

THE EVOLUTION OF OMNICHANNEL RETAILING: TRENDS AND FUTURE DIRECTIONS

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ABSTRACT

E-commerce, often referred to as electronic or internet commerce, encompasses the digital exchange of goods and services via online platforms, enabled by electronic transactions and fortified payment systems. The astonishing surge of e-commerce is propelled by the ubiquitous reach of the internet and economical smartphones, rendering online shopping more accessible than ever before. The emergence of M-commerce (mobile commerce) and Social Commerce, fuelled by low data expenses, sophisticated smartphones, and engaging social networking platforms, has made online shopping experience more immersive. India's ambitious Digital India initiative aspires to cultivate a trillion-dollar online economy by 2025, with projections indicating e-commerce could soar to \$300 billion by 2030, expanding at a remarkable 12% CAGR (ibef.org). Consequently, the retail landscape has morphed from single-channel to multichannel to omnichannel, reshaping the industry's framework. While the growth of ecommerce has accelerated the decline of brick-and-mortar retail, the introduction of the Omnichannel retail strategy has transformed physical stores into vital consumer engagement points, adopting new roles along the way. Shoppers now assess products in brick-and-mortar showrooms before completing purchases online. Therefore, physical locations are instrumental in crafting a seamless shopping journey for consumers. This research delves into the intricacies of the omnichannel retail strategy,

examining contemporary trends and future prospects to enrich the shopping experience for consumers. Contemporary omnichannel retailing harnesses the power of AI and data-driven insights to captivate customers, tailor interactions, and deliver a cohesive, integrated shopping adventure across diverse platforms. The primary advantages of an omnichannel approach encompass heightened customer engagement, customized experiences, and adaptable return policies, all of which foster increased sales and enduring brand allegiance.

Keywords: Omnichannel, Online buying, e-commerce, multichannel

INTRODUCTION

E-commerce, commonly referred to as electronic or internet commerce, encompasses the online purchasing and selling of products and services, along with the transfer of funds and information to facilitate these transactions. This digital transformation has empowered both small and large businesses, allowing them to connect with a broader customer base that was once unreachable through conventional retail strategies. The rise of e-commerce powerhouses such as Amazon and Alibaba in the mid-1990s revolutionized the retail sector, making online shopping more accessible and user-friendly. Affordable internet connectivity enabled companies to establish websites and sell their offerings via various e-commerce platforms. The synergy of low data costs and sophisticated smartphones further propelled this transition, with intuitive mobile applications making online shopping more convenient than ever. This mobile-centric shopping phenomenon is referred to as M-commerce. Moreover, the growth of social media has turned online shopping into a tailored and engaging experience, giving birth to social commerce. Platforms such as Facebook, Instagram, and WhatsApp now function as digital storefronts, allowing businesses to display their products and interact directly with consumers. In India, the government's Digital India initiative aims to establish a trillion-dollar online economy by 2025, with the number of online shoppers anticipated to hit 220 million by that same year. This rapid proliferation has fundamentally altered the retail paradigm, evolving the sector from unichannel frameworks to multichannel and ultimately omnichannel methodologies that integratively merge digital and physical shopping encounters.

Channels of Retailing

Single-channel signifies the process of marketing goods through a singular avenue of sales. Multi-channel, on the other hand, denotes the distribution of products across various platforms, allowing customers to shop in brick-and-mortar locations as well as on digital E-Commerce websites. Though Multi-channel retailing has been existing for the last decade, we now have a more comprehensive form of retailing known as Omnichannel retailing. Omnichannel retail is a business model that integrates all retail

channels to provide customers with a seamless and unified shopping experience. With 73% of retail consumers using multiple channels to shop, many retail brands have adopted omnichannel strategies to meet evolving customer expectations and enhance their shopping journey. This omnichannel retail approach is facilitated by the integration of centralized data management, indicating that the differentiation between physical and digital channels is increasingly ambiguous. Consequently, consumers are enabled to engage with multiple channels concurrently throughout their purchasing journey. They initiate their search within one channel and subsequently complete their transaction in a different one.

LITERATURE REVIEW

The rise of groundbreaking digital platforms, such as e-commerce and mobile commerce, has significantly disrupted the core principles of traditional retail methods, urging businesses to rethink their approaches to customer engagement. The emergence of omnichannel retailing, which advocates for the seamless integration of various sales channels—from brick-and-mortar shops to online platforms and mobile applications—has emerged as a strategic response to this rapidly changing marketplace. (Aiolfi & Sabbadin, 2017) (Iglesías-Pradas et al., 2021)^{[1][3]} As the retail landscape continues to evolve, the imperative to intricately connect these channels while providing a cohesive and customized customer experience has intensified considerably. The integration of omnichannel retailing in the retail industry is influenced by several crucial factors, as highlighted in numerous academic studies. A key factor is the convergence of advanced technology, which includes the implementation of cloud solutions, artificial intelligence, the Internet of Things, and blockchain to create a seamless and unified shopping experience that bridges both online and offline environments^{[5][13]} (Mannava, 2025) (Yunita et al., 2024). This technological amalgamation is essential for ensuring effective data management, security, and operational efficiency, all of which are crucial for a successful omnichannel strategy^[5] (Mannava, 2025). In addition, fostering personalized customer interactions and providing consistent brand experiences across multiple platforms are vital for enhancing customer satisfaction and cultivating loyalty^{[4][6]} (Indrawan, 2024) (Madudová & Drengubiak, 2023). Retailers must also focus on optimizing the customer journey by mapping and responding to the numerous touchpoints that shoppers experience, thereby delivering an engaging and dynamic shopping experience^[4] (Indrawan, 2024). The strategic use of in-store technologies, social media integration, and mobile commerce further enhances consumer engagement and brand loyalty^[10] (Taneja & Shukla, 2024). Additionally, understanding consumer behavior through the lens of digital trends like showrooming and webrooming is crucial for tailoring omnichannel strategies to meet evolving consumer preferences (Sharma

et al., 2024). Psychological factors, including personality traits and underlying motivations, play a significant role in shaping consumers' willingness to adopt omnichannel retailing, indicating that retailers should incorporate these aspects into their strategic frameworks (Safeer et al., 2023). Furthermore, the strategic interaction among different retail channels, such as Buy Online and Pick Up in Store (BOPS) and Ship from Store (SFS), is influenced by factors like commission structures and product category evaluations, which affect profitability and competitive dynamics within the supply chain (Yu et al., 2024). Ultimately, the effective implementation of omnichannel retailing requires a holistic approach that balances innovation with operational consistency, ensuring that all channels are interconnected and that customer preferences are acknowledged and addressed with relevant information and offerings (Madudová & Drengubiak, 2023) (Tengler & Drengubiak, 2023). By addressing these factors, retailers can skillfully implement omnichannel strategies that enhance customer satisfaction, build loyalty, and strengthen their competitive advantage in the ever-changing retail landscape.

The study aims to identify how the latest technologies are reshaping customer engagement in omnichannel retailing. The study also looks into how predictive analytics are facilitating personalizing customer experiences across channels.

OBJECTIVES OF THE STUDY

The objective of the study is to identify and analyse the trends of omnichannel retailing

RESEARCH METHODOLOGY

This study uses a qualitative research approach, drawing secondary data from industry reports of IBEF, Journal articles, news articles and reports. The literature review was conducted to understand the changing landscape of online retailing and consumer behaviour towards the experience of online buying. The study also explores the trends in omnichannel retailing.

DISCUSSION

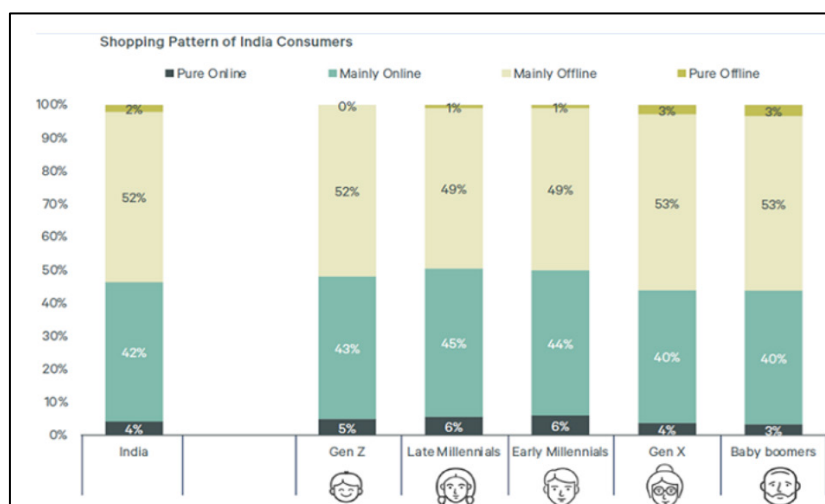
The retail sector has evolved during the last decade, owing to technological improvements and shift in consumer behaviors. Omnichannel retailing, which combines many shopping channels such as physical stores, online platforms, and mobile apps, has emerged as a critical approach for retailers looking to improve customer experience and increase revenue. This study examines the growth of omnichannel retailing trends and potential future possibilities.

Trends in Omni-channel retailing

1. Blending Offline and Online Channels

The generational divide in shopping preferences has significant implications for omnichannel retailing in India. Younger consumers, such as Gen Z and Millennials, show a strong preference for online shopping, indicating the need for retailers to invest in advanced digital experiences, including personalized AI recommendations, seamless mobile platforms, and interactive online services. In contrast, older generations like Gen X and Baby Boomers prefer offline shopping, emphasizing the importance of maintaining strong physical store experiences with personalized in-store services and trust-building strategies.

To effectively cater to both groups, retailers should focus on integrating online and offline channels through strategies like Buy Online, Pick Up In-Store (BOPIS), easy return policies, and real-time inventory updates. Additionally, ensuring a consistent and personalized experience across all platforms is crucial to enhancing customer satisfaction and loyalty. By adopting a flexible omnichannel approach that acknowledges generational preferences, retailers can optimize engagement, drive sales, and ensure a competitive edge in the evolving retail landscape. 58% of consumers say flexible blended shipping options like BOPIS (Buy online, pick in store) are important to them, and 53% say having flexible shipping options influences their decision to buy online (www.shopify.com).



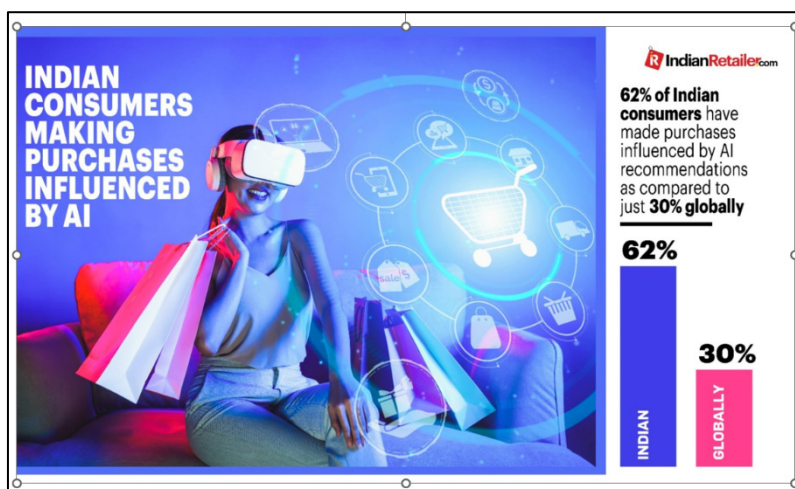
Source: <https://www.indianretailer.com/article/technology-e-commerce/digital-trends/e-commerce-store-experiences-are-redefining-indian>

Figure 1 : Shopping pattern of Indian consumers

2. Personalization

Retailers are extensively using data analytics, to personalize customer experiences by offering tailored recommendations, promotions, and communications based on

individual buying behaviors. According to a report by McKinsey, 71% of consumers expect personalized interactions. IoT creates a more personalized and interactive shopping experience. For instance, interactive dressing rooms equipped with sensors and touchscreens can recommend outfits based on a customer's preferences, previous purchases, and even current trends. In India, **62%** of consumers have made purchases influenced by AI recommendations, which is more than double the global average of **30%**. This significant disparity underscores India's rapid adoption of AI-driven retail experiences. The substantial gap between Indian and global consumers suggests that Indian shoppers are more receptive to AI suggestions, likely due to greater exposure to digital platforms and personalized marketing strategies.

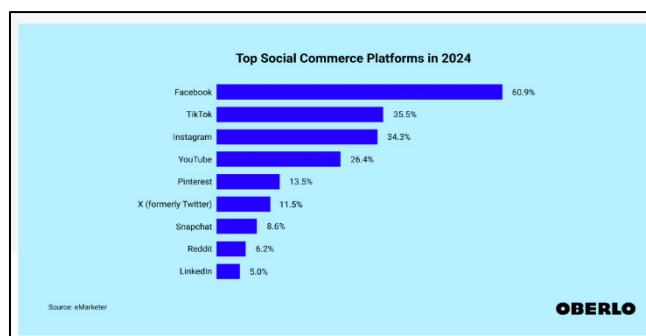


Source: <https://indian-retailer.s3.ap-south-1.amazonaws.com/>

Figure 2 : Indian Consumers Making purchases influenced by AI

3. Social Commerce

Social networking platforms are evolving into essential sales channels, enabling retailers to engage customers and drive purchases directly through these platforms. Notably, 84% of buyers research brands on social media before purchasing (BigCommerce.com). Social media has a significant role in determining how businesses connect with customers, showcase products, and nurture long-term relationships. Social media platforms like Instagram, TikTok, and YouTube have transformed the landscape of influencer marketing, enabling brands to collaborate with trendsetters to broaden their audience, elevate brand recognition, and amplify product exposure. Social media facilitates direct interactions with customers, allowing businesses to offer personalized service, respond to inquiries in real time, and build stronger relationships. Through engaging content and community-building, social media enables businesses to enhance brand loyalty and drive repeat purchases.



Source: <https://blog.hubspot.com/marketing/social-commerce-stats>

Figure 3 : Top ecommerce platforms in 2024

4. Inventory Transparency

Retailers are enhancing the shopping experience by offering real-time inventory updates across all channels, ensuring customers are informed about product availability. The Internet of Things (IoT) is revolutionizing retail by integrating sensors and smart technology into store infrastructure. In inventory management, IoT-enabled smart shelves monitor product levels and automatically notify staff when restocking is needed, reducing the risk of stockouts and keeping popular items readily available. RFID tags and sensors track products throughout the supply chain, delivering accurate, real-time inventory data. This transparency boosts operational efficiency, minimizes overstocking and waste, and leads to significant cost savings.

5. Integrating AR and VR

Augmented Reality (AR) and Virtual Reality (VR) are transforming retail by delivering immersive, interactive shopping experiences that merge the physical and digital realms. AR enhances shopping experience by giving customers a virtual tour onto the real world through smartphones, tablets, or AR glasses. For example, fashion brands offer virtual try-ons, allowing customers to check out how clothes, accessories, or makeup look on them without visiting a store. This visualization reduces uncertainty, lowers return rates, and boosts buyer confidence. In contrast, VR provides a fully immersive experience by transporting customers into digital environments via VR headsets. Retailers can create virtual showrooms where shoppers can explore products as if they were physically present. According to the report by PWC consumers primarily use VR for entertainment, with 51% using it to play games or watch movies/TV shows. 35% use VR to join virtual worlds i.e. to experience retail environment, while 32% use it to purchase products after testing them in VR environments. Additionally, 31% purchase digital products like NFTs, and only 19% use VR to buy luxury goods. The data indicates that while entertainment dominates VR usage, its role in retail and digital commerce is growing, presenting opportunities for businesses to enhance engagement through immersive VR experiences.

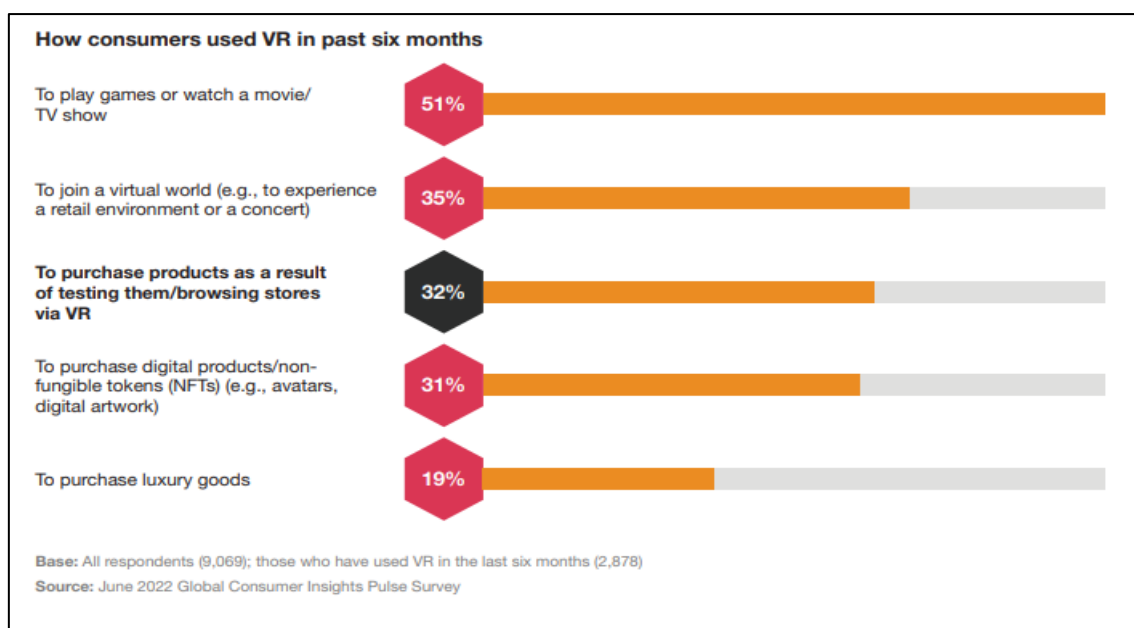
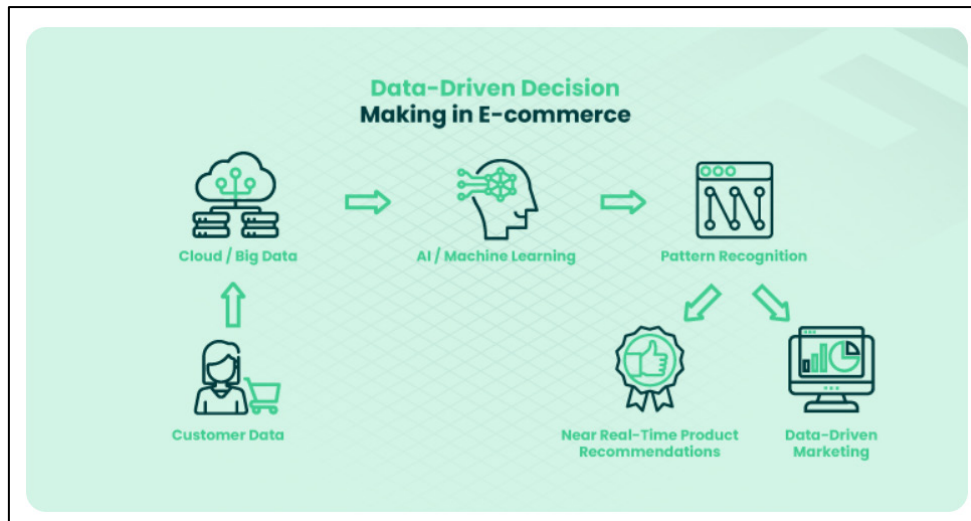


Figure 4: Consumers experience with VR

6. Data-Driven Decision Making

Retailers are increasingly harnessing the power of data analytics to decipher customer inclinations and refine inventory management, promotional tactics, and overall operations. In the contemporary landscape driven by data, triumphant retailers carve out a competitive advantage by making astute choices—a pivotal trend in omnichannel retail as we step into 2024. Through the lens of customer data analysis, retailers can uncover emerging trends, preferences, and behaviors, empowering them to tailor marketing initiatives in the moment. This focused methodology not only amplifies customer interaction but also guarantees that marketing strategies resonate with the shifting demands of consumers. These trends highlight the shifting retail landscape, where customer expectations for convenience, personalization, and seamless shopping experiences are driving innovation. By adapting to these trends, retailers are not only boosting customer satisfaction but also securing their position in a competitive market. This proactive approach helps retailers stay ahead of market demands, strengthen customer relationships, and ultimately increase sales and brand loyalty.



<https://forbytes.com/blog/data-driven-decision-making/>

Figure 5: Data Driven Decision Making in E-commerce

CASE STUDIES

1. D-Mart Ready

DMart Ready is the e-commerce arm of Avenue Supermarts, launched in 2017, offering a comprehensive range of products that mirror those found in DMart's physical stores. Designed to meet the growing demand for online grocery and household goods shopping, DMart Ready provides customers the option to order online and either have their purchases delivered or pick them up from designated centers.

What sets DMart Ready apart is its strategic use of DMart's existing infrastructure for order fulfillment. By leveraging its network of stores and warehouses, it minimizes operational costs compared to purely digital delivery platforms. It has also established dedicated delivery centers and pickup points even in areas without DMart stores, increasing its geographical reach and accessibility.

DMart Ready saw accelerated growth during the pandemic and continues to expand, with a year-to-date growth of 21.5%. This service positions DMart to effectively compete with quick-commerce platforms, providing a cost-efficient and scalable solution while adapting to the digital shift in consumer behavior. More than just a delivery service, DMart Ready is a strategic extension of DMart's core business, helping the company remain relevant in a rapidly evolving retail landscape.

2. Pepperfry

One of India's largest online furniture brand and home décor marketplace, Pepperfry has successfully implemented an omnichannel retail strategy to offer a seamless shopping experience. The company sells a wide range of products, including furniture,

mattresses, lighting, and decor, through both its online platform and offline "Studio Pepperfry" outlets.

These studios, spread across over 210 locations in 125 cities, serve as experiential centers rather than traditional stores. They allow customers to physically engage with products and consult with design experts. Most of these studios operate on a franchise model, enabling rapid expansion with local insights and lower capital investment. Visitors to these studios spend on average 150% more and shop 80% more frequently than online-only customers.

Pepperfry further enhances the customer experience with cutting-edge technologies such as augmented reality, 3D product visualizations, and virtual try-ons. These tools help customers visualize how furniture would look in their spaces, bridging the online-offline gap. Additionally, the brand supports customers through live video consultations and tailored assistance, creating a more personalized and trusted shopping experience.

3. Nykaa

Nykaa, India's leading beauty and lifestyle retailer, has built a robust omnichannel ecosystem that seamlessly connects its online platforms (websites) and mobile app along with a growing network of physical outlets. The company focuses on delivering a personalized, consistent customer experience across all touchpoints.

Nykaa leverages data from both online and offline interactions to understand customer behavior and preferences. This data informs product recommendations, targeted promotions, and curated content, ensuring a tailored experience whether customers shop online or in-store.

In physical locations, Nykaa offers interactive kiosks and trained beauty advisors who assist customers in selecting suitable products. The brand's loyalty program aims to integrate channels, allowing customers to earn and redeem points across multiple points of purchase. This seamless integration allows customers to begin their shopping journey online and complete it offline—or vice versa—without disruption, reinforcing Nykaa's customer-first, omnichannel approach.

FUTURE OF OMNICHANNEL RETAILING

Omnichannel retailing is poised for a remarkable evolution, by integrating online and offline shopping experiences smoothly. Retailers are making the best use of artificial intelligence and machine learning to elevate customer engagement and refine their operations. The focus is also on sustainability and ethical practices, as shoppers are becoming more conscious of impact on environment . Social commerce will continue

to reshape retail strategies, fostering stronger community engagement and enabling direct shopping experiences through social platforms. AR and VR will reduce the gap between physical and digital retail, offering immersive interactions that make shopping more engaging and informative. By allowing customers to explore products virtually, these technologies help retailers expand their reach and stand out in a competitive market. As the use of customer data grows, ensuring robust data security will be essential to maintaining trust and loyalty. Ultimately, retailers that embrace these innovations and adopt a cohesive, customer-centric approach will be well-positioned to thrive in the evolving landscape of omnichannel retailing.

FINDINGS AND CONCLUSION

The widespread use of smartphones and the growth of e-commerce platforms have created an ecosystem conducive to integration of online and offline shopping experience and AI-driven, data driven shopping. Additionally, Indian consumers display a cultural openness toward technology, making them more inclined to trust and engage with AI-generated product recommendations. Furthermore, AI's ability to provide personalized suggestions based on browsing and purchasing history enhances the overall shopping experience, making it more relevant and engaging.

In conclusion, the evolution of omnichannel retailing has been marked by significant trends that reflect the changing dynamics of consumer behavior and technological advancements. As retailers look to the future, embracing innovation, personalization, and sustainability will be key to navigating the complexities of the omnichannel landscape and meeting the evolving needs of consumers. The ability to adapt and respond to these trends will ultimately determine the success of retailers in this competitive environment.

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