

MBA : Retail management , merchandising and E-commerce



3.Omnichannel and warby parker



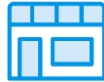
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Product Manager |MBA|

Showrooming vs Webrooming



Benefits offered by Retail Channels

Stores



- “Touch & Feel”
- Personal Service
- Risk Reduction (security & privacy)
- Immediate Gratification
- Entertainment & Social Experience
- Browsing
- Cash payment

Issues:

- Limited Reach
- Limited Variety & Assortment
- High Operating Costs (Store Rent)
- Information provided dependent on people’ expertise and time

Online

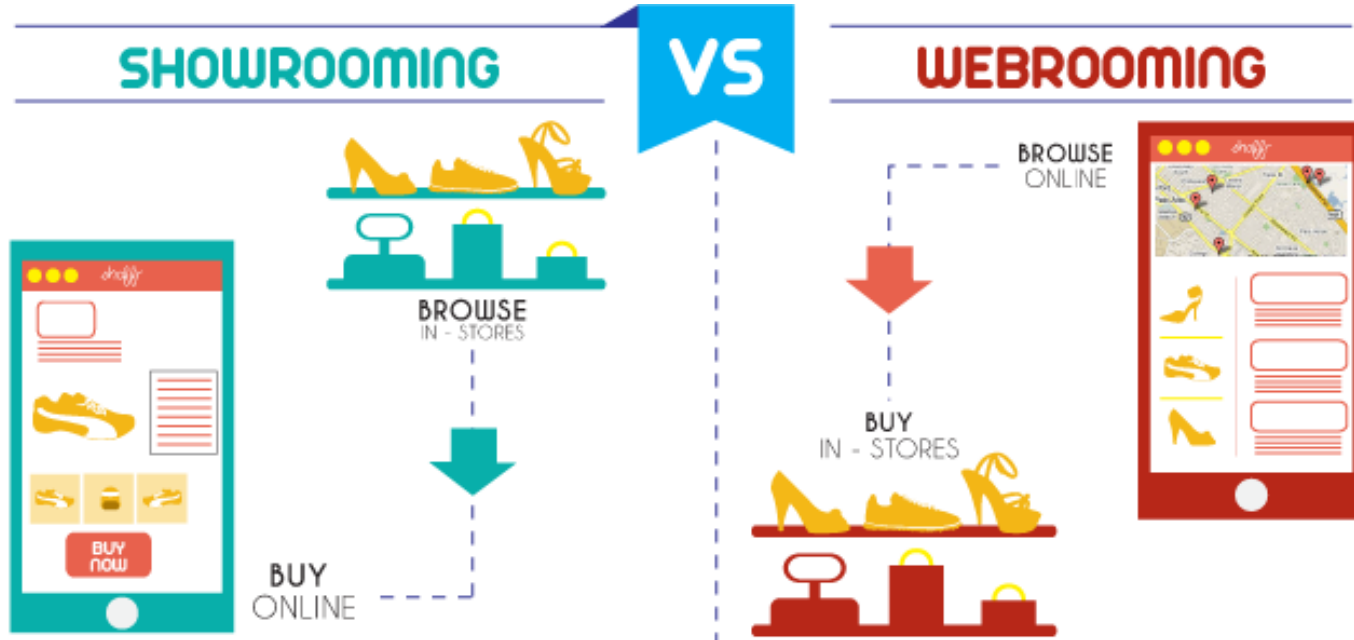


- “Look & See”
- Personalization
- Broader & Deeper assortment
- Time information provided by merchandise evaluation
- Greater Reach
- Lower Costs compared to stores

Issues:

- High Security & Privacy concerns
- Higher return rates than stores
- Lack of trust

Showrooming vs Webrooming



Showrooming vs Webrooming

Webrooming
78%

Of customers have research products online before buying them in a physical store.

Showrooming
72%

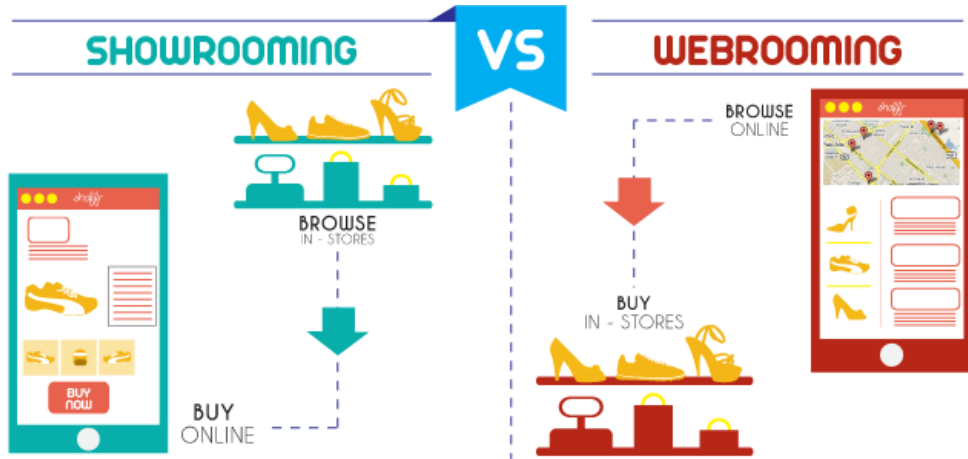
Of customers have visited the store(s) to examine a product before buying it online

Why do people participated in webrooming and showrooming process

Webrooming vs Showrooming

Find the lowest price	75%	68%	To experience the product in person
Compare products	72%	48%	Find the lowest price
Conduct product research	75%	41%	To ask store associates questions

Showrooming vs Webrooming



- How do you Maintain Price consistency at both ?
- How to manage Inventory Cost and working capital?
- How you decide between Variety vs assortment ?

Tips to Integrate Both 'Roomers into your Retail Strategy



VS



Use online for repeat purchase

Age group 18-40 Years

Standardised products

Use Offline as a touch point

Age group 40-50 Years

Touch and feel like products

Types of retail channels



Transformation in retail



Traditional Single Channel

Brick and Mortar



Online Single Channel

Online Shopping



Multi-channel

Various Disconnected Channels

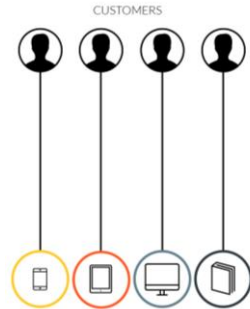


Omnichannel

Seamless Integrated Experience

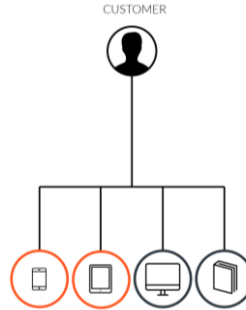
Single channel, Multichannel and Omnichannel

Single channel



- Producer or retailer's reaching out to customers through only one distribution option
- This can be online, face-to-face selling or traditional retail.

Multichannel



- Producers or retailer's blend different distribution channels
- They ensures that the producers and retailers will be present when the purchase decision is made.

Omnichannel



- Messages based on the customers' perspective.
- Collect data and adapt your message

Omni-channel retailing

Omni-channel retailing is a fully-integrated approach to commerce that provides shoppers a unified experience across online and offline channels (e.g., touchpoints)

Customer experience = Personalization + Seamless experience



source: IBM Big Data & Analytics Hub

Omnichannel at Walmart

- Providing an Integrated “Seamless” Shopping Experience
- Organising Multi-Channel Retailing



Warby parker - Omni-channel Case study for eyewear



Product and service reach to the consumer where they are

Omni-channel Case study for eyewear

WARBY
PARKER



Warby parker - Omni-channel Case study for eyewear

1. Home Try-On program

There's a reason that most people bite the bullet and dish out the cash for a pair of glasses from their optometrist's office.

They Changed the customer experience game

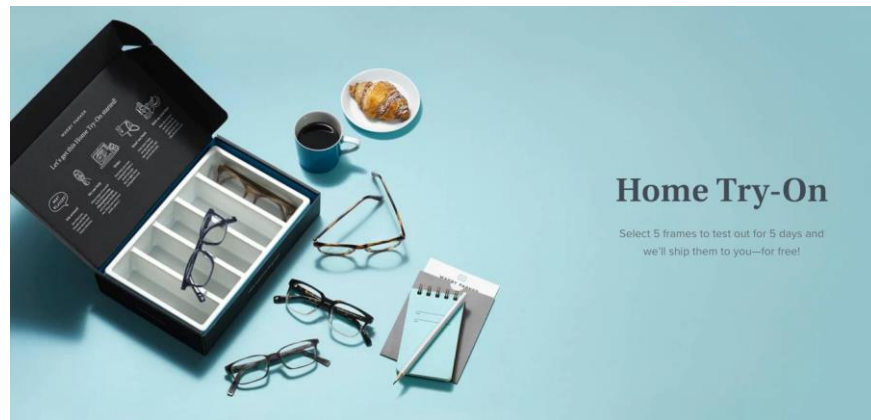
How does it work?

- Pick 5 frames — They'll mail them to you for free
- You get to spend 5 full days with them — try them on, conduct polls with your Instagram followers, make your pick!

Then, send them back with a provided free shipping label.

Find your favourite, or not — Warby Parker will help you to buy them fit with your prescription, now from \$95.

If you don't like any of them, no problem! Send them all back and move on. You're not tied to anything.



Physical spaces for a full omnichannel retailing experience

2. Full omnichannel retailing experience



Brick-and-mortar retailers strive to replicate in-store profits online

Realized that shipping 5 glasses is not the same as trying on 50.

3. Integrated their online and offline omnichannel retailing



75% of people that buy something in our store have been to our website first and tried on frames but weren't quite ready to check out.

Omni-channel Case study for eyewear

WARBY
PARKER



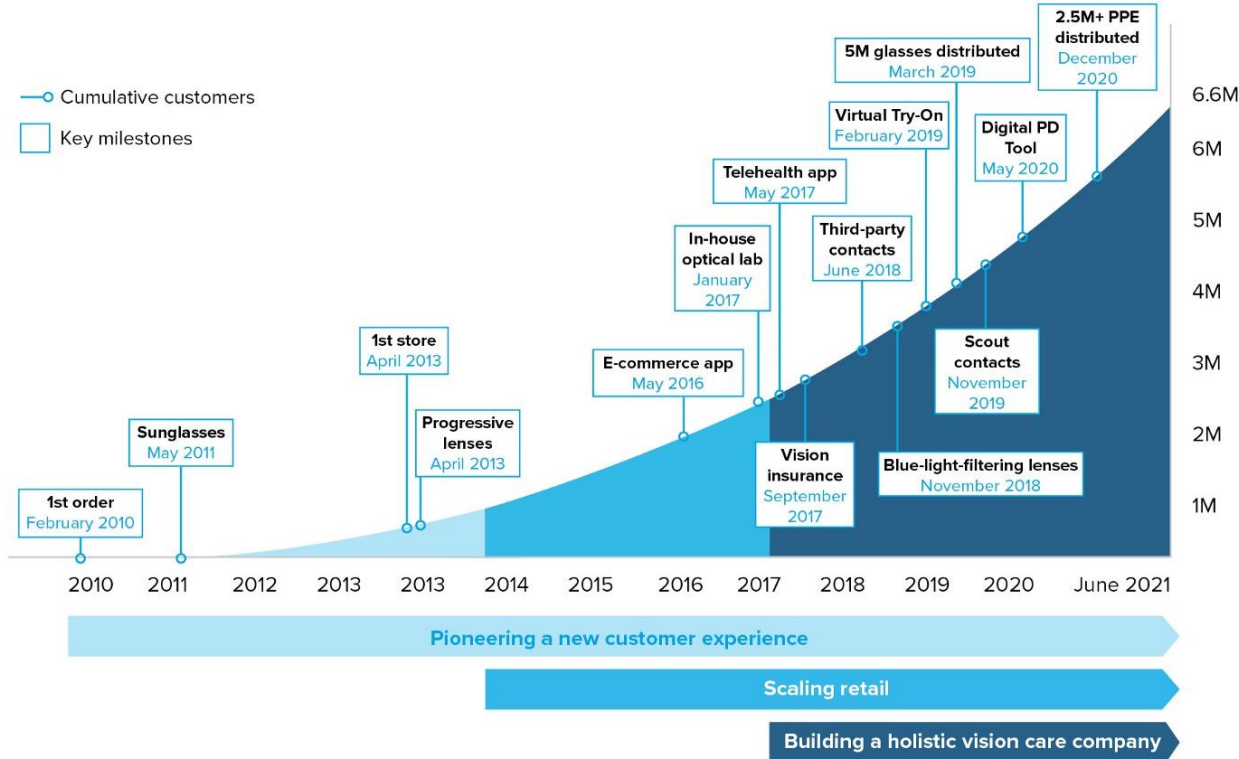
Metrics omnichannel brand needs to track

- Revenue
- Channel mix (Store count to online purchase)
- Growth and retention (Repeat purchase)
- Four-Wall Margins (Average Sales Per Square Foot)
- Contribution margins

Omni-channel by Warby Parker

Introduction Warby Parker is a New York-based an eyeglasses retailer

Offered high-quality and uniquely designed glasses for a reasonable price point



- Home Try-On program
- outstanding customer service
- Omnichannel presence

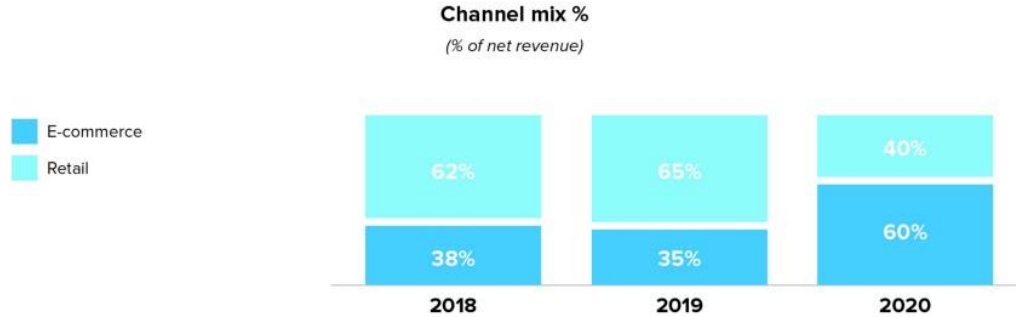
“Brick and mortar”



“Clicks and bricks”

Omni-channel by Warby parker

More than half of revenue is in-store.



Touch point:- First time purchase from offline Store

Repeat purchase:- Deeper assortment from App (1 million frames)

Omni-channel by Warby parker

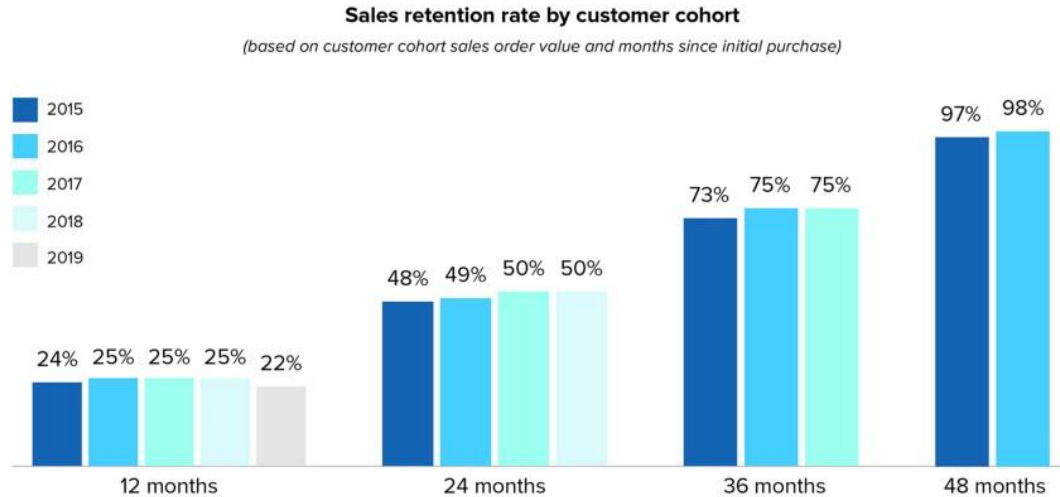
Stores are the key to growth.



Bcz of the above trend increase store count will reduce Capex. in long run

Omni-channel by Warby parker

Retention is perfect



50% Sales Retention Rate within 24 months of their first purchase and a nearly 100% Sales Retention Rate over 48 months.

Basics of income statement

Net Sales: The revenues received by a retailer during a given period of time

Cost of Goods Sold: the amount to acquire the product

Gross Profit: Difference between net sales and the cost of goods sold

Operating Expenses: the cost of running a business

EBITA (Earnings before interest, taxes, and amortization)

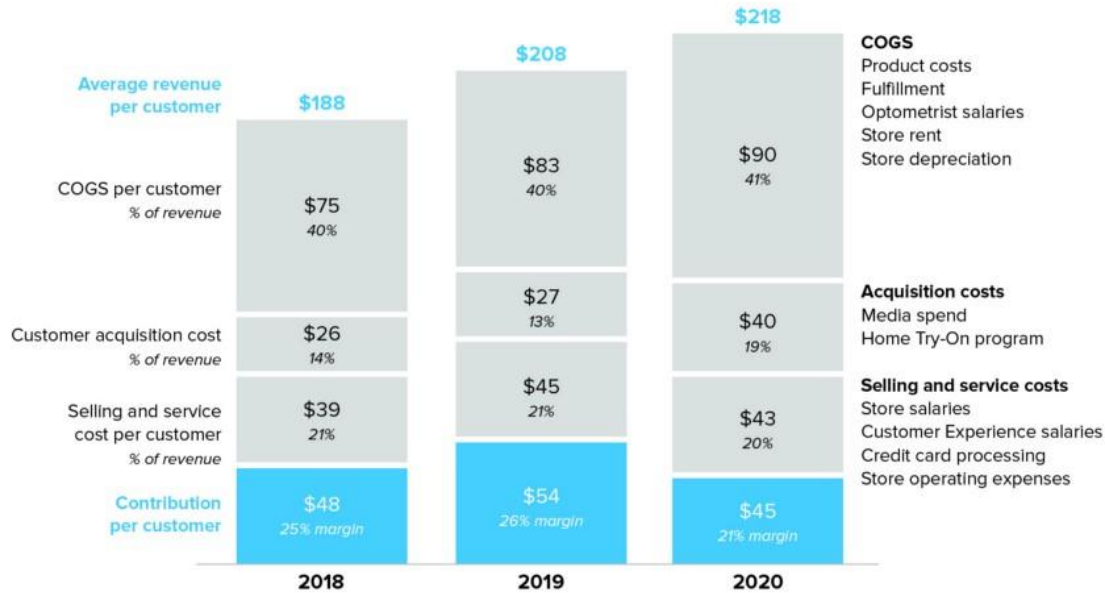
Taxes: the portion of business turned over to the government

Net Profit After Taxes: the profit earned after all the costs and taxes have been deducted.

Net Sales	\$330,000
COGS	\$180,000
Gross Profit	\$150,000
Operating Expenses	\$ 95,250
Other Costs	\$ 20,000
Total Costs	\$115,250
Net Profit before Taxes (EBITA)	\$ 34,750
Taxes	\$ 15,500
Net Profit after Taxes	\$ 19,250

Omni-channel by Warby parker

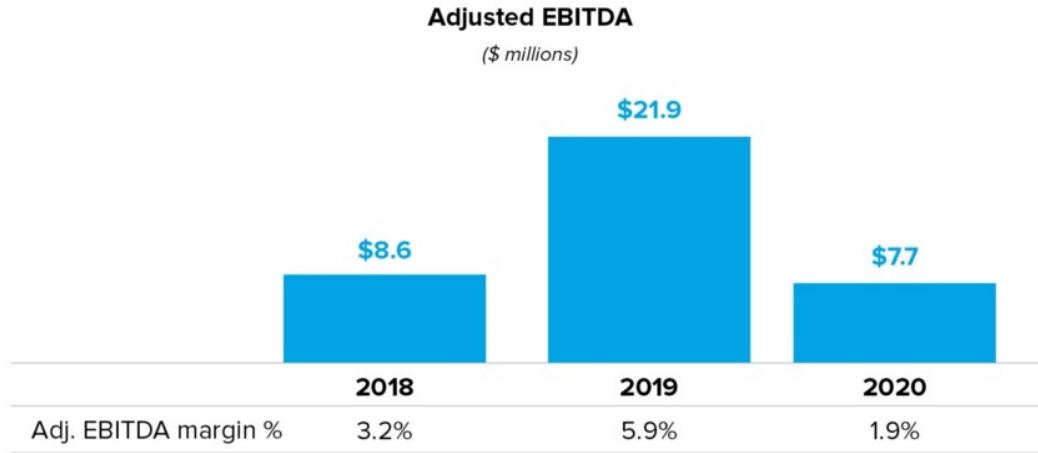
Very strong contribution margins



The decrease in Contribution Margin was also driven by an increase in Customer Acquisition Cost, which increased 49% to \$40 per customer in 2020 compared to \$27 per customer in 2019

Omni-channel by Warby parker

But EBITDA margins are tight



2020, adjusted EBITDA and adjusted EBITDA margin were \$7.7 million and 1.9%. Notably the company has not been profitable for the past three years

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4

