Chapter XI

Multi-Channel Retailing and Customer Satisfaction

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ABSTRACT

Customer satisfaction/dissatisfaction can occur at/after the store, on the telephone, on the internet, after a catalog purchase. Customer satisfaction leads to repurchase/loyalty. Customer dissatisfaction leads to lower repurchase/loyalty. However, no research has looked at how satisfaction/dissatisfaction (S/D) in one channel affects the repurchase/loyalty in the same or different channels and the same/different stores. While S/D will increase/decrease the S/D in the same channel it does not always affect S/D in other channels the same way. In addition, S/D in a channel in one retailer may affect S/D in that same channel but in a different retailer.

INTRODUCTION

Retail success has really never been a secret. Michael Porter defined the secrets very clearly (but few have listened well ...except maybe WalMart*and Disney). According to Porter (1985) a retailer can have unique products and services. A retailer can have the lowest prices. A retailer can provide a differentiated and/or interesting experience. Now, today, whatever the foundation the retailer chooses for success, they must be where the customer wants when they want it...anytime,
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anywhere, any place, anyhow (Feinberg, Trotter, & Anton, 2000).

The problem with unique products and services is that there really is no such thing as uniqueness because so much is so easily copied. The problem with low price is that although the business captures large market share that market share does not mean profitability unless your cost structure is lower than the competition (like WalMart*). (Few people realize that WalMart*'s success is not that they have “everyone’s grandparent” greeting you as you walk in but because they sell merchandise (what the customer wants) before they have to pay for it and have a super efficient and effective distribution system (which means a very low cost structure and lower prices to the consumer while still making money). Today, success is defined by a multichannel presence. Customers want seamless multi-channel access (Chu & Pike, 2002; Close, 2002; Johnson, 2004; Pastore, 2000; Thompson, 2003). The reason is quite simple – retailers must be where shoppers want them, when they want them…anytime, anywhere, and in multiple formats (Feinberg, Trotter, & Anton, 2000). If customers want to shop from a store, retailers must have a physical location; if customers want to shop over the telephone, retailers must be available by phone; if customers want to shop over the Internet, retailers must be accessible online. And, in the future, if customers want to shop via a wireless device, retailers must be available by wireless. Multi-channel access is considered one of the top ten trends for all businesses in the next decade (Ernst & Young, 2003; Feinberg & Trotter, 2003; Levy & Weitz, 2003). Indeed, surveys show that consumers not only want multi-channel access, they expect it (Burke, 2000; Johnson, 2004).

Electronic customer relationship management (eCRM) has the potential to enable retailers to better meet the needs of their customers across retail formats and, at the same time, maximize the strategic benefits of a multi-channel strategy. By effectively using modern information technology, retailers are able to offer shoppers the advantages of a one-to-one relationship yet reap the profit savings that accrue from mass-market operating efficiencies (Chen & Chen, 2004). Customer retention lies at the heart of eCRM. As such, eCRM is increasingly viewed as vital to building and maintaining customer loyalty.

The research on eCRM has been very conceptual in nature outlining research agendas and possible strategic models of the nature and scope of eCRM (e.g., Parasuraman & Zinkham, 2002; Varadarajan & Yadav, 2002). The most recent review of the eCRM literature suggests that we really know three things about eCRM (Zeithaml, Parasuraman and Malhotra, 2002).

1. eCRM is multidimensional and each study examines a “favorite” attribute it finds to be important. But, as yet, we do not know if ease of use, privacy, site design, or any of a variety of attributes is determinant of some eCRM outcome.
2. Consumers really care about eCRM after negative online shopping or service experiences. Consumers seem less concerned with eCRM issues following routine web interactions.
3. While there is anecdotal evidence to suggest e-satisfaction to be important for purchase, repurchase and loyalty, the evidence is simply not empirical and/or strong.

In reading Zeithaml, Parasuraman, and Malhotra’s review of the eCRM literature, it appears that eCRM is seen as an independent issue from other points (channels) of satisfaction. This may actually simplify a more complex process that is going on. eCRM is part of a broader issue of customer satisfaction. What happens in the “e” channel, what happens in the store channel, and what happens in any other channel has an effect within the channel it occurs and in the retailer’s other channels.