O2O Adoption Benefits: A Managerial Perspective of Customer-Benefits

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Abstract: Online-to-offline (O2O) is a fast-growing business innovation, pointing online customers to physical locations where they can more closely inspect – and purchase – their desired products, or can collect them after ordering online. However, the growth of O2O may be limited by the lack of reliable understanding of its benefits to customers. This study aims to remedy this lack of knowledge, by analyzing the transcripts of 24 semi-structured interviews with managers. The study finds that O2O benefits customers in three main ways: (1) making more informed decisions, (2) receiving timely information on discounts and sales, leading to time and cost savings, and (3) having direct interaction opportunities with the business - something which is not the case in a pure online business. Contrary to general understanding, the results show that offering discounts as a benefit to customers is an approach that is not necessarily applicable across-the-board, because in some industries the margins are too low to offer any discounts. Further work may be needed to examine the relevance of *discount* as a customer benefit proposition for adopting O2O. We also find that the *time saving* benefit to customers remains a contentious issue, as the availability of too much choice may lead to customers spending too much time investigating the product/service, thereby delaying their decisions and ultimately negating any benefits. The results contribute to e-commerce literature in building the theoretical understanding of the perceived benefits of O2O for customers from a managerial perspective. The identification of O2O benefits for customers will also help in understanding the behaviors and intentions as well as perceived value of adoption and acceptance of newer forms of technological - oriented innovations such as O2O in general. Managers can use the results for business-case development and strategizing benefits realization of adopting O2O. The results will help managers in creating tailored strategies to integrate features and functionalities in the software products used for O2O to ensure that identified benefits are provided to the customers, thus improving the chances of successful realization.

Keywords: Online-to-offline; Electronic commerce; Adoption; Benefits and value; Qualitative method

1. Introduction

The evolution of e-commerce is driving creation of new business models and ways of satisfying customers' needs. Online-to-offline (O2O) is one such recent e-commerce development that caters to the diverse needs of customers - such as information provision, enhanced service experience, and improved interaction - in a unique way i.e. by combining the benefits of both online and offline modes (Roh and Park, 2018).

O2O ecommerce differs from B2C/B2B/C2C e-commerce in that the logistics and consumption components in O2O transactions are typically carried out offline (meaning customers/consumers collect, experience and/or consume the product/service at an offline facility/shop) (Wan and Chen, 2017). O2O is defined as "e-commerce that combines searching and booking products or services online, and consumption in brick-and-mortar stores" (Wan and Chen, 2017; p.1).

Because of its value proposition, O2O has experienced steady growth among customers, particularly in China (Xiao and Dong 2015). A report by IResearch (2017) indicates that in 2016, the gross merchandise volume (GMV) of the local O2O market in China experienced a 28.2% growth, reaching an estimated RMB327.1 billion, with predictions of further upward movements to an estimated RMB590.7 billion by 2019. Given its perceived value, O2O is facilitating new business opportunities in a variety of economic and industry sectors including food/restaurant, transportation, tourism, retail, and furniture. For example, customers wanting to buy IKEA furniture can view products online and select what they need. Then they can physically visit an IKEA store (offline mode), inspect, touch and feel the furniture item(s). They can either purchase the selected products on spot and carry it away or get it delivered; or can go online at their convenience and purchase the selected

furniture item(s) and get it delivered at their required address. Other examples of O2O include Wallmart (retail), TripAdvisor (travel), and Uber (taxi/transportation).

Despite the growing research (e.g., Lee and Li, 2016; Yang et al., 2020), little is known about the benefits/value proposition and the issues related to benefits realization of customer adoption of O2O. In this regard, while some research from a customer perspective of benefits exists, an understanding of how organizational managers, being the decision-makers, perceive benefits of O2O for customer is lacking. For instance, Yang et al. (2020) investigated effects of a large number of factors (e.g. perceived risk, physical experience) on O2O use intention. Only one of the factors in their model measured effects of 'perceived benefits' indirectly on intention to use, providing little preliminary evidence on benefits of O2O to customers. Lee and Li (2016), on the other hand, found evidence that behavioral and cognitive-based inertia (behavioral and cognitive tendencies to continue to use sane shopping methods without changing, through the method may not be best) influence the intention to use O2O. Similarly examining varied adoption related issues, other authors (e.g. Li et al., 2018; Roh and Park, 2018) found evidence of online–offline integration on continuance intention of mobile government micro blogging services (GMS) in Chinese, and the role of moral obligations (to prepare meals) in influencing the decision to adopt O2O in the Korean contexts, respectively. Because of the fragmentary knowledge on O2O, there have been calls (e.g., Phang et al., 2014) for further research on those issues that have significant implications for the development of O2O.

Compounding the problem, O2O adoption has also been marred by various failures (Wimmer 2018; Li and Wang, 2016). A number of O2O businesses/suppliers could not survive and disappeared from the market after a brief existence (Li and Wang, 2016). Car maintenance companies such as Pengpai Car and Bopai are among the many O2O failures (Wang, 2016).

The goal of this study is, therefore, to address the above-stated gap in knowledge by investigating the benefits and value that O2O confer to customers from a managerial perspective. We argue that such an investigation is important as customers' behaviors are often shaped by the benefits/value proposition of product/service; hence, understanding of how managers perceive benefits of O2O for customers is critical as managers are the decision-makers and have significant influence on implementation and success of O2O. Further, O2O, being a hybrid model, has its own characteristics and features, which makes it necessary to build theoretical knowledge that captures the value it creates. The knowledge created by this study, therefore, will help streamline and develop industry-transferable knowledge and build solutions to facilitate successful adoption of O2O among customers. The knowledge will also help O2O organizations to understand the customer perspective and develop strategies to ensure customers achieve the benefits important to them. We conducted the study in China, as China offers unique opportunities for conducting research on O2O for two reasons: (1) It is at the forefront of O2O adoption. (2) It has one of the largest online and offline business infrastructures globally. Given the discussion, we investigate the following research question:

What benefits do customers realize by adopting O2O?

2. Literature Review

2.1 Characteristics and benefits of O2O
Rapid developments in information technology (IT) capabilities have enabled increased numbers of customers to seek and book/purchase products/services online first and then consume them in brick-and-mortar stores (Roh and Park 2018). O2O e-commerce is a business approach that facilities integration of online and offline presences; it first identifies customers in the online space, such as through e-mail and Internet advertisement, and then uses a variety of strategies and tactics to entice them to visit offline stores to complete the transaction (e.g., consuming or experiencing the products/services or purchase/pick-up the product/service) (Xiao and Dong, 2015).

Given its potential utility, researchers have started examining the relevant adoption and developmental issues with O2O from both customers and merchants' perspectives. From the customer perspective, one research stream has looked at the factors that drive O2O adoption and development (e.g., Chi et al., 2015), as these factors provide an understanding of behaviors and perceptions of customers. For instance, real time and loyalty program services have been found to drive customer adoption of O2O (Agusdin, 2016), pointing to the perceived value attached by the customers to the provision of online component in an O2O system. Whereas

another research stream addresses the emotional aspects which influence customer loyalty in O2O (Hsieh, 2017). To improve the chances of having a loyal customer portfolio, businesses using O2O need to pay attention to a number of factors such as customer satisfaction, customer switching costs customer trust, corporate image and customer value, as these factors positively influence customer loyalty (Leung et al., 2016). However, customer satisfaction works differently between online and offline modes. Simple perceived value drives customer satisfaction in an online mode, whereas quality and expectations are key drivers in an offline mode (Hult et al., 2019). This means that customer benefit depends on quality as well as value for money. Moon and Armstrong (2019) agree, as they found that various tangible factors such as facility condition and aesthetics, layout, and shop signage have a significant effect on customer perception of O2O. Similarly, various intangible factors such as system availability and security affect customer perception of O2O. These findings resonate with Chi et al. (2015) who suggested in their study that customers see perceive privacy violation, information uncertainty, annoyance, and negative social effect as the risks of adopting O2O, We thus argue that the success of O2O depends on allaying these concerns and focusing on understanding the benefits of O2O.

A number of researchers have examined the advantages of O2O for customers. Being able to touch and view/experience the product/service at an offline facility is considered an important feature of an O2O arrangement. However, the relationship between touch effect and purchase intention is stronger when the mental representation of the product in customer's mind is concrete and weak when the mental representation is abstract (Liu, Batra and Wang, 2017). It highlights the need for educating customers on the relative advantage of O2O to build a strong mental representation. Lee and Li (2016) argue that highlighting relative advantages such as benefits of online shopping convenience and the receiving of reward points and gift cards is important. Other advantages that drive customer adoption of O2O found in earlier research are the offline experience and the integration of online and offline information (Li et al., 2018; Yang et al., 2020). However, Chang et al. (2018) cautioned that customer satisfaction dimensions for online (e.g., information quality) and offline (e.g., emotional and social values) services are different, which suggests that efforts need to be made to have stronger online–offline integration. In addition, Xiao, Guo and D'Ambra (2019) argued that since O2O offers easy access to information and feedback, and because it enables easy promotion of products and services, it creates value for the customers.

Further, the availability of secure transactional infrastructure results in savings in time and costs (e.g., reduced transportation costs of going to offline shops for making purchase decisions) (Scheepers and Scheepers, 2008). Li and Wei (2015) are of the opinion that O2O can help customers save time in relation to screening and selection of product/service, however, their case study did not focus on such an aspect. Particularly, Quick-response (QR) scanning code technologies and terminals for shopping using QR codes allow customers to buy online and collect goods at the mall fronts or have them delivered (Du and Tang, 2014). Li et al. (2020) concur as they found that in relation to the freight operations, O2O benefits drivers by reducing their operating costs and enabling increased orders.

Advancements in mobile communication technologies and supporting infrastructure enable online shopping and offline consumption (Wang, 2012). For example, payment gateway technologies such as Alipay and Apple Pay offer benefits of channel integration (PWC, 2015). Businesses can use portable or fixed electronic transaction environments with payment gateways to combine online and offline consumption/purchase features; this not only satisfies customers' diverse needs but also reduces the risks involved in pure online transactions where, typically, advance online payments are followed by delivery (Peng and Wu, 2014). Other studies looked at effects of O2O in supply chain profitability (Zhang et al., 2015); offline service quality aspects (Du and Tang, 2014); impact of logistic platform to drive O2O (Li and Wei 2015), and development of methodology to improve O2O functioning (Chen et al., 2013).

Summarizing the review, we argue that despite some research work on O2O, the studies providing a comprehensive perspective of benefits of adopting O2O to customers in general and specifically from a managerial perspective remain limited., resulting in a gap in knowledge. The situation warrants further research as understanding of benefits to customers is key to the success of any marketing endeavor, particularly for new types of business models such as O2O. This study achieves this objective.

2.2 O2O Business in China

China is the global leader in the adoption and use of O2O, and it is predicted that O2O business in China will continue to grow (IResearch 2017; Phang et al., 2014). Although early market leaders such as Ctrips.com and Dianping.com provided a platform for later entrants such as Meituan.com (food delivery, consumer products) and 58.com (online classified), the O2O journey in China has not been smooth (Hillard, 2014). This led to consolidation and merger activities, with Chinese Internet giants Baidu, Alibaba, and Tencent (BAT) playing a leading role in such initiatives. Four other mergers in 2015 included Kuaidi and Didi (taxi), Meituan and Dianping, 58 and Ganji (classified information on jobs, cars etc), and Ctrip (travel) and Qunar. Capitalizing on the trend, Dianping (food delivery, consumer products), 58, JD (online retail), and Meituan (food delivery, consumer products) entered the on-demand at-home O2O service market in 2015 (Roh and Park, 2018).

Despite huge promises, the current share of O2O business in China remains much lower than other e-business models and the situation is further exacerbated by many failures (Li and Wang, 2016; Wimmer 2018). This situation necessitates in-depth investigation of the Chinese O2O markets and the benefits and drawbacks of O2O.

3. Research Methodology

3.1 Research design and sample selection

A qualitative research design was chosen as there are limited studies on customer benefits of O2O. Such an approach is appropriate for finding new meanings and insights, understanding the contemporary issues under investigation (Yin, 2015). Given the exploratory nature of the study, convenient sampling was considered appropriate and thus adopted to identify and recruit respondents, using a combination of personal networks and snowball sampling technique. This is consistent with prior studies (Robinson, 2014). The sample frame was drawn from major Chinese business cities (e.g. Shanghai, Beijing) cities, as China —being a hotbed for developments in online consumer marketing, as well as O2O—presented a perfect opportunity to build further knowledge on this new type of business model.

The unit of analysis in this study is at an organizational level; data were collected through semi-structured interviews from 24 managers (recruited through the above-discussed process) who had a dedicated involvement in O2O, as their organizations adopted O2O in various forms. These forms included Group buying, buying online and collecting goods offline (using QR code scanning), online promotion to bring customers to offline stores. Ten of them operated an O2O platform and the remaining 14 operated an offline business and used online mode to bring customers to offline stores. Collecting data from respondents having experience of different O2O modes is aligned with the approach taken by earlier studies on O2O (e.g. Hsieh, 2017; Shen and Wang, 2014) and meets the goals of the study. Building knowledge on the organizational level view of benefits to customers is also consistent with prior studies (e.g. Kurnia, Peng and Liu, 2010). Since data is collected at an organizational level from managers, their profile data provides information about their organizations (Kurnia, Peng and Liu, 2010).

The respondents belonged to diverse industries (e,g, catering, real-estate, and tourism) with working experience in marketing, sales and technology, in order to ensure the validity of the research (Table 1). 23 out of 24 respondents belonged to the service sector and only one came from manufacturing sector. Having respondents from various sectors of production is in line with prior studies (e.g. Dubihlela, 2013; Foltz, Newkirk and Schwager, 2016; Teo, 2007). For instance, Teo, (2007), in a study examining Internet adoption, had respondents who were managers belonging to service and manufacturing sectors of production, in a way similar to the current study.

3.2 Interview Questionnaire Development

A semi-structured questionnaire was constructed on the basis of an extensive review of the literature. A set of keywords (e.g., "benefits of O2O," "online-to-offline adoption,") were used to find relevant literature (e.g., Chen 2014; Ren et al., 2013; Shen and Wang 2014) and to identify critical issues for further investigation and developing of knowledge. These issues were then used to formulate the interview questionnaire, so as to stimulate responses from our participants to the main research question. The questionnaire consisted of the following components.

The first section of the interview comprised questions to gather information on each interview participant's profile, including the nature of his or her business.

The second section comprised questions that drew upon the interview participant's knowledge of the benefits to customers of adopting O2O. The initial draft of the questionnaire was reviewed by a senior academic for clarity, adequateness of questions in the research context, the language, and the sequence/format to gather knowledge during the interview process. The questionnaire was developed in both Chinese and English for ease of respondents.

3.3 Data Collection

Data collection involved a large number of interviews, 24 in total, again consistent with prior studies (Alahyari et al., 2017). One of the authors set up interview appointments and conducted all the interviews, which helped in enhancing the reliability and consistency in data collection. The interviews were conducted face-to-face and the average length of interviews varied between approximately 30 minutes and 1 hour. The interview questionnaire was given to the respondents in advance, providing them the opportunity to reflect on their answers. The semi-structured format of the interviews allowed respondents to express their views on issues pertaining to questions, provide expert opinions in their own words.

The interviews were conducted in Chinese to enable respondents to share their opinions and provide details of relevant knowledge in their native language, as respondents are known to be more comfortable speaking in their native language. The author/interviewer took notes and audio recorded answers during the interviews. The data collected were then translated into English for analysis purposes by one of the authors who is bilingual in English and Chinese. The details of the respondents are provided in Table 1.

Table 1: Respondents' profile

Interview Number (#) of the respondent	Respondent's position/job title	Core business	Respondent organization role in O2O	Number of employees
Respondent 1	Marketing manager	Tourism	Operates O2O	20-99
Respondent 2	Senior manager	Tourism (hotel, tickets booking)	Operates O2O	200+
Respondent 3	Chief Correspondent	Technology media	Operates offline and uses online mode to bring customers from online to offline	20-99
Respondent 4	Marketing manager	Online group-buying platform and offline maintaining	Operates O2O	200+
Respondent 5	Marketing manager	Online group-buying platform and offline maintaining	Operates O2O	200+
Respondent 6	Marketing manager	Online group-buying platform and offline maintaining	Operates O2O	200+
Respondent 7	Store Owner	Catering	Operates offline and uses online mode to bring customers from online to offline	0-19
Respondent 8	Shop Manager	Catering	Operates offline and uses online mode to bring customers from online to offline	20-99
Respondent 9	Shop Manager	Entertainment	Operates offline and uses online mode to bring customers from online to offline	20-99
Respondent 10	Store Owner	Catering	Operates offline and uses online mode to bring customers from online to offline	0-19
Respondent 11	Technical manager	Real estate	Operates O2O	200+
Respondent 12	Registered broker	Real estate	Operates O2O	200+
Respondent 13	Senior manager	Real estate	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 14	Founder	Online platform	Operates O2O	20-99
Respondent 15	Bank president	Banking	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 16	Office worker	Banking	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 17	Sales manager	Telecommunication	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 18	Marketing manager	Making QR code	Operates offline and uses online mode to bring customers from online to offline	20-99
Respondent 19	Operating Manager	Transportation	Operates O2O	200+
Respondent 20	Operating Manager	Telecommunication	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 21	Technical manager	Online platform/e-Commerce	Operates O2O	200+
Respondent 22	Assistant manager	Tourism	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 23	Sales manager	Transportation	Operates offline and uses online mode to bring customers from online to offline	200+
Respondent 24	Store manager	Manufacturing and sales (electrical equipment)	Operates offline and uses online mode to bring customers from online to offline	200+

3.4   Data Analysis

Qualitative data analysis for this study relied on thematic analysis to address the research question. According to Braun and Clarke (2006, 80), thematic analysis is "a method for identifying, analyzing, and reporting patterns (themes) within data."

To familiarize themselves with the data, the authors read the transcripts of interviews (containing both audio-recorded and notes-based information) several times. Initially the data was categorized according to the themes based on the questionnaire, resulting in five main themes. After that, from the responses, repetitive occurrences of mention of benefits and relationships were identified and combined into sub-themes under the main themes. Next, the respondents' inputs and views were extracted carefully from the interview data and coded under the relevant sub-themes. We explain the coding process through an example. For instance, one of the main themes was coded as 'Access to timely and comprehensive information' (Section 4.1). Based on the data analysis, we observed that respondents have talked about benefits such as 'timely and comprehensive information, 'convenience', and 'more choices' which formed the core of discussion in Section 4.1. This process was repeated for the entire data resulting in identification of a refined set of benefits to customers of O2O, as is discussed in the various sub-sections of Section 4.

To maintain reliability and validity of the data and analysis, the study ensured a methodological coherence between the research question (which is to examine benefits of adopting O2O) and the research method (e.g., qualitative method) used. Since in our study, 23 out of 24 respondents came from service sector and only one from manufacturing, our data analysis and conclusions were not affected by any sector cross-over issues. The only one manufacturing firm in our data also used O2O in a way fully complementary to other respondents, hence data analysis was not affected. Further, having respondents from different production sectors aligns well with earlier studies (e.g. Dubihlela, 2013; Foltz, Newkirk and Schwager, 2016; Teo, 2007). Lastly, to assess the inter-rater reliability, two authors individually coded the data for analysis, and these codes were later compared for agreement.

4. Results and Discussion

The data analysis revealed a number of benefits for customers who chose to use O2O, and we discuss in detail below.

4.1 Access to timely and comprehensive information

All the respondents agreed that customers benefit from O2O because it provides timely and comprehensive information. This comprehensive information helps customers make informed decisions and wise choices as well as obtain added value to meet their needs. This is highlighted in the following quotations:

> *Yes, consumers can skim over the production and service information, as well as browse previous users' comments, which may also motivate merchants to focus on their production and service quality to receive positive comments from users* (Respondent 23 suggesting that the online component in O2O provides informational benefits to customers).

> *Timely, comprehensively and highly* concentrative (Respondent 10 highlighting the timely and comprehensive information benefits).

The respondents' views highlight the point that customers benefit because they can promptly receive all-inclusive information about the products and services offered. Customers often rely on self-service in online markets; hence, timely information is essential to achieve better service quality, as has been found in this study. By providing timely information, businesses can attract customers through the online mode and then draw them to visit or purchase from offline stores, which is consistent with other studies (e.g., Xiao and Dong 2015). This process can be enhanced through mobile services ("M-service") as most customers have smart phones with Internet access in China. The findings are also consistent with previous studies in suggesting timely information influences information quality (Ahn et al., 2004) and customer service quality (Ali, Rasool and Pathania, 2017).

A number of respondents (e.g. respondents 2,17,20) argued that O2O offer convenience to customers. By adopting O2O customers have the convenience to get the needed information online before visiting an offline store with added benefits of saving on time and costs of finding the right place for shopping.

In addition, the online component of O2O provides more options to find the useful information by visiting various online shops, comparing prices and terms of conditions of sale before making purchase decision. For example, respondent 2 explains it as follows:

> *Yes, customers will have more choices and they can locate their needs easily and conveniently* (Respondent 2 suggesting that the online component in O2O provides informational benefits to customers).

The O2O arrangement thus benefits customers because they become empowered to exercise good judgment by getting comprehensive information in timely and convenient manner. Customers also have the benefit of learning from other customers' experiences by reading reviews and online commentaries thus potentially making better choices.

4.2 Information on discounts and sales

Of the interview participants, thirteen suggested that O2O facilitates effective dissemination of information about discounts and special offers to customers. Customers are benefited because the information about discounts and promotions is readily available if businesses make use of O2O. This is highlighted below:

Yes, online merchants always provide discounts and promotions online (Respondent 6).

These findings are consistent with earlier studies that argued that discount information is often released through O2O (Phang et al., 2014). In addition to competitive prices, discount information plays a major role in online purchase decisions (Erdoğmus and Çiçek 2011). Therefore, when customers receive discount and sales information, they are aided in their purchase decisions.

However, 33% of the interview participants did not agree with this benefit. Mainly these respondents belonged to industries such as banking. telecommunication, tourism, and transportation etc. Often businesses from these industries have mature marketing setups with well-established customer communication channels. Therefore, having an O2O arrangement does not necessarily mean that they can disseminate information more effectively and that therefore customers benefit in some new way. It could be the case that O2O customers benefit from discounts and sales information from those O2O businesses that are relatively less mature, small-to-medium in size and competing in saturated product segments such as catering, entertainment etc. There may be other reasons for this mixed finding too; for example businesses that do not agree with this concept may not offer discounts or offer smaller discounts. Or it could be that the customers of traditional industries (e.g., banking, telecommunication) may not benefit from discounts as they have less or no scope to offer discounts. However, all these presumptions need further examination.

4.3 Access to reviews or testimonials

Of the interview participants, twenty-two believed that O2O benefits customers by supporting the provision of testimonials or reviews from previous clients who have used the product or service. These reviews are considered valuable for potential customers. This is highlighted below:

> *Yes, consumers place particular attention on previous comments. These comments are one of the direct factors that influence whether consumers will buy it* (Respondent 3 discussing the benefits of access to reviews made available by the online component in O2O).

This finding is consistent with prior studies that argued that online reviews create value by complementing other information presented by the companies on their online shopfronts (Mudambi and Schuff 2010). For customers, these reviews act as a primary source of information about product quality. Online reviews improve person-to-person virtual communication and often factor into customers' decision to buy or not to buy a product or service (Hu et al., 2008).

Another theme that emerged from our findings was that customer reviews may significantly influence the purchasing pattern and decision-making process. Customer reviews can provide the key insights on functionality, ease of use, and quality of O2O product/service, which will help potential customers recognize the utility and use or not use O2O. A number of respondents (e.g. 14,18,20,22) subscribed to this view as respondent 14 put it:

> *Yes, it can help them to make the decisions* (Respondent 14 discussing the benefits of help in decision-making).

Customer reviews may be a two-edged sword with far-reaching benefits for the customers. The reviews that are generally positive, on one hand may provide motivation to businesses to enhance quality benefiting customers, and on the other hand will help customers to get to know the positive perceptions about the product/service to choose the best and make informed decisions. However, the reviews from disgruntled customers or those based on misunderstandings or an intention to create negative images/publicity may provide insights on the concerns and issues with a product/service which may or may not help improve customer purchase decisions. Businesses can also learn from the feedback on their quality of services, which prevents complacency and encourage them to make efforts to provide high -quality products/services, ultimately benefiting customers. The above findings are also consistent with prior studies that have found that

positive customer comments influence the online customers as these comments lead to an 'electronic word-of-mouth' effect (Cantallops and Salvi, 2014).

4.4 Time saving

Of the interview participants, eighteen believed that time saving for customers is one of the benefits - in fact for both businesses and customers. Businesses can save time as O2O helps them understand customer preferences on an ongoing basis and adjust their operations. Customers can save time as the platform facilitates the online product/service search and purchase process. By using the online component of O2O, customers can find information about: their desired product from multiple sources, sellers and their addresses, promotions and discounts, and terms and condition of sales. Therefore, customers save a lot of time in relation to information search, visiting multiple places, journey time, and selection and finalizing the purchase of product/service (e.g. respondents 12,15,16). This is highlighted below:

> *Yes, it is a time -saving strategy. Moreover, merchants can know consumers' preferences and shopping habits according to the analyzed data (*Respondent 11).

> *In these mobile times, the use of mobile phones or other instruments can allow easy acquisition of information and save time (*Respondent 3).

These results resonate with earlier findings as screening and settlement were found to be the two aspects through which customers can save time and energy (Gao, Dong, and Zhang 2016; Scheepers and Scheepers 2008) through O2O. For catering businesses, it was found that adopting O2O saves time and offers convenience (Gaoet al., 2016). The click and purchase features enabled by O2O allows customers to make a purchase online and experience the service or pick up the product quickly at offline shopfront, thus saving time (respondents 2,16,22). In addition, customers can perform a classified search according to price, product features, and brand, which may save a lot of time as explained by respondent 10.

> *Yes, because of that consumers can do the classified search.*

The findings highlight the role of online component of O2O to help customers find the useful information before they visit an offline storefront. With online component of O2O, customers will be able to find the best price bargains and other relevant information 24x7 and could plan their purchase carefully. It saves significant time on completing a purchase which they can use for other activities.

However, six of the interview participants stated that O2O does not save time for the customers. This is highlighted below.

> *No, because consumers have more choices, they may waste time during the process of comparing and contrasting (*Respondent 9 discussing the drawbacks of having multiple choices in the online mode).

One of the reasons offered for such a finding is the availability of too many choices, which may lead to customers spending too much time investigating the product/service, thereby delaying their decisions and ultimately negating any time saving. The other reason could be that fake or inaccurate information may lead to waste of time, especially if the customers rely on the online information and visit an offline shopfront to find that their information is either inaccurate or obsolete. However, such a supposition needs further investigation.

4.5 Direct interaction opportunities

Of the interview participants, twenty-three agreed that O2O provides better opportunities (due to dual presence, compared to just having either all-online or all-offline presence) for unsatisfied customers to communicate with the business. This is because O2O is low cost (cost of communication to customer) and immediate feedback is easy to give and receive. The following quotations highlight this:

> *Yes, if the customers experience dissatisfaction during the traveling process, they can communicate with the managers at any time (*Respondent 9 discussing the communication benefits of the online component in O2O).

> *Yes, the communication cost is lower compared with the past* (Respondent 4 discussing the cost benefits of the online component in O2O*).*

Another benefit that was highlighted by the respondents is that O2O can help streamline information exchange, empowering customers to be able to contact the business either using online or offline or both online-offline channels. It also allows businesses to collect data on customer interactions and improve their services in either of the channels. Respondents 19 explains this benefit in the following words:

> *Yes, the O2O business mode, can benefit to smooth information exchanging, which means that consumers can give feedback to merchants both online and in store.*

These results resonate with earlier findings, which note that O2O facilitates timely customer feedback from anywhere. By this means, businesses can gain better customer trust (Ba and Pavlou 2002). In recent times, companies have employed staff to respond to such feedback. With the online component, O2O also overcomes the hesitation some customers may have in giving face-to-face feedback. Customers may provide positive or negative feedback, and dissatisfied customers often give more feedback than do satisfied customers. Positive feedback may help businesses to strengthen their good practices, while negative feedback may help businesses to minimize issues and problems and improve service delivery, resulting in customer satisfaction and retention.

5. Conclusions, Implications, and Further Research

5.1 Conclusions

Benefits realization and business value of IT remain a fertile and important area of research as every organization wants to achieve the benefits of their IT investment (e.g., Popovič et al., 2018). O2O entails many potential benefits to the business participants, both businesses and customers. However, little is known about the subject, and this study provides a managerial perspective on customer-benefits of O2O adoption. We argue that knowledge developed here will help in the understanding of the behaviors toward adoption and use of O2O and increase the chances of achieving the desired benefits. Specifically, from a managerial perspective, our results show:

1. O2O helps customers to make informed decisions on the basis of timely and better information and to receive value for money. This is an important finding as it shows that an online-offline integration in an O2O arrangement benefits customers as it not only provides access to value-added services available at a physical shopfront, but also provides access to information on products and promotions in a real-time manner. As a result, customers are able to maximize the value of their purchases and spending.
2. By receiving timely information on discounts and sales, customers can achieve savings and plan their purchases more prudently.
3. By accessing other customers' reviews and testimonials, customers may filter out good from bad purchases and hence save the cost and frustration of buying wrong or low-quality products/services.
4. The customers achieve time savings by gaining an improved understanding of products/services functions, features, quality criteria, prices, warranties etc by accessing such information from a variety of online sources including product/service information pages, reviews, and blog sites. Going to physical store will be time consuming, costly and may not be practical in cases of large cities.
5. The dual presence enabled by O2O provides enhanced interaction opportunities to customers at different stages of customer journey including pre, during and after-sales stages. Customers will be able to discuss their concerns, complaints and seek clarifications/answers to their queries using online, offline or both modes which should result in improved satisfaction and loyalty.

Contrary to general understanding, the results show that offering discounts as a benefit to customers is not necessarily an across-the-board applicable approach, because in some industries the margins are too low to offer any discounts. As such, further work may be needed to examine the discount as a customer benefit proposition for adopting O2O. We also find that time saving benefit to customers remains a contentious issue,

as the availability of too many choices may lead to customers spending too much time investigating the product/service, thereby delaying their decisions and ultimately negating any benefits of time saving.

Triangulating the results (Section 4) with the findings of the literature (Section 2), we suggest that while the results provide new insights on the benefits and value of adopting O2O, they also extend the earlier research. Earlier researchers, while not directly examining benefits of O2O to customers, have found that O2O could help customers in achieving time and cost savings, convenience, and enhanced experience (Lee and Li 2016; Yang et al., 2020). This study extends these findings by specifically examining benefits of O2O adoption for customers and providing new insights on benefits such as enhanced interaction opportunities, access to better information (e.g. customer reviews, product discount and promotion information) in a timely manner, improved decision-making, and improved quality of shopping.

We believe that providing a customer benefits perspective on O2O (as explained above) is insightful to both academia and managers because such an approach may enable robust and systematic knowledge building together with the development of solutions for managerial use purposes.

5.2 Implications for Practice and Research

The findings of the study contribute significantly to theory and practice in a scantly researched area—O2O. From an academic perspective:

1. The findings contribute to building theoretical understanding of the perceived benefits of O2O for customers from a managerial perspective. Specifically, the results show managers' understanding of the value associated by the customers to access to timely information about discounts and promotions, customer testimonials, products/services in general; time savings and direct interaction opportunities, which potentially impact the customer adoption and acceptance of O2O ecommerce. O2O, being a hybrid model has its own characteristics and features, which makes it necessary to build theoretical knowledge that captures the distinctness in relation to customers value perception about it, and the study achieves that.

2. The study contributes to ecommerce literature on the benefits/IT value research stream by building knowledge on the managerial perspective of benefits of O2O adoption to customers, furthering the work of earlier studies such as Scheepers and Scheepers (2008).

3. The results will help in furthering theoretical knowledge development on strategies for providing/facilitating identified benefits to customers to accentuate overall O2O adoption. Potentially, the findings will have social and economic implications for the Chinese economy and more broadly regional economies as an understanding of the value/benefits can help O2O adoption and resultant business success.

4. The benefits identified in this study will help future studies to extend this work and come up with more inclusive findings on the customer benefits of O2O to build comprehensive theoretical knowledge on the subject.

From a practical perspective:

1. The findings can be used by chief information officers, IT directors/managers, business development managers, and other senior executives in preparation of a business case for switching to O2O business.

2. Organizations will use the knowledge on the managerial perspective of customer benefits to develop plans for benefit integration into design and deployment of O2O to improve chances of successful O2O adoption and realization of the benefits of investing in O2O.

3. The results will help managers in creating tailored strategies to integrate features and functionalities in the software products used for O2O to ensure that identified benefits are provided to the customers. The findings, as such, may help managers in their O2O infrastructure development efforts and in reducing chances of failure of their O2O venture.

4. The results can be used by managers to make efforts and to plan to optimize complementarities of online–offline resources and infrastructure.

5. Knowing how O2O can benefit customers, managers can strategize to implement marketing and sales campaigns to acquire new customers and cement bonds with existing customers.

6. Policy makers can use the results to establish policies and regulations for further uptake of O2O and thereby facilitate its adoption through institutional support.

5.3 Further Research Opportunities and Limitations

The findings of this study suggest opportunities for further research on O2O. First, more studies are required to complement the managerial perspective of benefits of O2O created by this study by examining customers/users' view of benefits of adopting and using O2O. Such an understanding will lead to recognizing similarities and differences in perceptions and reconciling the differences to help improve successful uptake of O2O among customers. Second, knowledge created by this study can be further extended by identifying benefits from technology, organization, and organizational ecosystem perspectives from both managerial and customers' perspectives. Third, a wider cross-sectional, quantitative survey from customers and managers may be done to obtain a comprehensive and greater understanding of O2O benefits to help accentuate the uptake of O2O. Fourth, another interesting area is the identification of how organizations may realize the benefits of O2O adoption, and developing strategies for benefits realization based on such a study may be very important for developing solutions for successful adoption of O2O. Fifth, more work can examine the benefits in the context of distinct roles (e.g. brokerage type) in an O2O arrangement. Sixth, further research is also warranted to understand how benefits planning and realization is similar or distinct across countries, regions, and industrial concentrations to build a more comprehensive knowledge on the subject. Finally, further work can examine O2O benefits using IT and marketing theories.

In terms of limitations, first, this is a qualitative study involving interviews with a restricted set of respondents, and sample size and scope (while reasonably large in this exploratory type of study) is limited. To access more respondents, a quantitative, cross-sectional study involving both managers and customers should probably be conducted. Second, while the results provide new insights on the managerial interpretation of customers' wants and benefits of O2O, these can be different from the customers' perception, so generalizability of results shall be done with caution. Third, the findings are based on qualitative subjective analysis, and hence must be regarded as subject to possible cultural skewing. Fourthly, as the study was conducted in China, generalization of results to other countries should be made cautiously. Last, while a large number of benefits for businesses and customers have been identified, the list of benefits discussed here may not be exhaustive; further potential benefits may be identified by conducting further study.

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