INTRODUCTION

“Clicks and mortar” signifies the use of electronic commerce (clicks) in combination with traditional (brick-and-mortar) operations. In the domain of business strategy and operations, this has also been known as “bricks and clicks,” referring to the deployment of electronic commerce alongside conventional business operations in a manner that best utilizes the strengths of each channel in a complementary and synergistic manner (Stuart, 2000).

BACKGROUND

Balancing business strategy and operations between electronic commerce and traditional brick-and-mortar channels is one of the most significant challenges facing organizations in recent years. At a strategic level, this challenge raises some significant questions for executives. To achieve success in traditional retail operations in combination with business-to-consumer electronic commerce, it is desirable to achieve a synergy between what optimizes the costs and benefits of each channel. How can business volume grow through electronic commerce without cannibalizing growth in established retail channels? What should be the balance of investment in each channel? Is it possible to establish an interactive relationship such that electronic commerce and the conventional brick-and-mortar business operations are mutually supportive?

At an operational level, there are some even more fundamental questions that are raised by this challenge. First, organizations must distinguish those business activities that can be performed online from those activities whose execution requires a high-touch interaction with the customer and must therefore continue to be performed through brick-and-mortar operations. If certain retail activities such as marketing and presales operations can be performed through electronic commerce, then will the same brick-and-mortar facilities still be required, or will they be reduced or reshaped? If manufacturers adopt electronic commerce to sell directly to consumers, will this enhance the disintermediation of retailers, or will it enhance opportunities for potential cooperation between manufacturers and retailers?

CLICKS AND MORTAR: RECENT RESEARCH

The current research literature describes several perspectives on how firms can successfully deploy electronic commerce in synergy with parallel brick and mortar. Gulati and Garino (2000) state that the degree of integration between the two channels is manifest on several dimensions: the actual business processes used to execute the firm’s transactions, the brand identity of the firm, and the ownership and management of each channel. A firm could own and manage brick-and-mortar operations in conjunction with electronic commerce and yet still not integrate the brand identity or business processes of each one. Alternatively, a firm like Barnes and Noble might integrate the brand identity of its traditional retail operations to its electronic commerce and yet still not integrate the business processes used to execute transactions within each channel.

De Figueiredo (2000) asserts that the characteristics of a firm’s products or services are what primarily determine how electronic commerce can be integrated alongside traditional business operations. He sees the key determinant characteristics as being the degree to which a product varies in quality and the degree to which a potential customer can easily evaluate a product’s quality. Commodity products are of fairly uniform quality, are therefore easy for customers to assess, and hence would lend themselves readily to a clicks-and-mortar approach to electronic commerce. Conversely, “look and feel” products are more difficult for customers to evaluate and will be less likely to be purchased through electronic commerce.

Some recent studies have described that a far more complex synergy exists between electronic commerce and traditional brick-and-mortar business operations. Wilcocks and Plant (2001) assert that there are two distinct paths firms can take in arriving at a synergistic approach to electronic commerce. One path encompasses the creation or extension of an organization’s traditional brand identity into electronic-commerce operations. A less risky path is for firms to utilize electronic commerce primarily as a means to create service and quality improvements in the traditional brick-and-mortar arena.

Bahn and Fischer (2003) contend that there are several very different strategies that firms employ in achieving a clicks-and-mortar approach to electronic commerce. These