Today's Environment is Fueling the O2O Market

There's a business revolution underway and you've likely been supporting the movement well before the coronavirus pandemic kicked it into high gear. Maybe it was that online flash sale or those digital loyalty bucks that led you back to your favorite brick-and-mortar retailer. Perhaps it was an app alert for that new pumpkin-inspired latte at the corner coffee shop. Or a rare craft beer release that just went live on your Instagram feed.


Jim Kolchin

Online-to-offline e-commerce, referred to as O2O to those in the know, is here to stay, according to Bay Area entrepreneur Jim Kolchin, who's helping businesses across the nation adapt to yet another new normal. His San Francisco-based

San Francisco startup iWallet is converting paper menus to digital versions via barcode scanners for its growing client base of restaurants, cafes and wineries.

startup, iWallet has been busy converting paper menus to digital versions via the iWallet QR menu generator for its growing client base of restaurants, cafes and wineries.

"People are looking for ways to stay healthy and to eliminate as many sources of bacteria as possible," says Kolchin, a serial entrepreneur who's launched and shuttered several companies, from smart mailboxes to automated knife sharpeners.

The QR code service is free and includes QR menu labels that proprietors can place on tables or windows for consumers to quickly scan via a smartphone or tablet, without downloading any additional apps. Additionally, iWallet does not sell any data or display ads. "We just help restaurants with reopening," Kolchin says. "In addition to that we offer merchants free Avery weatherproof QR menu stickers and table stickers.

"I saw the need to help local businesses open safely," says Kolchin, who enjoys the city's diverse dining scene. He's a regular at The Pig and Whistle, a beloved English tavern nestled at the intersection of Laurel Heights, Lone Mountain and the Inner Richmond neighborhoods. Over the years he befriended the owner, Steve Anderson, who established the pub in 1991.

The pandemic upended his industry overnight, forcing widespread closures and swift changes in consumer purchasing and eating habits. Kolchin, who had been developing QR applications for several years, offered Anderson some help to digitize and update his menus fairly seamlessly.

"I saw him struggling and then he was shut down. Everybody was hurting," Kolchin recalled of the first months of the outbreak. "I knew I

could help."

The Pig and Whistle launched the service in May, becoming iWallet's first customer. Anderson says the technology minimizes the risks of infection for employees and customers, his top priority.

"Implementing iWallet QR payment and menu helped us to maintain a healthy environment," he says.

Since that deployment, iWallet QR menus have been scanned over one million times at venues such as The Venetian and Wynn casinos in Las Vegas, Panera Bread and Marriott International.

O2O on the Go

Consider these global brands the latest to join the O2O market, where merchants provide online product and service information via a website, QR code, application or location-based service, and customers make an order or confirm a purchase, and then pick up that product or access the service offline, typically at the business location.

O2O e-commerce includes in-store pick-up of items purchased online, in-store returns from online purchases, and customers placing online orders inside physical stores. Big players in the O2O space include Airbnb, Uber, booking sites and big-box retailers.

Amazon.com's $13.4 billion purchase in 2017 of Whole Foods Markets, and retail rival Walmart's $3.3 billion deal a year earlier for e-commerce company Jet.com are prime O2O examples.

Though Walmart is winding down the Jet.com brand, the company says the acquisition drove curbside pickups, home delivery and expanded categories beyond groceries into apparel, home décor and others.

Amazon's latest O2O shift centers on the launch of Amazon Fresh stores, where shoppers can utilize its Dash Carts to find items, track purchases and skip checkout lines via grocery scanners and



contactless payment. The first Amazon Fresh store opened last month in Woodland Hills, with other pending California openings in Long Beach, Northridge and North Hollywood. It also opened a store in Irvine.

The ongoing developments are fueling the O2O market, which is forecast to grow from $156.5 billion in products and services last year to $393.1 billion by the end of 2026, with a compounded annual rate of nearly 14%, according to 360 Market Updates.

The Next One

While the pandemic has upended daily life and triggered deep reassessments of the workplace and greater economy, it has also pushed the private and public sector to prepare for the next outbreak.

In the era of social distancing technology will play an even greater role, and QR applications will continue to grow, evident by the recent move by PayPal to introduce contactless QR payments, and Apple featuring more support for QR applications in its latest iOS update for iPhone users. iWallet is preparing to launch its version of QR payments.

"QRs are just one of the ways to adjust to this new environment," Kolchin says. "This is the future." -- By Chris Casacchia, California Business Journal.

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