

O2O Marketing: The Ultimate Guide

Online-to-Offline Retail

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In 2017, worldwide e-commerce sales totaled \$2.3 trillion US dollars. By 2018, the number surpassed \$2.8 trillion, but, this huge number represents only **11.9%** of the global retail market. This means, even though many people are already shopping on the web, the enormous majority is still walking into brick-and-mortars to purchase stuffs. So, how can retailers grab their share of the pie and achieve success against their competitors?

Tip: By leveraging web marketing channels for your retail locations!

Read on as we will offer to explain the concept and strategies that will impact footfall to your physical stores.



What is O2O Marketing?

By definition, online-to-offline (O2O) marketing is a system that uses online digital marketing strategies to bring foot traffic into physical outlets.

For example, a traditional brick-and-mortar or a brand store that sells products and services can leverage web marketing ideas to get more walk-in customers. This solution usually entails running contests, giveaways, promos or sweepstakes on social media.

Targeted potential customers are commonly incentivized to visit the merchant's offline premise, after engaging with its web marketing or advertising campaigns.

Subsequently, the demographic data of store visitors are collected from the campaigns and attributed back to the different web marketing or advertising channels. This way, the merchant can study and analyze what types of web tactics bring them the highest return-on-investment and run more effective campaigns in the future.

What is an O2O model?

This model defines the way retailers use both web and offline channels as a thorough system to run their businesses. It can be fully customized to the advantage of retailers by leveraging the power of technology and creativity.

In the digital space, precise demographic targeting, tracking and audience engagement can be done, programmatically and at scale. Using advance technologies, marketing impact for the retailer becomes much more far-reaching and in-depth.

By combining data from web marketing campaigns, companies and brands are able to understand its consumer behavior more accurately and in turn, they are able to manage customer's expectations better when they step foot into their outlets.

The most valuable feature in all omni-channel models is tracking and attribution—the ability to link an online customer to their actions in-store.

What is an O2O process?

In general, this involves customers paying for their purchase on the web, but they have to go to a physical premise to enjoy their purchases. In a typical online-and-offline marketing strategy, you will run campaigns on the web to find and attract customers, then, bring them into your brick-and-mortar with offline redemptions or product sample collections.

For instance, running email marketing or advertising via web channels, then, using approaches like redeeming coupons or claiming samples at a local store.

What is an O2O Platform?

Now, between the web space and your physical shop, you'll need a medium to connect with your target customers online and track them all the way to your location. That's why you need an O2O platform or solution.

The right platform to use will have a system to entice your prospective customers in the digital world to walk into your shop and eventually buy your service or goods. Besides, all these are done with the focus on users' experience, engagement and interactions.

This omni-channel platform can be a website or an app. Some examples of O2O solutions are like HEMA (a retail app by Alibaba), [Mobike](#) (dockless biking app in China), [Groupon](#), Restaurant.com, and of course, [O2OPlatform.com](#).

What is ROPO?

It is believed that ROPO (research online, purchase offline) is a precursor to O2O. ROPO is a term coined by Google denoting user's shopping behavior. Based on insights and analyzed data, electronic touch points influence a vast majority of in-shop sales. More and more people are now using the internet to enhance their shopping ways.

- 88% of global shoppers research on the internet before successfully making a purchase on-premise.
- In 11 of 12 countries, 9 out of 10 people research virtually will eventually purchase in-store.

[source: [PR News Wire](#), 2018]

Evidently, understanding these behaviors allows marketers to do more than provide research points for consumers. This is where O2O comes in.

Online and offline approaches leverage consumer data to provide a more sophisticated and seamless ways between real and digital worlds. Of course, there's more, which we will go into detail below.

Online Retailing vs. Offline Retailing

Offline retailing involves selling of products and services through a storefront location in-person. While web retailers generally enable selling through digital channels. A brick-and-mortar retailer lets their customer try out their products before purchase, which sometimes include professional fitting services.

Web retailers enjoy faster demand-to-sales cycle but slower purchasing decisions from customers due to the lack of ability to try out stuffs in real life. On the other hand, competition for the web retailer is tough as competitors are easily accessible and they are within clicks away.

Online Marketing vs. Offline Marketing

Offline marketing tactics use offline avenues to create awareness of a company's products while web marketing involves digital and online avenues.

More companies, businesses and brands are moving to the web space for their promotions. However, it is usually a mixed marketing method that gets success, hence online-and-offline.

Characteristics of O2O eCommerce

This combines online virtual economy and the real physical world, thus giving it two distinct characteristics as defined below. Both are necessary elements for you to improve on your retail strategy.

Web expansion a necessity for shop owners

At this age of digitization, you must expand your web presence. This is because digital mediums let you collect leads and customer data more effectively. Also, to harness all the detailed information of purchases or data on prospective customers that leave without purchasing.

With digital means, you can get access to and target prospective customers accurately. On the other hand, this game plan is limited when it comes to a physical channel.

The importance of physical stores

While the benefits of a virtual storefront are many, you can't deny the importance of your brick-and-mortar shop too. Over 80% of retail sales like

books, fashion, electronics, and many others are still happening inside actual stores.

This is because, despite the convenience of e-commerce, the feeling of trust and satisfaction when a customer sees and touches a product for real is still a major deciding factor .

The Breakdown of an O2O Business Model

Marketing environment in the past has allowed the conventional model to thrive. However, events have changed and the old model these days somewhat got disrupted by e-commerce. Companies are taking advantage of technologies such as “just-in-time” delivery without stocking up, online support, purchasing convenience and many other benefits.

However, with the rapid development of technology, consumer behavior has again evolved as well. Now, even e-commerce is becoming more and more competitive.

Disadvantages like time-to-response, high inventory cost and the competitiveness of ecommerce are pushing multi-channel commerce industry to quickly become a popular business model with huge market potential.

With this in mind, you must adopt these new tactics to seize your market share and interact with your customers promptly in order to gain new growth momentum.

Below is a model showing the connection between web and offline channels. Now, both are carrying equal weight in the omni-channel model.



How to build an O2O strategy for retail?

Imagine that you're looking for a piece of jewelry to surprise your girlfriend or looking for a cool sunshade for your husband.

You want to look for the best option by comparing items from different stores and brands before purchasing. So you go to the web and search for it. But still, you'd also want to see and feel the actual item you want to buy.

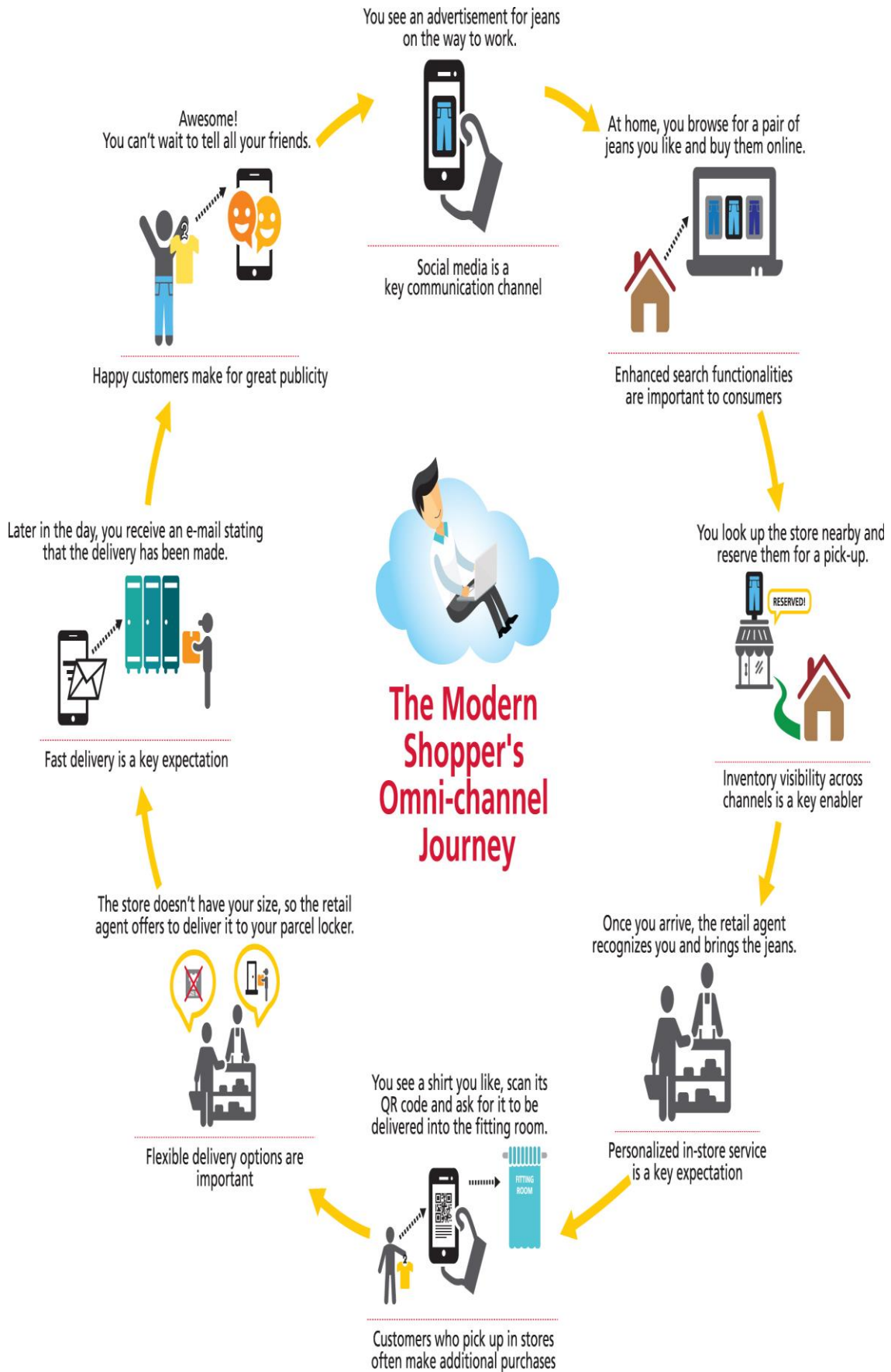
This is where your O2O plan best fills the gap. So where do we begin? You start by looking into what is already working and what is not.

Here are a few things you can consider in terms of customer experience:

- How do sales take care of the customers in-store?
- How are they being walked through the product?
- What is the check-out procedure like for them?
- How are special requests being handled?

If you have an online store, you will ask yourself *what's missing?* And *what's already working?*. Always focus to make it seamless for your prospects to buy something from your store, whether it's online or off. If you're looking to start a store online or provide a web experience to your brick-and-mortar, you can use omni-channel platforms or O2O companies to get started. You will need to begin by mapping your potential customer's shopping experience. Then you look for gaps to fill in, with either through your physical store or online store.

Here's an example of a buyer's journey through the O2O process.



[Source: www.internetsearchinc.com]

How does an O2O strategy work?

At present, the reality of the retail industry is that shoppers are empowered by technology and information to get almost anything they want, anywhere, and at the convenience and comfort of their personal space.

So what else is there for retailers to do?

Shoppers today are seeking tailored and personalized buying encounters. In other words, it means something that allows them to leave good reviews about you, share their encounter with others and come back for more of the same positive feeling.

To achieve that, you need data analytics and insights.

Customer Analytics is the primary factor to the works and success of an online and offline marketing strategy.

Demographic data like zip code and age is no longer enough for staying ahead of the competition. We're talking about valuable information such as neighborhood age groups, average earnings, buying power, education levels, professional status, buying intent, preferences and many more.

With geographical data, we can leverage location intelligence to attract and keep customers, and to inspire shoppers.

For instance, by [geo-targeting](#) your prospect, you could **personalize a marketing message** based on their geographical location in real-time.

The affair can be further enhanced, tailored based on the shoppers' profile. Such customized features can also include online price comparison, downloading of virtual coupons for collection at a store location. This will close the buying loop from online to offline, and at the same time, track detailed performance and attribution metrics of the campaign.

To localize and personalize your message with the aim of making customer experience wonderful, your targeted segment has to be well defined. In order to do this, it starts off with collection of data from initial marketing campaigns and this data can be reused to make future campaigns better and better.

Examples of O2O Strategies

It is up to you now to seize the opportunity by adjusting your approach and design experiences for your specific buyer segments.

Here are some examples you could adopt. However, it is important to remember that it's all about who your purchasers are.

- **Give a digital dimension to your tangible products**

Place a tag on your tangibles that link to digital content. By scanning a QR code on the tag with their phones, consumers can get instant content related to the product. This is especially useful for the fashion or art industries where you enrich customers' walk-in experience with more meaningful content of the item they may potentially buy.

- **Breathing life into your virtual icons**

Selling real-life items that are previously only found online, i.e., LINE stickers are turned into plushie dolls at their brick-and-mortar. So, besides selling digital stickers, shoppers can now also own the cute range of LINE actual dolls as well.

- **Virtual coupons for physical outlets**

Once, there was Groupon. During its heydays, people rush to download and print virtual coupons for all sorts of promotions for restaurants, spas, and many other stuffs.

Now, couponing has evolved to be more enriching, interactive and seamless with apps and gamification.

- **Pop-up stations for web orders**

Topshop mastered this tactic by partnering up with ShangPin when they entered the Beijing retail market.

Rather than opening a brick-and-mortar outlet and fight with the locally strong competitors, they did a strategic partnership by placing pop-up stations equipped with giant iPhones, loaded with Topshop fashion and styled by Shangping.

The mobile purchasing adventure includes sharing looks on social media and order items for delivery.

Benefits of an omni-channel business

Undoubtedly, the benefits of omni-channel design trump any advantages of brick-and-mortar or online methods as stand-alone channels. Therefore, here is a list of advantages of online and offline marketing you should know.

- **Brand Reputation** with a connected web presence and brick and mortar shop
- **Better shopper experience** with web support after in-store sales
- **Additional traffic and new customer segment** when online prospects search for stuffs using search engines
- **Enhance customer loyalty**
- **Increase revenue** at offline shops
- Accelerate **speed to market by faster, cheaper and more targeted online reach**
- Obtain enriched audience data, attributions metrics and **actionable insights**
- You can create **highly individualized experiences** for your targeted demographic

Ultimately, these new tactics will bring footfall to your premise, while maintaining contact, engagement and good relationship with your consumers.

What's Next for real-world retailers

There are ample opportunities for you to embark on web commerce for your brick-and-mortar. The integration of retail, e-commerce and digital marketing analytics will enable you to optimize a personalized shopping way that keeps your customers satisfied and increases your profits.