategies more efficiently. Recommendations will include how to improve customer satisfaction through data analytics, and how to innovate marketing and service models to adapt to changing consumer needs and market conditions.

1.3.2 Research problem

Our research problem can be summarize as how physical retail stores can adjust their existing strategies to achieve effective integration, through an omnichannel retail

environment, with e-commerce. In order to achieve these objectives and gain a deeper understanding on this, we will focus our research on the following key issues.:

1. Defining the key elements of e-commerce and physical retail convergence

This study will first identify which factors constitute the key to successful e-commerce and brick-and-mortar retail convergence. This includes aspects such as technological infrastructure, supply chain management, customer service, and online and offline marketing strategies. We will explore how these elements interact with each other and how they are applied and adapted in different types of businesses.

2. Analyze the role and impact of omni-channel retailing in convergence strategies

The study will delve into how omni-channel retailing enables a seamless connection between e-commerce and physical stores. We will analyze various aspects of omni-channel retailing, including consumer experience, brand consistency, data integration, and cross-channel inventory management, and discuss its advantages and potential limitations in the current business environment.

3. Evaluating the differences in Company X's convergence strategy and its effectiveness

This study will analyze the different implementation paths of Company X's omni-channel retailing strategies, including their strategy planning, execution steps, and the results achieved. Through this comparison, the study aims to reveal the key components of an effective convergence strategy and the elements of successful implementation.

4. Exploring Brick-and-Mortar Retailers' Adjustment Strategies to Meet the Challenges of E-Commerce

In the face of the rapid expansion of e-commerce, how brick-and-mortar retail stores can adjust their existing strategies to achieve effective integration with e-commerce is another key question of this study. We will examine how brick-and-mortar retailers can maintain their competitiveness and market share under the pressure of e-commerce competition through innovation, technological upgrading and service optimization.

5. Recommendations for Developing Omni-Channel Strategies

This study will propose a comprehensive omni-channel strategy framework based on the analysis of the above issues. This includes the key components of the strategy, how to realize the effective interface between online and offline, and how to satisfy consumers' pursuit of a high quality of life through the omni-channel strategy.

By systematically examining these issues, this study not only provides a set of practical strategic frameworks for omni-channel integration for companies within the casual food industry, but also offers experiences and insights that can be drawn upon by companies in other retail sectors, emphasizing the importance of omni-channel retailing in the contemporary business environment.

1.4 Scope and limitations of the study

1.4.1 Definition of the scope of the study

This study is dedicated to exploring the strategy of integrating e-commerce and brick-and-mortar retailing, and focuses on analyzing the application and development of the omni-channel retailing model in China's casual food industry. By analyzing the case of Company X in China, the study aims to reveal how omni-channel retailing can help companies integrate online and offline channels and have an impact on their operational results and the development of the industry as a whole.

1.4.2 Limitations of the study

In this study, we will face several limiting factors when exploring strategies for integrating e-commerce and brick-and-mortar retail stores within the casual food industry in China. First, data access limitations may affect the depth and accuracy of the study. Due to commercial confidentiality issues Company X may not be able to provide complete internal data, especially financial information, customer behavior data, and supply chain management details, which may limit the comprehensiveness of the analysis.

Second, the selection of case companies may affect the broad applicability of the study. Company X as a representative of the industry, their strategies and experiences may not be universally applicable to all casual food companies. The size and stage of development of different firms may mean that they face different challenges and need to adopt different strategies. As market conditions, consumer preferences and technology continue to change, the findings of this study may need to be continually updated to remain relevant and useful. The issue of timeliness of the study suggests the need to constantly review and update the findings.

In addition, this study relies to some extent on existing literature and research resources. If the literature resources for related studies are limited, it may constrain our in-depth understanding of omni-channel retailing theories and practices. Finally, given that this study focuses on the Chinese market, the geographical applicability of the findings may be limited. Market environments and cultural differences in different geographies may lead to different consumer behaviors and business models, and thus the findings may not be fully applicable to other countries or regions.

Despite these limitations, this study aims to provide the casual food industry with valuable insights on the convergence of e-commerce and brick-and-mortar retailing, as well as a strategic framework and guidance for the implementation of omni-channel retailing models. By identifying these limitations, we can gradually overcome these challenges in our future work and continue to refine and deepen our findings.

Chapter 2. Theoretical Foundations and Literature Review

2.1 Theoretical Foundation

2.1.1 Marketing Channel Theory

In most cases, marketing channels act as an important bridge between businesses and consumers. These channels allow companies to connect with consumers in a variety of ways, ensuring that consumers can easily purchase the products and services they need whenever and wherever they want. Philip Kotler, as mentioned in Dibb, Simkin, Pride, and Ferrell

(2019), has described marketing channels as the key chain that connects goods (including services) from production to final delivery to consumers, and companies or individuals involved in this process are channel members.

In Western academia, marketing channels are mainly categorized into two modes: direct marketing and non-direct marketing. Direct marketing channels do not involve intermediaries, so they are also known as zero-level channels. Whereas the main difference in non-direct marketing channels is the number of intermediaries, where producers provide products or services to consumers through multiple layers of intermediaries (Bijmolt et al., 2021).

In offline direct sales channels, brick-and-mortar stores are the most common form to fulfill the immediate shopping and service needs of customers. Online direct sales channels include the company's official website, mobile APP, and official brand stores on third-party e-commerce platforms such as Taobao and Jingdong. An enterprise's official website usually contains an introduction to the enterprise, product display, and direct purchasing services, and users have a high degree of trust in this type of channel (Thaichon et al., 2018). Mobile APPs, on the other hand, provide consumers with more convenient choices and purchasing methods.

Offline non-direct sales channels are mainly based on distributors' brick-and-mortar stores, such as supermarkets, beauty malls, and mobile malls. Online non-direct sales channels are dominated by third-party e-commerce platforms such as Jingdong and Taobao (Rosário & Raimundo, 2021). This provides excellent solutions for enterprises in the Internet era, which not only enhances the visibility of self-built platforms but also demonstrates the return on investment.

In China, the development of marketing channels is different from other countries due to special national conditions. The traditional pyramid structure channel system is being replaced by a flat channel system, which reduces costs by reducing the number of intermediaries, while increasing corporate control over the channel (Faure & Fang, 2008).

Finally, cooperation between channel members is more important than mere transactions. In a partnership, manufacturers and distributors share goals and realize

integrated operations through joint promotions and information sharing to achieve win-win results.

2.1.2 Channel Conflict Theory (CCT)

Channel conflict occurs when the various members within a marketing channel become antagonistic towards each other due to conflicting interests, arising from differences in objectives, perceptions, and other factors (Rosenbloom, 2011). This conflict can manifest in several forms, impacting the efficiency and effectiveness of the distribution process.

The first type, horizontal channel conflict, occurs among channel members at the same level. For instance, two retailers selling similar products from the same manufacturer may engage in price wars or aggressive promotional activities to gain a larger market share, thereby creating conflict (Stern & El-Ansary, 1992). This type of conflict often leads to a zero-sum situation where the gain of one member is the loss of another, potentially harming the brand's overall market position.

Vertical channel conflict, the second type, arises between different levels within the channel, such as between a manufacturer and its distributors or retailers. This form of conflict often emerges when manufacturers bypass traditional intermediaries to sell directly to consumers, as seen in the increasing prevalence of direct-to-consumer (DTC) strategies in the digital age (Palmatier et al., 2018). This conflict can lead to a reduction in cooperation and support from intermediaries who feel threatened by the manufacturer's direct sales methods.

The third type of conflict, multi-channel conflict, is increasingly relevant in today's diverse retail environment. This occurs when a single enterprise utilizes multiple channels to reach the same market, leading to internal competition among these channels. For instance, a company's online store may compete with its physical retail outlets for the same customer base (Moriarty & Moran, 1990). Managing this type of conflict requires a careful balance to ensure that channels complement rather than cannibalize each other.

Channel conflict is not always detrimental managed effectively, it can lead to a healthy competitive environment, fostering innovation and improvement across channels (Frazier,

1999). Companies can adopt various strategies to mitigate conflict, such as establishing clear channel policies, encouraging communication among channel members, and implementing channel-wide performance incentives. Channel conflict is a multifaceted issue in channel management that requires strategic oversight and careful handling to turn potential disadvantages into opportunities for growth and development.

2.1.3 Channel Integration Theory

Channel integration is a critical concept in modern marketing, focusing on the harmonious cooperation between different channels of an enterprise to create a seamless consumer experience. Scholars, both in China and abroad, have explored various integration strategies, yet there remains a gap in unified measurement methods to guide enterprises in effective cross-channel integration and to identify optimization targets for channel issues (Rosenbloom, 2011). Zhuang Guijun, a prominent Chinese scholar, proposes a four-dimensional scale for cross-channel integration, focusing on consistency, sharedness, collaboration, and complementarity.

A. Consistency

This dimension emphasizes the uniformity of product information, service level, and corporate image across different channels. Many traditional enterprises with a long history in offline channels face the challenge of replicating their established corporate image and quality of service in the online domain (Palmatier et al., 2018). Achieving consistency across channels is crucial for enterprises to ensure that consumers receive the same brand experience, product quality, and service irrespective of the channel they choose. This consistency helps in building trust and loyalty among consumers.

B. Sharedness

Sharedness measures the extent to which consumer information is collected, organized, and shared across channels. A vital aspect of cross-channel integration is the sharing of

information, such as consumer data, inventory levels, and logistics (Stern & El-Ansary, 1992). Properly managed, this shared information can lead to improved management efficiency and a seamless cross-channel consumer experience. For instance, sharing inventory information can optimize product turnover, while sharing customer order and logistics information across channels can enhance operational efficiency.

C. Collaboration

This refers to the degree of cooperation between different channels in servicing or selling to consumers. In the age of new retail and mobile internet, consumers often engage in cross-purchase methods, combining online and offline channels (Moriarty & Moran, 1990). Therefore, collaboration needs to span the entire purchasing process, from pre-purchase consultation to order placement, payment, delivery, and after-sales service. Effective collaboration enhances efficiency and enriches the consumer's purchasing experience across all touchpoints.

D. Complementarity

When an enterprise operates across multiple or omni-channels, the strengths and weaknesses of each channel become more pronounced. Online channels, for example, offer convenience and a wealth of sales data for analysis and forecasting, while offline channels provide tangible product experiences and superior customer service (Frazier, 1999). Leveraging the complementary strengths of different channels is essential for enterprises seeking to attract more customers, enhance consumer loyalty, and increase trust.

Channel integration is more than just a strategy; it's a comprehensive approach that requires careful planning and execution. Businesses need to recognize the unique contributions of each channel and work towards integrating them cohesively. This integration not only enhances customer satisfaction but also drives operational efficiency and competitive advantage (Thaichon et al., 2018). Channel integration in the context of modern marketing is an intricate process that involves balancing consistency, sharedness, collaboration, and complementarity. Effective implementation of these dimensions can lead

to a robust and dynamic channel strategy, capable of adapting to the evolving needs of consumers and the market.

2.2 Literature Review

In recent times, the ongoing advancement in the retail sector has prompted both domestic and international scholars to conduct extensive research on the progression of marketing channels, along with the examination of channel conflicts and channel integration within the retail industry.

2.2.1 Evolution of the channel

The concept of retail channels, as defined by scholars globally, refers to the routes through which goods and services move from retailers to end-users, be they individuals or organizations, for consumption. The trajectory of retail channel development, as agreed upon by both international and domestic researchers, follows a progression from single-channel to multi-channel, evolving further into cross-channel, and ultimately culminating in the omni-channel approach.

This evolution reflects the changing dynamics of the economy and market demands. Initially, the traditional single-channel model sufficed, but as consumer needs and market complexities grew, this model became inadequate, pushing companies towards adopting a multi-channel strategy. However, the transition to multi-channel operations brought its own challenges, particularly in terms of escalating operational costs, necessitating the integration of these multiple channels (Rosenbloom, 2011). The concept of omni-channel retailing, first introduced by Darrell Rigby (2011), emphasizes a consumer-centric approach. Rigby argued that omni-channel retailing involves a seamless integration of all a company's sales and service channels, aimed at providing consumers with a consistent and convenient purchasing experience across all channels (Rigby, 2011).

Despite the varied terminologies used by scholars from different regions, such as multi-channel integration or cross-channel integration, the core essence aligns with the concept of omni-channel integration. This approach represents the synergy of various channels

utilized by a company, enhancing the consumer experience through seamless channel connectivity and cross-channel collaborative efforts. It ensures that consumers can effortlessly switch between channels and enjoy a uniform shopping experience, free from any form of discrimination (Palmatier et al., 2018). The evolution of retail channels is a response to the ever-growing and changing market demands, highlighting the shift from a company-centric to a consumer-centric model in the retail industry. This progression underscores the need for retailers to adapt and integrate various channels to provide a cohesive and efficient consumer experience (Thaichon et al., 2018).

2.2.2 Literature Related to Channel Conflict

Channel conflict, a critical aspect in the study of marketing channels, has been a subject of extensive research and discussion among scholars. This conflict arises when independent channels, established by a company to distribute its products, engage in actions that inhibit each other's performance or objectives (Rosenbloom, 2011). The literature on channel conflict spans various dimensions, including its causes, types, impacts, and resolution strategies.

Channel conflict can manifest in several forms, including vertical, horizontal, and multichannel conflicts (Stern & El-Ansary, 1992). Vertical conflict occurs between different levels within the marketing channel, such as between a manufacturer and its retailers. Horizontal conflict, on the other hand, happens between organizations at the same level of the channel, like two competing retailers. Multichannel conflict arises when a company's different distribution channels compete against each other. The causes of channel conflict are multifaceted. Incompatibility of goals, differences in perception, and the struggle for channel control are common triggers (Frazier, 1999). For instance, a manufacturer may want to maximize its coverage by distributing through as many outlets as possible, while a retailer might prefer exclusivity to avoid direct competition with neighboring stores.

Channel conflict can have both negative and positive effects. Negatively, it can lead to reduced cooperation, decreased trust, and ultimately, lower profitability (Palmatier et al.,

2018). It may also erode brand value and lead to a disjointed customer experience. Positively, however, channel conflict can drive innovation and improvement in channel strategies as firms strive to outdo their competitors (Birkinshaw & Goddard, 2009).

Effective channel conflict management is crucial. Strategies to mitigate channel conflict include establishing clear channel policies, fostering open communication, and implementing channel-wide incentives (Rosenbloom, 2011). For example, a clear pricing policy can prevent conflicts arising from price wars among retailers. Additionally, fostering collaborative relationships and mutual understanding among channel members can go a long way in minimizing conflicts (Kotler & Keller, 2016).

With the advent of digital channels, channel conflict dynamics are evolving. The rise of e-commerce and direct-to-consumer models has introduced new complexities in channel management (Thaichon et al., 2018). Future research is likely to focus on how digital transformation affects channel strategies and how companies can effectively integrate traditional and digital channels to minimize conflict and maximize synergy. channel conflict remains a significant area of study within marketing. Understanding its nuances helps businesses to optimize their channel strategies for better efficiency, cooperation, and profitability.

2.2.3 Literature Related to Channel Integration

Channel integration is a pivotal concept in modern retail and marketing, focusing on creating a seamless and unified experience across various distribution channels. This concept has been extensively explored in academic literature, reflecting its growing importance in a rapidly evolving retail landscape.

Channel integration involves aligning and synergizing different channels – such as physical stores, online platforms, and mobile apps – to present a coherent brand and shopping experience to customers (Rosenbloom, 2011). This integration is essential in today's retail environment, where consumers often interact with brands across multiple touchpoints. Scholars like Palmatier et al. (2018) emphasize that effective channel integration can significantly enhance customer satisfaction and loyalty, as it offers a seamless shopping experience. The evolution of channel integration corresponds with the

advent of digital technology in retail. Early studies in the field, such as those by Stern and El-Ansary (1992), focused on traditional channel structures and conflicts. However, with the digital transformation, the focus has shifted towards integrating online and offline channels. Kotler and Keller (2016) discuss how the digital era has transformed the dynamics of channel integration, making it a strategic necessity rather than a mere option.

One of the primary challenges in channel integration is maintaining consistency in brand messaging, product availability, pricing, and customer experience across all channels (Thaichon et al., 2018). This challenge is compounded by the need to manage complex logistics and supply chains that span multiple channels. Frazier (1999) provides insights into how organizations can effectively manage these complexities through strategic planning and execution. Channel integration also significantly impacts consumer behavior. Researchers like Verhoef et al. (2015) have explored how integrated channels influence consumer purchase journeys, noting that a well-integrated channel strategy can lead to increased purchase frequency, higher customer retention, and greater brand advocacy.

Looking forward, the literature suggests that channel integration will continue to evolve with technological advancements. The incorporation of AI and data analytics in channel management is an area that is gaining interest, with potential implications for personalized customer experiences and improved operational efficiency (Birkinshaw & Goddard, 2009). The literature on channel integration highlights its critical role in contemporary retail. As the retail landscape continues to evolve, channel integration will remain a key area of focus for both scholars and practitioners.

2.2.4 Benefits and Challenges of Omni-Channel Retailing

Omni-channel retailing is an increasingly prevalent strategy in the retail industry that integrates multiple channels to provide customers with a coherent experience. This approach has several advantages, but it also poses various challenges that need to be managed strategically.

Omni-channel retailing has a number of advantages, such as the ability to enhance customer engagement. Omni-channel retailing delivers a unified customer experience across a variety of platforms, thereby increasing customer engagement and satisfaction.

This approach helps build stronger brand connections and customer loyalty (Jain et al., 2020). It can also increase sales and expand market reach. An omni-channel strategy can significantly increase sales and market coverage by catering to different consumer preferences through multiple channels. This eclectic approach is particularly effective in reaching out to different consumer segments (Liu et al., 2019). Leaf is able to collect comprehensive data across channels. Retailers can use this data to improve inventory management, target marketing, and enhance product development (Chen et al., 2021).

Of course omni-channel retailing now comes with its own set of challenges, starting with the need to integrate the various channels, while maintaining consistency in pricing, customer service and product availability is a complex task. It requires significant investment in technology and skilled labor (Gupta et al., 2020). Effective cross-channel inventory and logistics management is challenging. Retailers must ensure timely availability of products to meet the dynamic demands of omnichannel consumers (Wang et al., 2020). At the same time, implementing an omnichannel approach requires significant resources, including investments in advanced technology and staff training. Smaller retailers may find these requirements particularly daunting (Kim et al., 2020).

The future of omnichannel retailing is set to evolve further, especially with advances in artificial intelligence and machine learning. These technologies have the potential to refine customer personalization and optimize supply chain logistics, offering retailers the opportunity to improve efficiency and customer satisfaction (Zhang et al., 2021). While there are significant advantages in terms of customer experience and market expansion, there are also complex operational challenges that need to be carefully managed. Strategic planning and technology investments are critical for retailers to capitalize on the benefits and address the challenges of this approach.

Chapter 3. Analysis of the development status and omni-channel retail model of X Foods Company

3.1 Company Overview

Company X is a major brand name for food companies in China. The company was founded in Wuhan in 2006, initially as a chain company specializing in the development of casual food products and a range of retail services. Over the years, Company X's business has expanded significantly and now has five major sales channels: brick-and-mortar stores, online e-commerce, third-party platforms, m-commerce and social commerce. To date, Company X operates 37 online and offline channels. Currently, Company X's physical stores are located in more than 10 provinces and cities in China, totaling over 2,000 outlets. In addition, the Company has broadened its online channels to include e-commerce platforms such as Tmall and Jingdong, various takeaway and local life platforms, and social e-commerce platforms including its own apps and WeChat. These diverse channels are an important part of Company X's operational strategy. Company X is inextricably linked to everyday life in China, demonstrating its integrated approach to modern retail and customer engagement.

3.1.1 Company History

X Food Company was established after 2000, so far it has been more than ten years, is a company mainly to online sales of food, sales scale is also larger, the main business is nuts and other leisure food, and successfully listed.

The main products promoted by X Foods include nut series, dried fruit series, etc., mainly using online sales technology, through the online platform for sales, through this sales model, the company gradually opened a new food retail model, this kind of business model allows businessmen and consumers to draw closer to each other, and at the same time allows consumers to get the goods more quickly.

Successful online sales, while not forgetting to carry out offline sales, mainly through two ways, one is to open their own store, the store area is large, used to display their own hot commodities, but also for consumers to experience; the second is, through the online retail way to enter the community, the community to open a small store, the number of small stores has already exceeded one hundred.

At the same time, X Foods is transforming into a digital supply chain platform, which connects a large number of food producers on the one hand, and consumers on the other, shortening the distance between merchants and consumers, and improving the efficiency and profitability of the industry, so that producers will be more willing to develop new products from the perspective of consumers.

3.1.2 Current status of the company's operations

X Foods, as a pioneering enterprise of food e-commerce in China, has absorbed some experience in the management of the company, upgraded all management aspects of the company, and cooperated in depth with suppliers and e-commerce platforms to form a closed loop of food operation.

2021 half-yearly report shows that the company's profits increased significantly, but operating income only increased by 0.17%, net profit growth point is not a substantial increase in sales, but internal channel control and cost reduction, in addition to government subsidies. High hopes for the new brand losses are serious, while more and more players are entering the game.

X food company since its inception with the Internet platform traffic to achieve rapid growth, the third-party e-commerce platform has been the most important sales channel, however, in recent years the online platform traffic to the bottleneck, and with the rise of social e-commerce and direct broadcasting e-commerce and other new sales models, the online traffic continues to be polarized, the channel is in trouble.

Operating income from third-party platforms in the first half of this year declined a lot in the same period and was lower than that of 2019, with the income of Tmall flagship store declining by nearly 30% compared with the same period last year. The impact of traffic decentralization on online platforms was significant, and new marketing models such as live streaming with goods brought more development opportunities for small and new brands, leading to a declining concentration in the casual food industry.

In order to obtain more traffic, X Foods spent more than 700 million yuan on promotion fees and platform service fees, nearly double that of the same period last year, but the surge

in promotion fees did not lead to an increase in platform revenue, which was not as high as that of the same period last year.

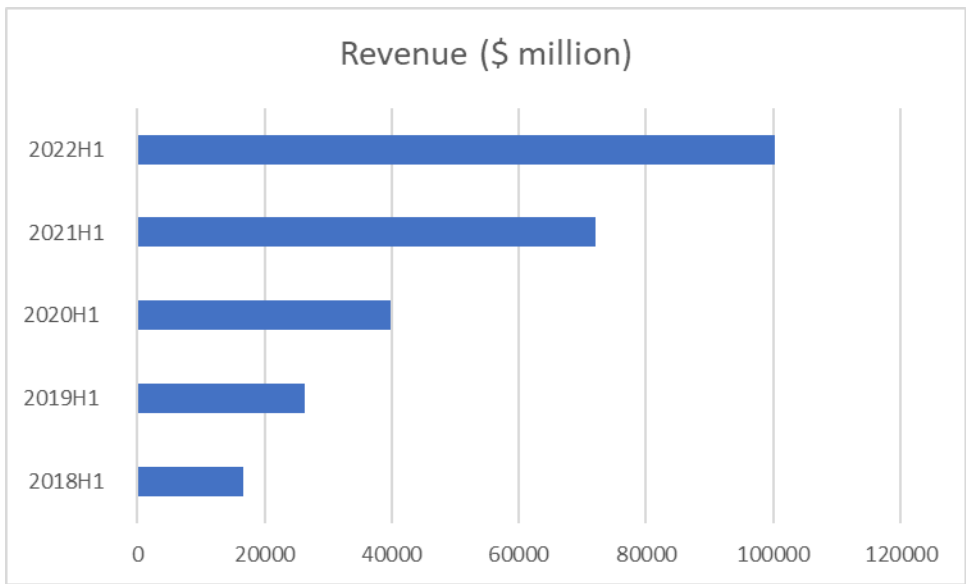


Figure 1. Promotion and service platform fees (\$ million)
(Source: Sina Finance)

Although the revenue share of the third-party e-commerce platform decreased year by year with the development of other sales channels, therefore, the total revenue remained stagnant despite the growth rate of revenue from offline channels such as pitching food stores, affiliate stores and new distribution.

Online traffic is in trouble and the cost of acquisition is getting higher and higher, so from 2018, we started to make efforts in the offline sales channel, pushing out two types of offline stores, namely food drop-in stores and alliance small stores, and the number of offline stores is as high as more than 1,000 in just more than two years.

After the radical expansion and development, the franchisee is suffering, due to the start of the Internet platform, offline consumers are accustomed to comparing the price of offline and online, it is difficult to raise the price of offline goods, and it is difficult to make a profit, and in the first half of this year, the total number of self-owned stores and allied stores closed reached nearly 150, so the initiative to slow down the speed of store opening.

3.1.3 Current status of the industry

The bar and line graph shown in Figure 2 encapsulates the expanding market of China's casual food industry from 2010 to the projected year of 2022. This sector, which includes packaged snacks frequently enjoyed during leisure activities and social gatherings, has shown a consistent growth trend, with market size increasing from 4,100 billion RMB in 2010 to an expected 12,391 billion RMB in 2022.

The casual food industry, a segment of the broader fast-moving consumer goods (FMCG) market, has its demand and quality benchmarks influenced by the progressing economy and the elevating standards of living. Notable indicators such as the average annual growth in per capita disposable income and per capita consumption expenditure have both risen by 9.9% and 8.5%, respectively, between 2013 and 2019, underscoring a pattern of stable growth.

In the year 2020, the industry experienced a downturn, with a 1.6% decrease in per capita consumer spending, largely attributed to the COVID-19 pandemic's economic repercussions. However, industry projections for 2022 are optimistic, forecasting a growth rate of 7.2%, as the graph indicates. This optimism is supported by the gradual containment of the pandemic in China and an anticipated resurgence in consumer spending.

Experts in the field suggest that the industry's momentum is set to continue, bolstered by increasing disposable incomes among Chinese consumers. The graph portrays this sentiment with an upward trajectory in both market size and growth rates, despite the temporary dip in 2020. The resilience and potential recovery projected for 2022 highlight the sector's adaptability and enduring appeal among consumers.

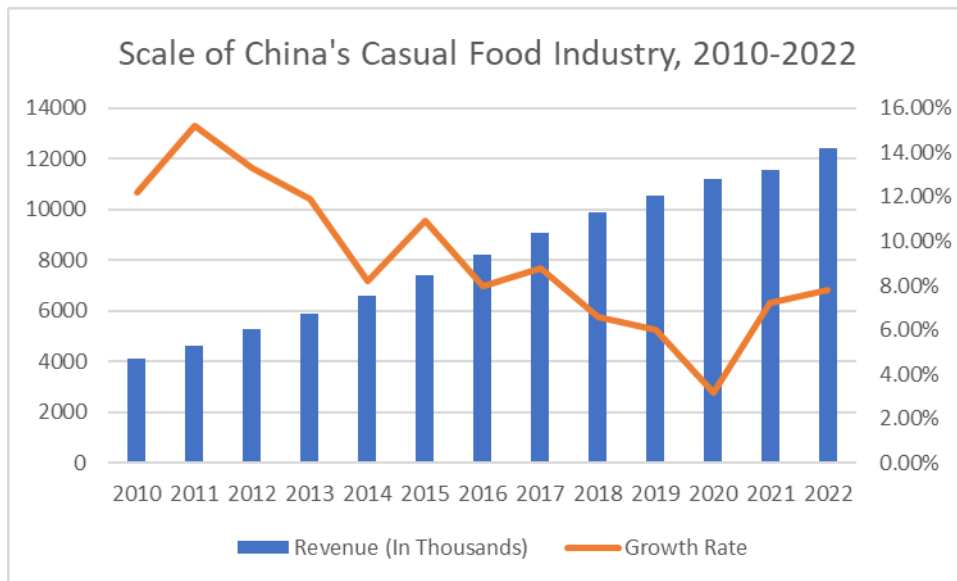


Figure 2. Scale of China's Casual Food Industry, 2010-2022
(Data source: Ai Media Data Center)

In essence, the analysis of Figure 2 demonstrates the dynamic nature of China's casual food industry, reflecting an adaptable market that has navigated through global economic challenges and is on track for continued growth, underpinned by robust economic fundamentals and a strong consumer base.

According to the per capita consumption data of casual food in China, Europe, America, Japan and other countries in the same period, compared with Europe, America, Japan and South Korea and other developed countries, there is still a big gap between the consumption level of Chinese consumers in casual food, and this data also shows that there is still a huge room for growth in China's casual food market. It is believed that with the healthy development of China's economy and the enhancement of people's consumption awareness, it is expected to reach at least the level of Japan and South Korea in time.

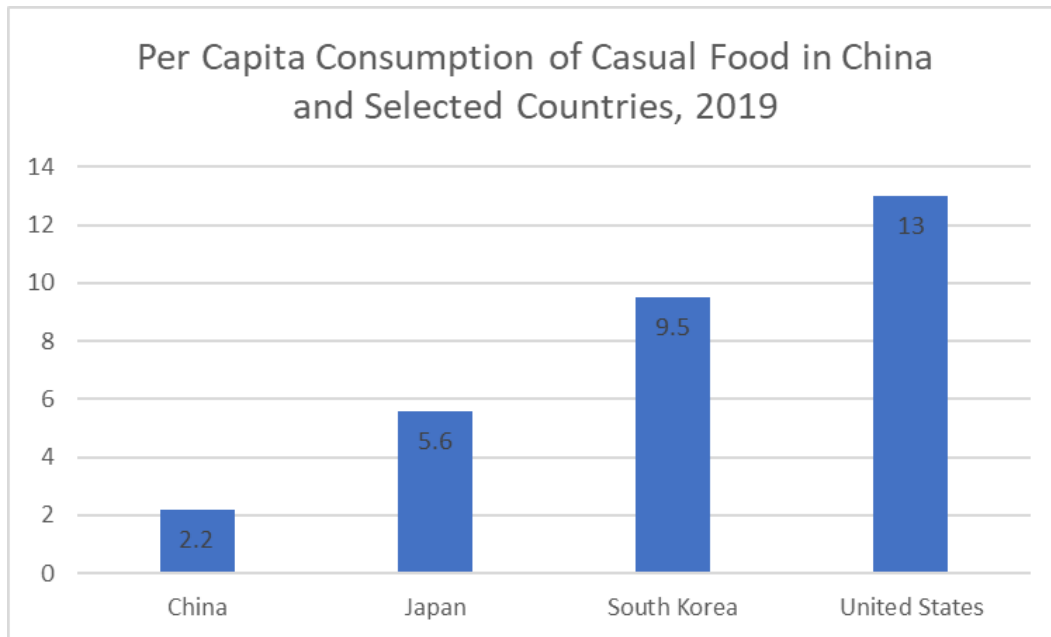


Figure 3 Per Capita Consumption of Casual Food in China and Selected Countries
(Data source: Ai Media Data Center)

Among the sales channels of casual food, supermarkets are the main sales channel, accounting for 57%. In addition, branded chain stores accounted for 20%, individual brick-and-mortar stores accounted for 15%, and e-commerce platforms accounted for 8%, as shown in Figure 4.

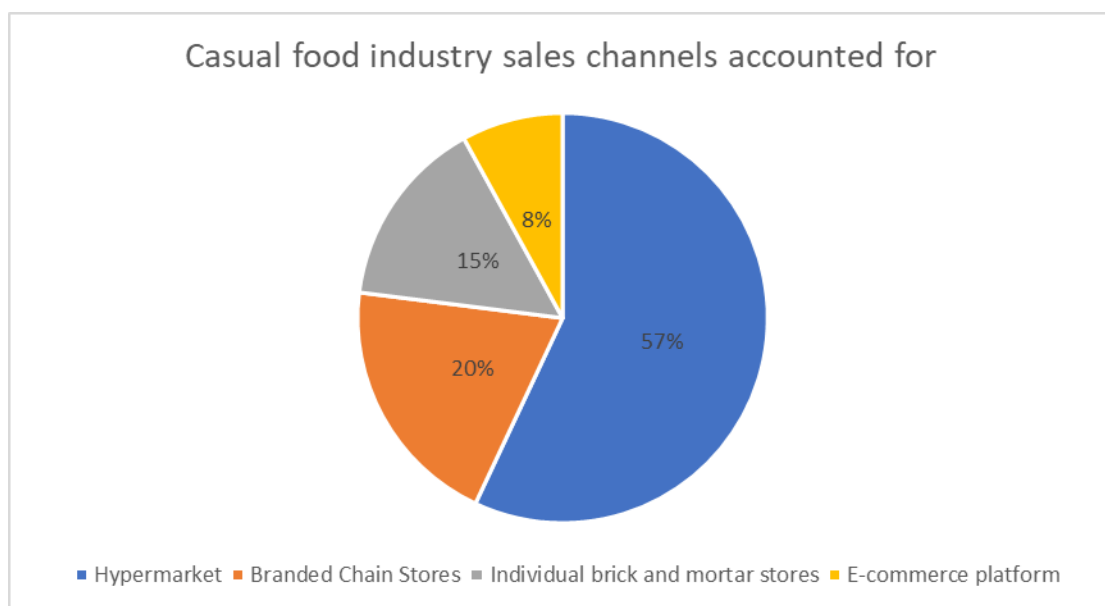


Figure 4 Casual food industry sales channels accounted for

(Data Source: Ai Media Data Center, Guosheng Securities Research Institute, collated by this article)

Before the reform and opening up, China's economic development level is not high, the residents have not improved the consumer awareness, the demand for food are stuck in the stage of satiety, the whole leisure food market is relatively blank. After the reform and opening up, the economy developed rapidly, the living standard of the residents improved significantly, and the demand for casual food also increased dramatically. Taking this as an opportunity, a number of foreign enterprises entered the Chinese market and stationed in superstores, and became well-known leading enterprises and famous brands at that time and even now, such as Want Want, Mars, Bird's Nest, etc., which were stationed in superstores in the 1990s. Entering the millennium, some casual food chain brands emerged, such as L Company, Liangpinpuzi, Cha Cha, Yanjinpuzi, etc. In the last decade, due to the rapid development of the Internet, some casual food chains have been established in China. In the past decade, due to the rapid development of the Internet and the huge dividends of e-commerce, there are casual food chain enterprises such as Three Squirrels, which mainly sell online. However, in the past three or four years, the online dividend gradually disappeared, the online customer acquisition cost increased, and consumers' demand for consumer experience increased, the offline as a channel to provide physical experience has been emphasized again. As a result, the integration of online and offline has become a new development trend, and retailers are scrambling to integrate their online and offline channels and actively layout the omni-channel development mode.

3.1.4 Competitor Analysis

At present, there are many kinds of casual food on the market, and there are many brands, so the industry is relatively decentralized, and chocolate, potato chips and other Western-style casual food are generally foreign-funded, and this standardization is better, while China's food is relatively decentralized. Due to China's vast territory, differences in climate

and diet, different tastes and diversified food materials, the diversity of consumer demand for casual food has resulted in a wide variety of products.

It is because of the many varieties and low degree of standardization, it is difficult for manufacturers to distinguish their main SKUs and product differentiation, which in turn has led to the continuous fragmentation of the industry's competitive landscape, the continuous upgrading of consumption, brands compete with each other, and China's domestic brand manufacturers have begun to break out.

At the same time in recent years, the casual food brands have realized the listing, with the listing of these enterprises, brands and capital will be very big to strengthen the brand in the future food industry will become more and more concentrated.

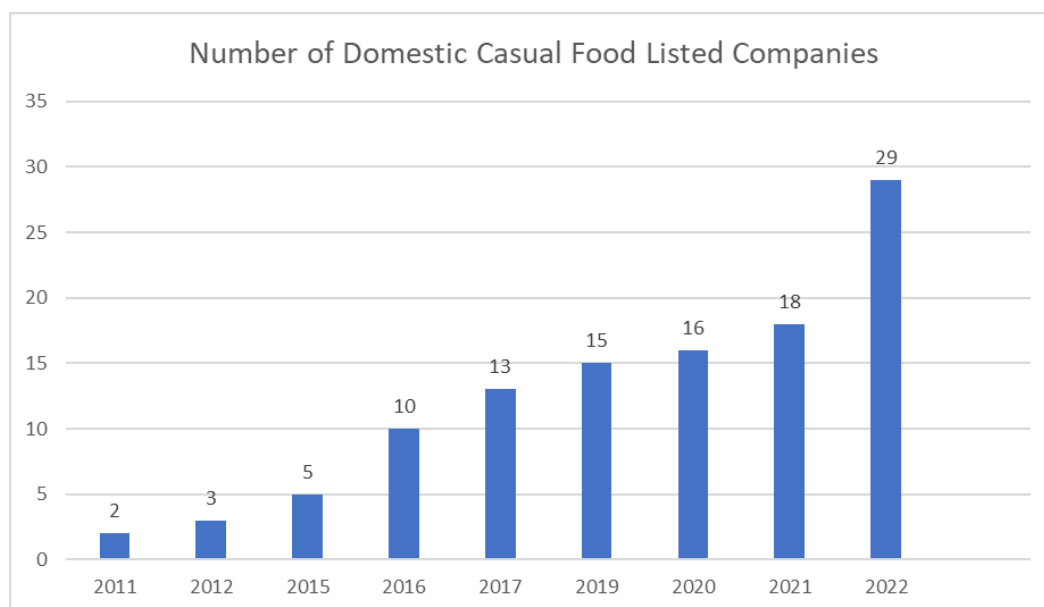


Figure 5 Number of Domestic Casual Food Listed Companies

Listed companies are more and more, the competition between enterprises is also very fierce, now China's casual food industry market share share is relatively small, first look at China's market share of the top five brands are Want Want, Pepsi, three squirrels, Liangpin Puzi, cha-cha food, but also only occupy China's market share 6.2%, 5.5%, 3.8%, 3.7%, 3.8%, through the share of we can see that the Chinese We can see that the top five companies in the food industry account for less than a quarter of China's market, and the highest share is in the single digits, from which we can concretely see that the food industry

is very decentralized and there is no real leading enterprise, so there is a lot of room for development for each food company.

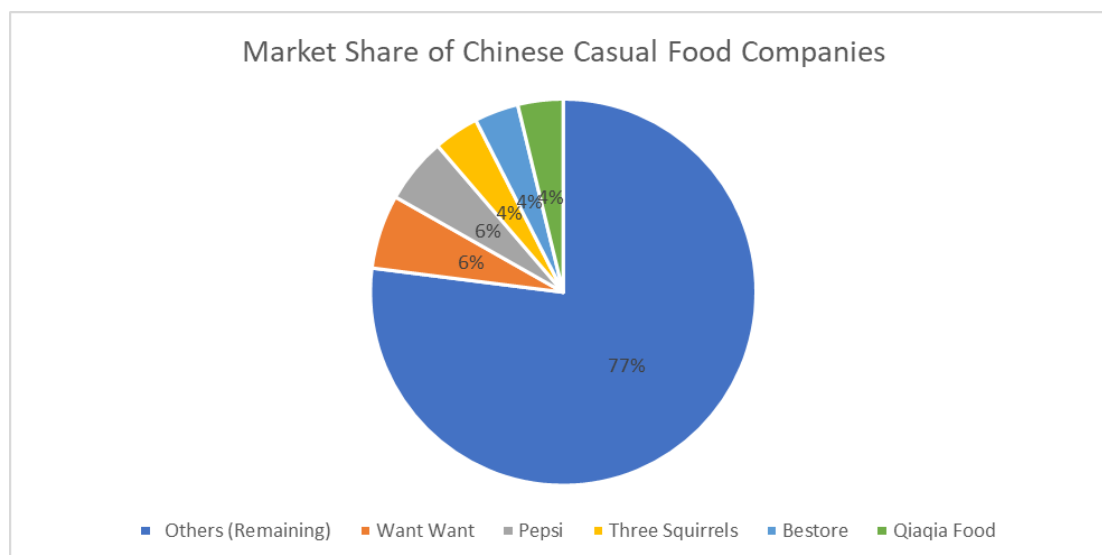


Figure 6 Market Share of Chinese Casual Food Companies
(Data source: Prospect Industry Research Institute)

The bargaining power of suppliers in China's casual food industry is general, because the main suppliers in the food industry are edible oil, sugar and other related food raw materials, and although the overall price of raw materials has risen in recent times, the long-term supply is more adequate, and the bargaining power of the upstream industry is general; there are a relatively large number of competitors, and the concentration of the market is low, which can be seen from the market share occupied by the above food enterprises, and the competition is very fierce. Competition is very fierce, due to the large number of places where casual food is consumed, facing the threat of many substitutes of the same genus, such as leisure drinks; the downstream consumer market has a large number of consumers, fierce competition, and general bargaining power; the entry threshold of the casual food industry is relatively low, and the threat of potential entrants is greater.

Using Porter's "Five Forces" model to quantify the competition in China's casual food industry, with 5 representing the largest and 0 representing the smallest, as shown in the figure:

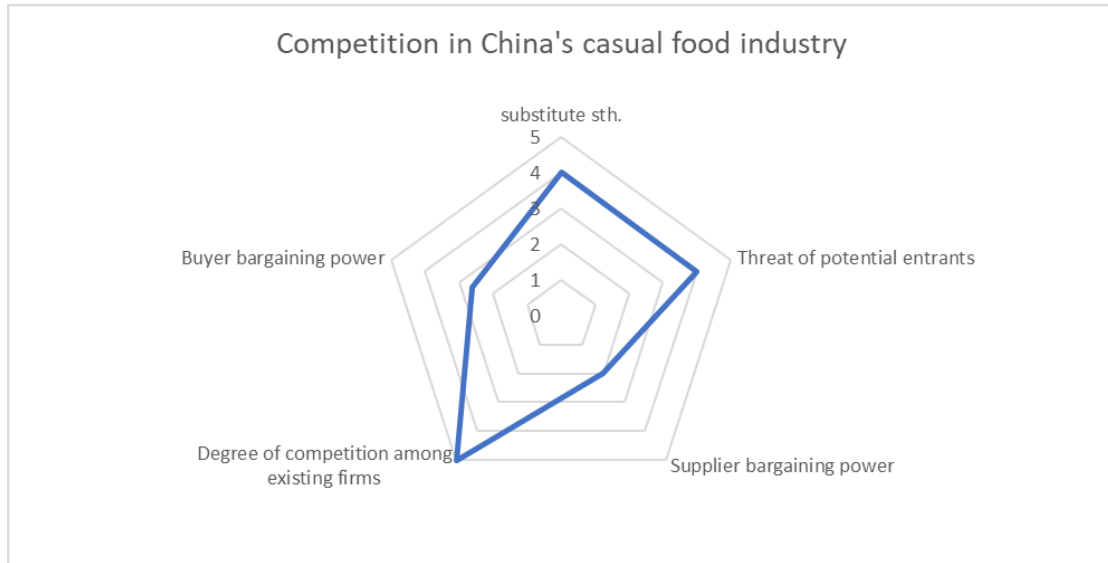


Figure 7 Competition in China's casual food industry
(Data source: Prospect Industry Research Institute)

3.2 Omni-channel retail layout

Since 2012, due to the rapid development of e-commerce business, the traditional retail industry has suffered a great impact. The domestic retail industry is also constantly seeking transformation, with many companies scrambling to build online and offline multi-channel sales strategies (Wu et al., 2020). Well-known offline brick-and-mortar retailers such as Suning and Gome have begun to lay out their own online shopping platforms. In the context of new retail, Liangpinpu has followed the trend of e-commerce, entering Taobao, Tmall, and other online shopping platforms in 2012, while simultaneously developing its online and offline business. The company has set up warehouses across the country to ensure timely delivery of online and offline orders. In pursuit of a better transformation in subsequent development, Liangpinpu started to lay out the omni-channel operation mode (Wu et al., 2020).

3.2.1 Online channel status

Company X's online channels are mainly categorized into B2B and B2C modes, i.e., they are divided into enterprise side and retail side.

The details are as follows:

The B2B business model, i.e. the enterprise side, has partners such as Jingdong's self-owned flagship store and Alibaba's Tmall supermarket. Its main operation mode is that Company L establishes cooperation with a third-party e-commerce platform and delivers the products to the designated warehousing location of the third-party cooperative platform provider, while the consumers directly purchase the required goods on the third-party platform, which sends the goods directly to the consumers by virtue of its own logistics channels or other logistics channels.

The retail side and B2C business model are categorized into the platform flagship store model and the self-operated APP platform model. In the platform flagship store model, after Company L has passed the qualification examination of third-party sales platforms such as Jingdong and Tmall, it signs a service agreement with the platform and opens an official flagship store of Company L on the third-party e-commerce platform to sell products of Company L. In this model, the platform takes a certain percentage of the profits. In this model, the platform takes a certain percentage of the service fee, which is determined according to the sales flow. At the same time, the platform is responsible for building the mall's infrastructure and maintaining its daily operation, as well as publicizing and promoting Company X's products and activities, and analyzing the platform's user data. Self-operated APP is a mobile sales platform independently developed and operated by Company L. The platform is equipped with a wide range of products such as casual food, snacks and other products. The Self-operated APP platform is equipped with functions such as sales of leisure food, fresh food and other commodities, payment, entertainment activities, membership, take-away, and linkage with offline stores, etc. The Self-operated APP platform has been built quite early.

In fact, Company X started to build online channels quite a long time ago, establishing an e-commerce company as early as 2011, and setting up an official mall and a mobile APP. However, the company did not pay enough attention to the online channel in the early stage, which led to the failure to catch up with the rapid outbreak of the online dividend period. Although the company later realized the importance of online channels, it still confined itself to the long-term self-operated mode of solid thinking, invested too many resources in self-operated APP, and did not make full use of third-party platforms. As a result of the

above factors, Company X's online channel development has not been able to match that of its competitors in other food companies in China. Reviewing the annual reports of seven A-share listed casual snacks companies in 2020, and comparing them in terms of revenue scale, attributable net profit and gross profit margin, we can find that three squirrels ranked first with a revenue scale of 9.764 billion yuan, Ganyuan Foods had the smallest revenue scale of 1.172 billion yuan, and Company X had a revenue of 4.026 billion yuan that year, which was ranked in the middle of the scale among the seven companies. In terms of gross profit margin, Yanjinpuzi is the best, while Three Squirrels, which has the largest revenue, is at the bottom of the list. In terms of net attributable profit, Company X was the only one of the seven companies that "fell behind", and was the only stock with a loss in net attributable profit. Zhu Danpeng, an analyst in China's food industry, believes that "Company X's 2020 performance loss is due to the fact that it is mainly offline, with a weak online presence. Especially with the huge impact of the epidemic, brick-and-mortar stores have been hit hard, and thus are the main reason for L's declining performance".

At present, Company L is increasing its investment in online channels, with APP and small programs as its self-operated platforms, with more than 34 million members, and the number of APP downloads has been growing rapidly, especially the cumulative number of downloads between 2015 and 2018, which showed a double-double growth every year. At present, Company X realizes the imbalance between the development of its online and offline channels, and has renewed its efforts on online channels, building an all-round online sales system covering third-party e-commerce platforms, "self-owned malls", and take-away platforms. The details of the revenue of Company X's online all-platforms from 2017 to 2022 are shown in Figure 3.6. shown in Figure 8.

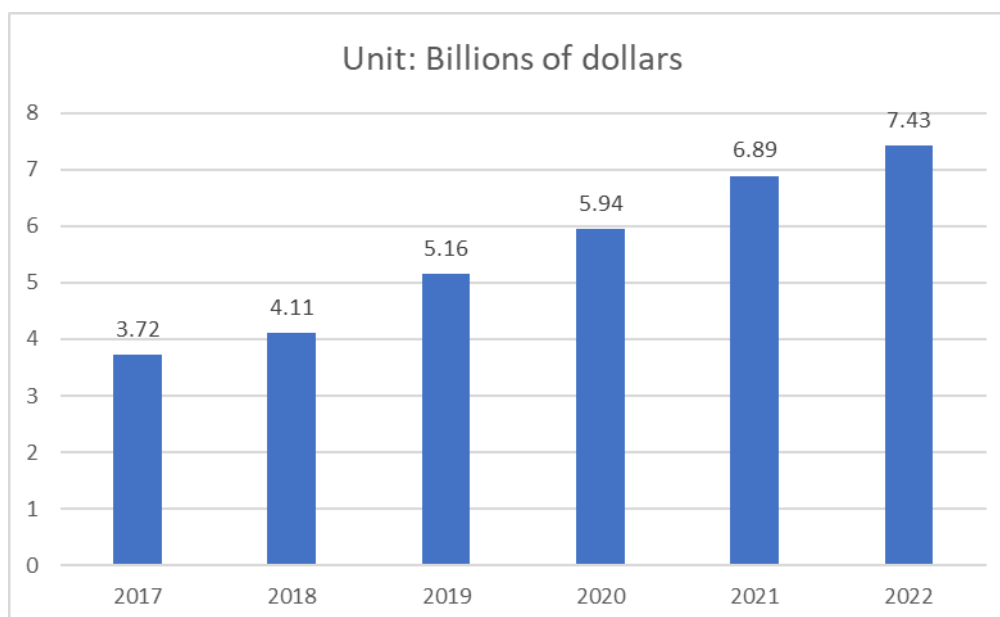


Figure 8 Company X's online platform revenue 2017-2022

(Source: L Corporation Annual Report, as compiled in this article)

3.2.2 Status of offline channels

Company X, a leading brand within China's leisure food industry, showcases its substantial influence in traditional retail through the current status of its offline channels. Amid the swift expansion of e-commerce, Company X maintains a vibrant presence with its physical stores. The brand has established over 2,000 brick-and-mortar locations across various provinces and cities in the country, providing consumers with convenient shopping options and serving as key touchpoints for customer interaction.

Typically situated in high-traffic commercial areas like shopping malls and bustling streets, Company X's retail locations are designed to attract a large pedestrian customer base. These stores are characterized by modern design and a focus on customer experience, offering not only a variety of leisure foods but also engaging customers with brand stories and insights on healthy eating, aiming to create a comprehensive consumer experience.

Moreover, Company X is actively integrating new retail technologies to enhance its physical outlets. The adoption of smart shelves, self-checkout systems, and integrated online-offline inventory management has improved operational efficiency and enriched the

shopping experience. These efforts cater to the consumer demand for convenience and reinforce Company X's competitiveness in a dynamic market landscape.

As the retail sector continues to evolve, Company X is solidifying its market position by optimizing the operations of its physical stores, diversifying sales strategies, and enhancing customer engagement. Despite the competitive pressure from online retailers, Company X's offline channels continue to demonstrate resilience and potential for growth.

For detailed insights into the current status of Company X's offline channels, it is advisable to consult the latest financial reports, market analysis, or official news releases from the company (Xu Liping, 2020)

Chapter 4. Problems and Shortcomings of Omni-Channel Marketing in X Foods Company

The current situation and problems of Company X's omni-channel marketing were analyzed through interviews and questionnaires. At present, most of the industry insiders believe that the distribution of offline stores, the fusion of online and offline, the integration of channels, as well as the differentiation and continuity of marketing are still the more prominent problems in the omni-channel marketing at present, and the specific problems are accounted for in the following figure.

Q: What do you think is the biggest problem with X's omni-channel marketing?

A: At present, I think the most central problem is the integration of online and offline, although the company has initially established an online and offline integration system, but because many offline stores are franchises, it is difficult to unify online and offline activities, and many offline activities are carried out by franchisors and store managers in the form of a single store, so the omni-channel marketing has not been completely built.

B: I think the biggest problem lies in the lack of differentiation and continuity of Company X's marketing, which is often carried out by nodes and quarters, and due to the large changes in marketing objectives every year and even every quarter, Liangpinpu's marketing is often disconnected or even fragmented, and the lack of differentiation of marketing leads to the difficulty of realizing the long-tail effect of the marketing of

Liangpinpu, which is often only contributing to the increase of turnover, but not contributing to the company's brand image. The lack of differentiation in marketing has made it difficult for Liangpin Shop's marketing to realize the long-tail effect, which is often only helpful to the current increase in turnover, but not helpful to the company's brand image and business expansion.

C: I think the biggest problem lies in the distribution of offline stores. At present, Company X's online channel has only 10 provinces, mainly in Hubei, Hunan, Sichuan, Jiangxi, Henan and other places, the geographical distribution is extremely uneven. Liangpinpu's stores are mainly concentrated in the first, second and third-tier cities, because X developed from Hubei, so there are many such stores in many places in Hubei. However, in other provinces, the distribution of X's brick-and-mortar stores is more decentralized, with the number of stores in the main city much higher than that in the surrounding towns and cities, such as Chengdu, where there are more than 1,000 stores in the main city while there are only a dozen or so in the surrounding area, which shows that its distribution is not balanced.

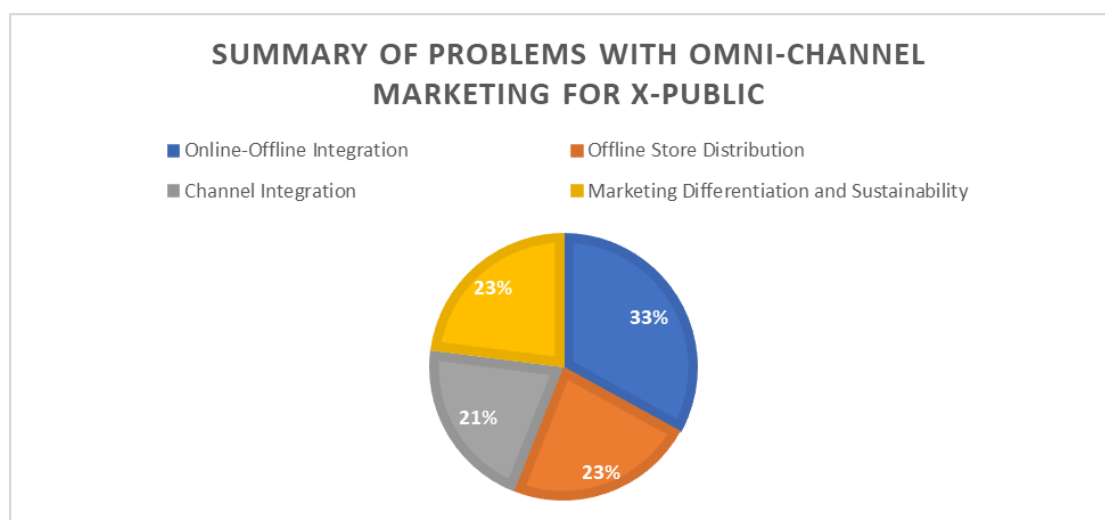


Figure 9 Summary of Omni-Channel Marketing Problems at Company X
(Data from: Internal interviews and questionnaire results of Liangpinpu employees)

4.1 Offline store distribution issues

In the omni-channel marketing process of X products, there are certain shortcomings, mainly reflected in the distribution of offline stores, the problem of physical store business types, channel conflicts and the lack of awareness of differentiated marketing.

4.1.1 Uneven distribution of store density and unbalanced development

In China's leisure food industry, there are numerous enterprises, and the market concentration is relatively low, with fierce competition. Retail is the main link in the entire production and sales process where profits are realized. Currently, Company X's online channels are only present in 10 provinces, mainly focused on Hubei, Hunan, Sichuan, Jiangxi, Henan, and other regions, leading to an extremely uneven geographical distribution.

The storefronts of Company X are mainly concentrated in first-, second-, and third-tier cities. Since Company X originated from Hubei, many such storefronts can be found across the province. However, in other provinces, the distribution of Company X becomes more scattered. In main urban areas, the number of Company X stores significantly outnumbers those in surrounding towns. For instance, in Chengdu, there are over a thousand Company X stores in the main city, compared to just a dozen or so in the surrounding areas, indicating an uneven distribution.

Another point to consider is the proximity of Company X stores to each other, which can be a considerable issue. In areas where stores are more concentrated, the distance between two Company X locations can be as much as two kilometers. However, the spacing between Company X stores is typically very limited. Nevertheless, the layout of Company X shops within economic development zones can stretch to distances of 10-30 kilometers, showing highly uneven development. Some research conducted in Hubei Province, Sichuan Province, and other regions has yielded precise figures that highlight significant differences in the number of Company X storefronts in various locations.

Region	City	Number of Stores
Sichuan	Chengdu	1214

Region	City	Number of Stores
Sichuan	Mianyang	21
Sichuan	Nanchong	39
Sichuan	Leshan	2
Hubei	Wuhan	1319
Hubei	Xiangyang	3
Hubei	Yichang	32

Table 1 X Foods Store Locations

4.1.2 Differences in store perceptions of omnichannel marketing

The omni-channel marketing model includes APP push coupon, SMS H5, brand number, WeChat, and intelligent shopping guide, however, the In many stores, they do not fully utilize the omni-channel marketing model, and only use one or two marketing models. modes in combination, resulting in a compromised marketing situation. Nowadays, major stores have different understandings of omni-channel marketing. Although online marketing has become very common, in small and medium-sized cities, people prefer to use the traditional shopping mode, so they use more traditional sales methods rather than omni-channel marketing in their stores. Moreover, because Liangpin Shop has few opportunities to do so in cities of the same level, they do not realize what they need to do.

4.1.3 Differences exist in stores' ability to utilize omnichannel marketing

Company X has clearly set out to adopt an omnichannel marketing approach to enhance its competitiveness. However, due to the varying difficulties of KPI assessments in different regions, there is a disparity in the capability of different stores to utilize omnichannel marketing effectively. Firstly, the region of Wuhan demonstrates a stronger awareness of utilizing Company X for comprehensive marketing channels compared to other areas, which is related to the stricter requirements in Wuhan. Secondly, in some tier-3 cities where Company X has opened stores, such as Huangshi in Hubei, the single Company X store faces relatively less competition. Consequently, the store's awareness of utilizing

omnichannel marketing is not as strong, and currently, it is still only at the stage of online marketing, lacking a network marketing system. It is evident that there are significant differences in the internal marketing capabilities of Company X stores across different cities and levels.

4.2 Poor integration between online and offline

4.2.1 Offline business is not strong

Currently, Company X is at the forefront of the market in terms of sales and has strong competitiveness. However, in the process of development, it still faces strong market competition. At present, Liang's main market competitors are Laiyi Shifen, Bai Cao Wei, Three Squirrels and Yanjinpuzi. The positioning of these four snack foods is different, therefore, in the process of development, there is a fierce competition.

In the process of development, there is a fierce competition, the specific competition areas and strategic planning is shown in Table 1.

Main Competitors	Main Products	Strategic Planning
Laiyifen	Fried snacks, preserved fruits, meat products	Chinese brand, world manufacturing, global sharing
Baicaowei	Pancake snacks, pastries and candies, baking products	Flexible manufacturing, online sales
Three Squirrels	Nuts, dried fruits, meat products, baking products	Product power, channel power, brand power
Yanzhipuzi	Dry assorted snacks, baking products, dried fruits, fruit pastes	Online + offline mark

Table 2 Competitive Relationship Diagram of Liangpin Shop

Compared with the online + offline marketing model adopted by Three Squirrels, there are certain problems with the marketing efforts of Liangpinpuzi, resulting in an impact on the marketing effect. At present, because Company X focuses on online marketing, it often cooperates with e-commerce activities in its official flagship store on Tmall, Jingdong shopping platform, etc., so its online marketing momentum is relatively strong. Secondly, because Company X's online marketing adopts a unified distribution and shipment model, its online marketing goods are relatively complete, with a large number of goods to choose from. Compared to online marketing, offline marketing is less powerful and is limited by purchasing and distribution restrictions, which often results in slow shipment of popular products and incomplete purchase of goods.

4.2.2 Lack of marketing system online

Although online marketing is very strong, it is still the main trend of low price discount marketing and lacks of mature marketing network. Company X mostly cooperates with mainstream e-commerce companies to carry out corresponding marketing, such as Tmall 618, Taobao Double 11, etc., but Company X lacks its own mainstream online marketing mode and online marketing channels, so in the process of using mobile clients to attract traffic for the brand, it is necessary to pay attention to the changes in demand behind the traffic, and it is necessary to use technology to analyze consumer demand reasonably. Therefore, in the process of using the mobile client to attract traffic for the brand, it is also necessary to pay attention to the changes in demand behind the traffic, and at the same time, it is necessary to reasonably use technology to analyze consumer demand. However, at present, the company does not have an integrated technology system, lacks in-depth attention to big data, and the analysis and mining of data only remain at the superficial level, with insufficient investment in data analysis technology. At the stage of multi-channel management or cross-channel management in the past, different channels had their own corresponding management platform systems, and the construction of their own internal information systems was only implemented after the enterprise's operation reached a certain

scale. Therefore, Company X lacks strong technical support for omni-channel system management.

4.3 Channel integration issues

During its development process, Company X has often adhered to a single-channel marketing approach, despite managing multiple channels. For instance, Company X may invest heavily in online marketing while maintaining original pricing offline without unified participation in promotions. This approach has led the public to perceive Company X's channel marketing as relatively isolated and lacking integration, which in turn affects the brand's recognition.

Frequently, Company X conducts offline marketing activities that are not reflected online, with many products and promotions not available through their digital channels. This disjointed strategy can result in public misconceptions about the brand. The lack of integrated channel marketing makes it challenging for Company X to drive development effectively through a cohesive strategy.

Additionally, most marketing channels still rely on traditional methods like television and phone outreach, which have shown limited effectiveness. Company X's marketing channels are not streamlined, with almost no dedicated marketing organizations across provinces and cities nationwide, nor a well-established marketing network. The development of online marketing channels in China has been slow for Company X, failing to establish authoritative websites. Hence, Company X faces challenges in omnichannel integration and management.

Chapter 5. Omni-Channel Marketing Countermeasures and Suggestions for X Food Company

5.1 Breaking the geographical limits of consumption

5.1.1 Reasonable store location

Company X could enhance the scientific selection of store locations and promote balanced development by adopting a self-built community model. There is a significant demand for Company X near communities, so it makes sense to open stores in neighborhoods with high foot traffic and economic concentration. By establishing unified stores that integrate retail and storage, Company X can more directly understand consumer demand for various product types and quality requirements, which can facilitate the brand's development.

Therefore, Company X's branding personnel should conduct thorough research before opening stores to make informed site selection decisions, balance foot traffic and consumer behavior, and avoid stores being too close or too far apart to achieve balanced development.

5.1.2 Conducting harmonized training on store marketing

Company X should also optimize human resources and strengthen professional training for employees in its brand marketing efforts. In today's competitive society, the battle is not only over product superiority but also over the competition for talent and ideas. Optimizing human resources can maximize the intensity and quality of Company X's marketing. This is a responsible and specific task that starts with assigning the right people to the right roles within Company X, ensuring that each individual's talents are effectively utilized.

Furthermore, the significance of team synergy should be emphasized. Human resources should be continuously trained, screened, and subjected to competition, as a stress-free HR management system does not equate to an efficient one. Company X should establish a robust appraisal system and performance structure for its brand marketing personnel, thereby enhancing human resources quality from two aspects. Company X must prioritize training for store employees, elevate their cognitive systems, and foster development, ensuring that the workforce is well-equipped to drive the brand forward.

5.1.3 Increase store awareness of omni-channel marketing

In line with current development trends and the evolution of service marketing, the staff of Company X must first strengthen their understanding of omnichannel marketing. This requires them to establish advanced service marketing concepts and, under the guidance of

these new concepts, to devise diversified marketing strategies through innovative marketing ideas and activities, thus promoting modernization, scientific approach, and innovation in marketing.

At the same time, in response to rapid economic development, the omnichannel tactics and methods of Company X need continual refinement and updating. Traditional advertising, mailing, and personnel marketing methods, with their overly direct marketing objectives, may provoke audience resistance. The marketing models of the future must evolve towards new paradigms, thereby increasing the target customers' receptivity and approval and enhancing economic strength.

5.2 Establishing an integrated online and offline marketing strategy

5.2.1 Rationalize the online and offline marketing model

Under the new retail context, Company X is preparing for a transformation, gradually shifting from an average involvement across multiple channels to a full-scale effort across all channels. The main sales channels for Company X include brick-and-mortar stores, e-commerce platforms, and mobile app channels, with O2O sales becoming a key area of growth in recent years. In the development of online platforms, Company X has remained committed to a model that combines e-commerce platforms with social commerce while leveraging mobile apps to utilize the rapid growth of third-party e-commerce platforms, expanding its user base to boost sales.

Furthermore, with the rise of social platforms like Douyin and Kuaishou, short video platforms can interact with consumers frequently in a short time, guiding orders and providing an immersive environment for experiencing leisure foods. Leisure foods, characterized by low unit prices and high purchase frequency, exhibit impulsivity and immediacy in the consumption process. Thus, consumers can make purchases anytime and anywhere on short video platforms, contributing to considerable growth in consumption data. By using short video platforms for online sales, Company X can broaden its sales channels and enhance brand promotion. Through the collaboration with Alibaba, Company X has preliminarily established a store model and has extracted comprehensive member

data. In the process of digitizing traditional marketing, Company X has achieved the construction of the fifth-generation smart store system.

Offline sales channels mainly include direct-operated stores, franchise stores, large customer group purchases, and O2O sales. In the omnichannel marketing process of Company X, it is essential to vigorously develop the O2O model, combining offline physical stores with online transactions, and arranging omnichannel marketing rationally. Company X can adopt the JD.com model by establishing a unified online purchasing platform and building warehouses in major cities and transportation hubs, thus combining online transactions with offline distribution to market its delivery services and brand. Additionally, Company X can set up self-pickup points in central community areas in each city, attracting consumers with pickup discounts and related marketing activities. For consumers with less time and busy work schedules, home delivery services can be provided, with dedicated distribution centers established in each area and simultaneous delivery to improve efficiency. The home delivery model will also enhance the service quality of product sales, increasing consumer recognition. Online and offline activities can be coordinated, such as offering promotions exclusive to online or offline purchases or combining them for discounts. By arranging marketing channels appropriately, Company X can improve marketing effectiveness.

5.2.2 Innovative offline marketing methods

Firstly, to support the growth of our stores, we need to optimize the product mix by analyzing customer buying behaviors through big data. Identifying the most favored products will allow us to better position our offerings. Only by doing so can we make the products of Company X more appealing and accepted by customers. Marketing should be targeted toward products that consumers prefer to enhance their satisfaction levels. In the context of new retail, Company X should focus on transitioning from traditional to smart stores and embrace the digitization of stores, promoting the new model of "online ordering and offline pickup." With over 2,200 physical stores, Company X should pay more attention to the intelligent and digital transformation of its stores.

In the shopping environment, service guidance, and brand layout optimization, Company X continuously leverages the fifth-generation smart store to enhance the shopping experience for consumers. Whether online or offline, consumers should enjoy the convenience of omnichannel access and experience the high-quality service of the brand's smart stores.

Secondly, offline marketing must pay attention to the consumer scene and focus on user experience. Most Company X stores lack advertising awareness, which diminishes the shopping experience and, consequently, customer satisfaction, leading to low store loyalty.

Therefore, Company X should employ online and physical advertising marketing strategies, including selecting spokespersons that highlight the brand's advertising strengths and characteristics. For example, choosing internet celebrities or main characters from popular web series for advertising campaigns can leverage current online trends to amplify marketing impact, thereby promoting the development of Company X's online advertising. In physical store marketing, professionals with high traffic and attention should be chosen to promote and construct consumption scenarios, thereby increasing customer satisfaction.

5.2.3 Establishment of online marketing system

Currently, Company X in its online marketing should focus on the informatization transformation of the network to enhance the overall operational efficiency of the network. In the age of the internet and under the backdrop of the new economy, the penetration rate of the network across society has rapidly increased, leading traditional retail industries to proactively embrace the internet for transformation and upgrading. Company X has grown rapidly in recent years, accumulating a vast amount of user data. Solely relying on its original information management system is no longer sufficient to meet the needs for quick response.

Therefore, based on the current state of informatization, Company X should comprehensively update its business, stores, products, users, human resources, and IT, which includes updating existing information modules such as category management, big data platforms, group portal systems, and IAAS cloud construction. On this foundation, several modules have been built, including MDM, PLM, and TMS. Company X should

digitize key elements such as users, products, scenarios, transactions, payments, and logistics, integrating online and offline to create a more accurate, efficient, user-driven, and creative retail model ecosystem. This means enhancing the company's data analysis capabilities while supporting business departments to operate efficiently through synchronous sharing, improving the overall market response rate and internal management efficiency.

In the context of today's globalized economy, enterprises and brands need innovative marketing content and tools. The competition among marketing companies is no longer at the technical level, such as strategic planning and production technology. In the process of innovating marketing content, the marketing entity can start from three aspects: product innovation, theme innovation, and service humanization. Therefore, establishing a robust online marketing system for Company X is a wise choice. Company X can build an online marketing system, analyze consumer shopping behaviors through data, and launch online marketing special sections and festivals to create online activities.

Under the new retail environment, Company X should build a network platform composed of terminal stores, e-commerce platforms, mobile apps, and O2O, with "e-commerce platform + social commerce + independent mobile app" at its core, fully leveraging the vast user base of third-party e-commerce platforms to promote rapid market share growth. Additionally, it can interact frequently with consumers through social platforms such as WeChat, Weibo, Douyin, and Kuaishou, allowing consumers to have a comprehensive perception of leisure foods during their free time, fully utilizing the instant, impulsive, social, and fragmented characteristics of leisure foods. This enables the completion of the consumer behavior of wanting to buy anytime, anywhere, thus expanding more sales channels, achieving the goal of brand promotion, and strengthening the brand image.

5.3 Integrated Marketing Channels

5.3.1 Establishing a comprehensive marketing strategy

Hema Fresh, an initiative of Alibaba, is a new retail enterprise that seamlessly combines e-commerce, supermarkets, dining, and distribution, forging a new path for integration of online and offline services. Hema Fresh uses its robust big data capabilities for store selection, customer consumption analysis, and integrates an app for online collection of various items with offline supermarket, dining, and warehousing functions. Through the "order online, deliver offline" operation model, it provides customers with a very comfortable user experience.

The differentiation of Hema Fresh from other companies lies in its solution for product variety. It has added a multitude of SKUs (Stock Keeping Units) to its online store, enabling consumers to enjoy a better shopping experience both online and offline, thereby attracting user traffic to the internet. After winning consumer trust in offline products, its online order conversion rate and profitability have shown excellent performance. The competition in new retail is driven by supply chain integration and logistics transformation. From a differentiation perspective, one of the most important factors affecting differentiation is the change in conversion efficiency, which can directly reflect the rate of offline traffic conversion to online.

During the marketing process of Company X, it is essential to establish a comprehensive marketing strategy that operates on all fronts. Firstly, for marketing activities, there should be increased participation both online and offline, striving for unified involvement. Secondly, Company X should establish a shared discount mechanism to offer promotions across regions and demographics. Online promotions should be simultaneously launched offline. Lastly, due to the visual nature of the physical store design, it is more conducive to the spread of marketing activities. Unique marketing themes and event topics can be creatively displayed in stores to inform consumers about the start of Company X's online marketing. By establishing a comprehensive marketing strategy, Company X can effectively expand its sales strength under the new retail environment.

Company X should also transition from a production model that focuses on design access, quality control from start to finish, to an intelligent supply chain. An intelligent supply chain system includes: supply chain operation system, R&D and new product

development system, inventory management system, CPM collaboration system, and production and sales coordination system, achieving full digital penetration of the supply chain.

In the process of product quality optimization, a complete product quality control system should be established. A precise traceability system for raw materials allows consumers to trace the batch of any product they get during the shopping process. In terms of warehousing and logistics, the EWM logistics system should be utilized to achieve rapid distribution from the nearest warehouse.

In the product R&D process, leveraging the original consumer database, Company X should conduct precise marketing based on consumer tastes and frequency of consumption. This data can then inform the development of new products, improve processes, and optimize products, aiding in product iteration and upgrades. During the production and sales process, consumers should promptly convey feedback to the manufacturer to facilitate continuous optimization. The products and varieties produced should meet consumers' high-frequency, differentiated leisure food consumption needs.

5.3.2 Rational integration of channel conflicts

Under the evolving backdrop of new retail, the snack industry is also moving towards high-end precision development, imposing higher demands on sales channels. Therefore, Company X must continuously improve the integration of multiple channels such as online and offline platforms and mobile payment platforms to ultimately achieve an integrated enterprise model of warehouse-store synergy. While ensuring quality, Company X should control the flow of information and logistics and cover the entire industry chain from initial procurement to final sales. Based on system integration, the goal is to save human and material resources to the greatest extent and enhance operational efficiency using the smart store model.

Additionally, throughout its development, Company X needs to perfect its online and offline network construction, establishing an always-on communication and sales channel with consumers to immerse and craft consumer life scenarios. This meets consumers' immediate and anytime purchase needs. It aims to operate in a manner that precisely reaches

consumers across multiple scenarios while also focusing on innovative output of product content to form a diverse new retail business model.

During Company X's development, store layout has always been a prominent issue, with most core stores concentrated in the Central China region, and the number and opening speed of stores in East and South China have significant room for improvement. Therefore, more directly-operated stores should be opened to let consumers feel the brand's momentum, thus enhancing trust in the brand. Market share can also be increased by opening franchise stores, using a network radiating model to further improve brand recognition.

Different stores, due to their varied locations, have consumers with different consumption preferences. For example, if a store is located near a school, it tends to sell more youthful and fashionable snacks, whereas if it's near a residential area, there is a higher proportion of family consumption, such as nuts. Consequently, Company X should conduct categorized surveys according to the actual situation of different stores, combining products with high sales in certain areas with those that have untapped potential. Through bundle marketing, it can enhance consumer interest in trying and understanding less popular products, thereby promoting the rational development of product sales.

Chapter 6. Summarize

With the development of social economy, the competition between major brands is getting more and more intense. In the fierce market competition, brand marketing can enhance brand value and create more economic benefits for the brand. Therefore, every brand is adopting various measures to market their brands. x-food, as a famous snack brand in China, has been developing rapidly in various cities through its strong brand appeal. However, due to the lack of its own characteristics, it faces the problems of low customer loyalty and low customer satisfaction in the process of development. This thesis analyzes the current situation of its omni-channel brand marketing, explores the problems that exist in the marketing process of its various channels, and puts forward constructive suggestions to promote the integration of X's various channels and improve the marketing effect, thus injecting stronger competitiveness into X. The thesis also discusses how to improve the

marketing effect of X's various channels, and how to improve the marketing effect of X's various channels.

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Appendix A

Company X Internal Channel Development Questionnaire

In order to gain an in-depth understanding of the current development of Company X's internal channels, we conducted a survey with internal employees through this anonymous questionnaire to understand the current situation of the company's internal channels.

Question 1: Company X's main products or services have been gradually segmented in terms of market positioning and target groups in recent years, what is the strategic thinking behind?

Question 2: What is the current marketing status of Company X? Please describe its characteristics and effects.

Question 3: What is the percentage of Company X's omni-channel marketing strategy? Please specifically analyze the proportion of different channels such as offline physical stores, third-party e-commerce platforms, social e-commerce and mobile APP.

Question 4: In Company X's omni-channel marketing, which channel do you think is the most effective? Please explain the reasons.

Question 5: What do you think is the biggest problem that currently exists in Company X's omni-channel marketing process?

Question 6: Please provide your suggestions for Company X's omni-channel marketing strategy.