Innovation of Marketing Model in the Context of New Retailing

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Abstract. Today, consumers often need both reasonable prices and reliable quality when shopping, while also focusing on the shopping process experience. The concept of new retailing is designed to address this challenge, promote retail reform and development, and give vitality to the market. The main purpose of this paper is to explore how to use the advantages of offline physical retailing combined with e-commerce to enhance the shopping experience of customers and improve the development of new retailing through theoretical research and case studies. Based on this, the article describes the situation of "omnichannel retailing" and emphasizes that traditional retailers need to find ways to make shopping a fun, exciting and emotional experience, which is an aspect that online retailers have difficulty in achieving. The integration of retail with logistics, supply chain and finance should be enhanced for the current situation. This needs to be helped by emerging science and technology, logistics, financial institutions and many others.

Keywords: New retailing; omni-channel; e-commerce; supply chain.

1. Introduction

In October 2016, Jack Ma, Chairman of the Board of Directors of Alibaba Group, presented the new retail concept of "online& offline& logistics" at the Ali Yunqi Conference, which sparked widespread attention from society and stimulated extensive discussions in the industry and academia [1]. New retail is a new concept of retail business that is different from traditional retail. The so-called new retail is a new model of retailing in which individuals and enterprises use the Internet as a base, upgrade and transform the production, circulation, and sales process of goods through the use of big data, artificial intelligence, and other advanced technology and psychological knowledge, and then reshape the business structure and ecosystem, and deeply integrate online services, offline experiences and modern logistics [2,3]. Innovative technologies that enable deeper O2O and logistical integration, like cloud computing and big data, are the fundamental components of the new retail that underpin its functioning. The emphasis they place on the consumer experience, the fact that their operations are all focused on consumers, and the fact that they produce products in under their needs, are the biggest differences between new retail enterprises and traditional retail enterprises, aside from technological advancements. This is enough to ensure the freshness of the products and let consumers get the best products in the shortest time, which fully reflects the advantages of the new retail "people-oriented" concept [4].

The national management also has some policy guidelines for retail transformation and supply-side reform. On November 11, 2016, the General Office of the State Council of China issued the "Opinions on Promoting Innovation and Transformation of Physical Retailing", which provides directions for new retail development in six major areas, including general requirements, adjusting business structure, innovating development methods, promoting cross-border integration, optimizing development environment, and strengthening policy support [5,6]. The purpose is to call on new retail-related enterprises to combine online and offline, use the new thinking of the Internet to promote the transformation and upgrading of physical retail, strengthen the user experience, improve the consumer environment and logistics status, and improve the operational efficiency of the retail industry.

2. Retail Industry Competition Stage

According to his theory, a retail organization or retail format, from its birth to its decline, generally goes through the stages of Entry, Trading-up, Vulnerable, and so on [7]. Combined with the "retail wheel" theory, the development of the retail industry can be divided into five specific stages: price competition, quality competition, scale competition, brand competition, and capital competition. When a new market is opened up, the first situation is product homogeneity, which results in a price war, which is the initial way of competition. After that, with the advancement of technology, the quality competition stage begins, and when the product quality has not been able to open the gap will enter the scale competition stage, through the scale of cost reduction, improve profits. When the market scale has been developed after the formation will enter the brand marketing competition, through the brand premium to obtain more profits. In the end, the industry will enter the capital competition stage, and the remaining market will be monopolies and pocket-sized enterprises [8,9].

The new retail is to drive the transformation and upgrade of the retail industry by optimizing market efficiency and improving user experience. For the specific retail industry, the emergence of new retail mainly has a facilitating effect on the refined market which is in the late stage of the competition. There is little demand for new technologies and techniques used for marketing and providing customer service because traditional retailers are more frequently presented and organized in the form of physical stores. Business volume and revenue are also primarily derived from offline, face-to-face transactions. The technology boundary line is shifting to the lower right as a result of escalating industry competition, the rise of millennial consumers, and the rapid advancement of science and technology. Traditional retail must quickly adopt new technologies like big data, the Internet of Things, cloud computing, and artificial intelligence. While smartphones, laptops, and multi-touch tablets are the primary devices used for social information exchange, merchants can use a variety of cutting-edge technology to enhance the shopping experience for customers. Some retail chains, for instance, have made significant investments to roll out self-service technologies, such as self-service counters, information contact points, touchable interactive displays, and digital signage. And other businesses have created entirely online shops where customers can find products and make in-store purchases using their smartphones. Robots and digital assistants can be used to help customers find products in stores, finish their purchases, and speed up and simplify the distribution process for retail stores. At this stage, businesses can gain a better client experience, more happiness, and greater loyalty thanks to the channel established conditions and updated technology. It is easy to see how omnichannel enhances customers' shopping experiences for new retail, and how the new retail wheel offers internal technical assistance.

3. Theoretical Analysis

By exploring the essence of new retail, its essence for the retail industry mainly lies in omnichannel and technology-assisted marketing. So, analyzing these two points separately is necessary.

3.1 Omnichannel

Omnichannel is an emerging retail strategy that first appeared in the United States, and it was Darrell Rigby, a senior partner at Bain & Company, who argued in The Future of Shopping that traditional In the Future of Shopping, Darrell Rigby, a senior partner at Bain & Company, argues that in order to survive, retailers must seek an omnichannel retailing strategy [10]. I.e., a sales practice that integrates the advantages of brick-and-mortar stores with the information-rich benefits of online shopping. On this basis, the article describes the "omnichannel retailing" scenario and highlights the need for traditional retailers to find ways to make shopping a fun, exciting, and emotionally engaging experience, which is an aspect that online retailers find difficult to achieve. From the above discussion, it is easy to see that the core of omnichannel retailing is the deep integration between channels (online and offline) to provide customers with a multi-dimensional service that integrates shopping, entertainment, and social interaction around the clock.

At this level, omnichannel is similar to the new retail that is being proposed. One of the purposes of the new retail model is to take advantage of offline physical retailing to enhance the shopping experience of customers. In essence, modern retailers are building an omnichannel platform to build a retail ecosystem that meets consumer needs and solves consumer shopping pain points. Nowadays, consumers often need both reasonable prices and reliable quality when shopping for goods, while also focusing on the shopping process experience. However, it is quite challenging for independent online and offline shops to simultaneously satisfy the aforementioned shopping criteria. In order to maximize customers' ability to buy goods without being constrained by time, space, or form, retailers must break the chain of interests between online and offline platforms and build a full retail platform with deep integration of physical stores, virtual stores, and information media. This will allow customers to finish the entire consumption process with a cost-free and enjoyable experience. In terms of structure, offline and online channels mainly serve traditional consumers, who tend to shop at physical stores with better experience or reputable online stores, while online and mobile channels mainly serve emerging digital consumers, who tend to be more willing to make purchases through social media such as e-commerce APPs, Weibo/WeChat and webcasts [11]. At the same time, the smooth flow of information and capital is the guarantee of transaction and repeat purchases, the sharing and integration of data constitute the power source for the continuous development of each channel, and the continuous dynamic matching and upgrading of logistics services provide strong support for the channels.

3.2 New Technology

As an emerging business retail model, new retail involves the deep integration of online platforms, offline entities, warehousing and logistics, and work systems, which must require a series of emerging technologies including big data, cloud computing, Internet of Things, artificial intelligence, high-precision positioning, etc. to provide the necessary software and hardware support [12,13]. It can be said that the continuous innovation, development, and application of new science and technology will play an extremely important role in the successful realization of the changes in the modern retail industry.

In the emerging retail sector, new technologies primarily serve to increase managerial effectiveness and consumer experience. In particular, the technologies to improve management efficiency are primarily focused on mobile offices, unattended, intelligent decision making, precise scheduling, etc., while the technologies to improve consumer experience are mainly focused on self-service settlement, intelligent fitting, unmanned logistics, AR/VR experience, indoor positioning and navigation, etc. The foundation for the growth of new retail is also laid by the supporting building of new business infrastructures including cloud computing, big data, trading platforms, mobile payment systems, and credit systems.

3.3 New Logistics

Logistics is the nexus of retail and the foundation for the deep integration of online and offline. The change of new retail business model needs new logistics as support, with online and offline moving toward support and integration, and online and offline logistics working together to improve customer experience and retail efficiency [14,15]. The new retail puts forward new requirements for logistics, and the logistics service corresponding to the new retail has to leap to the new logistics. Regarding the new logistics, from the perspective of the needs of different subjects, retail enterprises require sales forecasting and inventory management based on zero inventory thinking, reducing logistics costs and improving logistics accuracy; consumers require relying on logistics to connect online and offline and meet their personalized and fragmented needs based on accurate and fast experiential services[16,17,18]. For logistics businesses, this means transforming to intelligent logistics and integrating logistics resources effectively based on the full chain of huge databases.

The new logistics has obvious data chain and experiential service attributes, which promote same-city instant logistics to become a new growth point and push the market to open the cooperative sharing mode of warehousing and distribution. For this reason, it is an important trend to strengthen research on same-city instant logistics, common distribution, and fresh goods distribution based on new retail characteristics and requirements.

4. Case Study Analysis

4.1 Omnichannel Case Study

4.1.1 From online to offline

In April 2014, Alibaba made a strategic investment in Yintai Commercial with HK$5.37 billion. In August 2015, Jingdong invested in Yonghui Supermarket with 4.3 billion yuan to explore a new retail model that combines online and offline. The strategic partnership between Jingdong and Yonghui Supermarket was established to enhance supply chain management capabilities through joint procurement, as well as to seek strategic cooperation in the O2O sector and other areas.

On December 5, 2016, on the eve of the annual Christmas shopping season in the U.S., Amazon opened Amazon Go, a revolutionary brick-and-mortar convenience store in Seattle, a self-service convenience store where there is no need to stand in line to pay, just put goods into the shopping basket and take out useless goods. Customers can leave right away after collecting the products, and the system will automatically remember the worthless items. The entire payment procedure will be handled by the backstage electronic information system and mobile application. This new retail model eliminates the need for ordinary supermarket customers to wait in line to pay for the process, which is very convenient and fast. But this particular convenient supermarket. The appearance of this store has played a good role in promoting Amazon's own brand. According to reports, Amazon Go convenience stores mainly sell ready-to-eat food and fresh food, which require refrigeration, high cold chain transportation costs, and often low unit prices.

Alibaba, Jingdong, and Amazon have taken the lead in the industry in promoting the idea of relationship marketing that values customer experience, complementing and driving the original retail model with a new retail model, while continuously enhancing digital publishing resources, introducing more artificial intelligence, and moving into new retail models. This is because they have combined powerful cloud computing and advanced information technology processing capabilities, such as big data.

Amazon, Ali, and Jingdong have made major acquisitions or investments in offline retail entities, partly to expand sales channels, but more importantly to obtain big data and then make corresponding user portraits of each consumer based on data and technology. The data obtained through large chain superstores is accurate and easily accessible and is then used to build and operate artificial intelligence models. The use of new technologies allows merchants to better and more accurately predict consumer demand and to more scientifically complete a series of subsequent processes such as the intelligent layout of inventory, timely replenishment, and intelligent scheduling.

4.1.2 From offline to online

By using the Tmall platform to reach a group of consumers five years younger than offline, and by fully connecting the online and offline membership systems, users of the Tmall flagship store have been able to obtain the same experience services as any offline stores or counters. Yizi Group joined hands with Tmall to customize the Oreo music box. Users can simply open their cell phone Taobao and click on Start Customizing to select their favorite pattern and color, and attach a blessing to customize their own personal gift. Consumers participate in the design and decide what kind of product they get. Production starts from the moment the order is placed, and the time from order to receipt can be compressed to 7 days.

4.2 New Technology Case Study

4.2.1 Offline

Through Alibaba's open ecosystem, Mark Warfield launched its first new retail smart store in just one week. The store is equipped with RFID similar to ID cards for each product, and when consumers stand in front of the big smart screen in the store after trying on the product, the screen can automatically identify the product ID and not only push the model's try-on effect synchronously, but also present product introduction, evaluation, relevant matching, and other contents.

The Nike Photo ID campaign ignites a direct connection with consumers and achieves a marketing innovation that kills three birds with one stone. In Nike's Nike Photo ID campaign, consumers can record any image they like on their cell phones and send it to a designated number via MIMS, where Nike designers will design their own shoes based on the elements provided. This interactive marketing method through MMS cell phones further stimulated consumers' love for Nike. In addition to the personalized customization experience, Nike's interactive experience also includes an immersive sensory shoe fitting experience and gamified device design, etc. The interactive experience incorporating technological innovation has become a distinctive marketing tool for Nike.

4.2.2 Online

Mengniu cooperated with Cainiao, relying on big data positioning to intelligently distribute online products into warehouses, which significantly improved timeliness and reduced costs by 40%. Through the front warehouse opened by Cainiao for Retail Access, Mengniu's pop-up products can be delivered to 6 million Tmall mini-stores as fast as possible, reducing the number of distributor links by two.

Methuselah used Alibaba's omnidomain marketing solution to achieve a new launch for mom's milk powder, which not only validated the effectiveness of Uni Desk's placement in niche markets but also accumulated a large number of consumer assets for the brand to operate sustainably. Through powerful data and technology capabilities, Alibaba and Kailuo work together to find narrow consumers more efficiently for brands in the mommy and baby category and conduct fine analysis insights and personalized content operations.

5. Existing Problems

At present, both e-commerce and physical retail are encountering development bottlenecks and are looking for new market opportunities and development space. On the one hand, many e-commerce companies have started to look for cooperation with physical retailers, and on the other hand, physical retailers are seeking their own transformation and upgrading while looking for online channels. New retail is a new development trend and direction after e-commerce. This development trend is bound to make the customers get more and more convenience, unlike the old days when only the enterprises themselves got more convenience. In this new era of data, the emergence of new retail will be an inevitable result of market development. At the same time, the problems associated with new retailing are also inevitable, resulting in a lot of problems and challenges for new retail development.

5.1 Quality Issues

The intimate connection with contemporary production is disregarded, making it impossible to essentially ensure product quality. A unique and unheard-of situation has arisen as a result of online and offline merchants' increased attention on retailing itself in the new retail period. They have moved away from operating solely through one online or offline channel and instead have developed many online and offline channels. But at the same time, there is a very significant reality that many retail companies disregard, namely the fact that many merchants do not prioritize close relationship with the maker of the products they sell. These merchants are solely in charge of representing certain brands of goods, but because they don't actually check the items' real places of origin, they can't truly guarantee the goods' quality, which leaves room for certain fake goods. Therefore, regardless of how inventive the new retailing strategy is, once the product's quality is in question, both the customer and the distributor will suffer consequences. Without a close relationship with the manufacturer at the point of origin, as well as a genuine open border and prompt communication, the distributor will not be able to guarantee the authenticity of the goods they deal with, regardless of the point of new retailing.

5.2 Logistics Problems

The quality of management of the logistics channels varies, and logistics assistance is unable to guarantee that online clients receive their purchases in a timely and secure manner. Online purchases frequently take a long time to arrive, courier logistics is essentially in a state of overflow, and the holiday courier and logistics personnel are frequently less than usual because many of them will choose to take a vacation. Over the past two years, every "Double Eleven" and major holidays, such as Golden Week, New Year's Day, Spring Festival, etc., have seen this very obvious change in logistics. The majority of the current retail business mechanism is still in the traditional logistics stage, lacking an innovative business mechanism to keep up with the pace of change. As a result, once the supply and demand paradox becomes obvious, the issue is revealed, and finding a satisfactory solution is challenging. This high concentration and lag of holiday logistics are indicative of this. O2O, omnichannel, borderless, and other popular topics from the previous few years have been joined by the idea of modern retailing. However, what some businesses do is not commonplace.

5.3 Information Security Issues

The technical means of integrating new retail with new finance, new technology, and new resources are still in the formative stage, and securing consumer information is still a major problem. First of all, new finance mainly refers to the fact that with the development of the market economy and the progress of the times, while the financial factors are marketed, the financial subjects have become more diversified and the financial products are in the process of rapid turnover. The diversification of financial subjects undoubtedly brings more profit opportunities to investors and creates a better financing environment for those who are financed, and such a benign development will undoubtedly promote social progress and the development of SMEs. However, the problem is that new finance is still in its formative years and the investment environment is not mature, coupled with the lack of a strict legal support system and a complete management and supervision mechanism, so many problems have arisen.

Secondly, the integration of new retail and new technology, and new resources has yet to be further developed and popularized before it can be gradually marketed and enter millions of households. New smart items are appearing as technology advances, but many of them are still in the developing stage and do not find widespread adoption. Therefore, new merchants must consider the level of technical advancement of the entire society as a prerequisite in order to better integrate with new technologies. Information security for customers is still a critical issue in the Internet era. Nearly all consumers have had similar experiences, frequently receiving some strange advertising calls or information with web links and not being satisfied with them. Some consumers have even been victimized by dishonest individuals who defraud them of their money and cause them to suffer significant losses.

6. Conclusion

As can be seen from the foregoing discussion and detailed analysis, it is necessary to first define the structure and content of the new retail system before exploring the future development route of new retailing. A clear corporate innovation strategy and organizational structure, a new procurement system and procurement channels connected with upstream suppliers, a new retail model combining customer-focused online operations with offline consumer scenario-based retail, a logistics supply system supported by new technologies and resource management should all be part of the new retail system. a service system with connections to the financial world and a multifaceted, win-win platform.

6.1 Take Advantage of Technology to Ensure Quality

Utilize current technology to provide a seamless connection between stakeholders, consumers, and product makers throughout the channel to guarantee the quality of products at the source. In the past, With the support of current new technology, it is possible to share data from multiple parties, so that new retailers can fully utilize new technology to connect online and offline under the premise of borderless retailing, track the source of products at any time. Physical retailers under the traditional marketing model found it challenging to achieve timely communication and seamless connection with upstream suppliers and stakeholders within the channel and end consumers. In order to guarantee consistency in quality across all distribution channels, new merchants can utilize new technologies to connect online and offline, track the source of items, confirm manufacturers and their products, and remove unqualified products as quickly as feasible.

6.2 Consumer-centric

Merchants should have a better understanding of customer psychology and hasten the transformation and upgrading of their brick-and-mortar retail businesses during this unique period when many offline brick-and-mortar retail stores are facing significant issues or even closing down. Some of these shopping centers and department stores with similar business formats and overlapping functions have neither flexible new retail mechanisms nor new products and services that have lost consumers' interest, so it is better to transform in place, add some new products and services, or launch new projects, or even extensively carry out one-to-one customized services and keep pushing the boundaries in all aspects of services. These service innovations can be very flexible and do not have to waste the original resources and technology of the enterprise, which is a more ideal way of product and service transformation.

6.3 Solving New Logistics Problems

To combat the issue of inadequate logistics during the holidays with physical stores close to logistics distribution, encourage the rapid integration of online and offline as well as logistics, and actively carry out omni-channel and borderless logistics distribution and management activities. For the current holiday express warehouse and logistics personnel in short supply, you can take measures to actively respond from many aspects. First of all, e-commerce can actively develop offline channels, such as online retailers can be closely connected with their own physical stores, interconnection. In this way, it can greatly alleviate the situation of holiday express burst delays, to achieve customer satisfaction, both mutual assistance and benefit-sharing between partners, while promoting a win-win situation for all parties in the supply chain.

6.4 Safeguard Consumer Privacy and Security

Accelerate the integration of new retail with new resources, technology, and finance while actively working with the appropriate departments to ensure the privacy of customer data and other rights and interests. First, the integration of new retail and new finance should be strengthened. This needs to be supported by financial products and services with good quality and reputation as well as financial institutions. On the one hand, the government should strictly control the entry of some new financial institutions into the market, and on the other hand, it should also increase supervision and keep control of the products and services of newly established financial institutions and existing financial institutions. The government can carry out pilot demonstrations to drive the expansion of new financial sectors and encourage new and innovative financial models that are in the interest of consumers to meet the needs of new retail development in the context of the Internet and the new real economy.

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