Multichannel Retailing and Consumer Behaviour: Strategy Design and Implementation

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ABSTRACT

This article aims to analyse and offer managerial guidance about the processes of planning, implementation and control of a multichannel strategy within the framework of Multichannel Customer Management Decision (MCMD). To achieve this objective, firstly we justify the growing adoption of a multichannel strategy by retailers and channels participants. Following MCMD framework, the authors analyse the consumer behaviours linked to this kind of strategy in order to deeply understand the factors which affect consumer choice decisions related to channels. Alternative channels to brick and mortar retail channel are described, such as online channel. This helps us to offer a guide to define the multichannel strategy. Additionally, they give some ideas about the implementation of this strategy. Finally, in order to get a feedback to this planning process, the authors suggest carrying out a control phase. The work ends with conclusions section and future research streams.

Keywords: Channel Migration, Channel Performance, Customer Channel Choice, Multichannel Consumer, Multichannel Strategy, Omnichannel Consumer

1. INTRODUCTION

Retailers have several available ways to sell their commodities and services. The range of conventional channel alternatives has been enlarged with the widespread use of Internet. This fact has changed consumers’ shopping patterns and the retailing industry (Ramcharran, 2013). Online sales have come to represent 10% of sales revenues in the USA (Dunne, 2013) and this figure is continuously growing. Indeed, companies like Disney or Apple have changed their channels structure, transforming digital campaigns ‘from a liability into an asset’ (Rigby, 2013).
Despite this fact, many retailers are not technology-savvy, ignoring this reality, which can threaten their profitability and survival.

Undoubtedly, Internet is one of the pillars of the actual retailing strategy because its emergence as a highly effective channel appeared obvious. Its capacity to deliver ‘tangible economic gains’ (Vijayasarathy & Tyler, 1997, p. 286) has been the ‘primary catalyst for the explosion of interest and activity in electronic business’ (Doherty & Ellis-Chadwick, 2010, p. 946). Specifically, it has become one of the most important mediums of communication and exchange, joining consumers and retailers’ interests. Publications and research about online retailing has increased dramatically year by year (Schibrowsky, 2007), even establishing implications for many other disciplines (i.e., legal, computer science, sociological).

Regarding Internet retailing, some researchers predicted that this way to interact with consumer could eliminate intermediaries. For instance, Alba et al. (1998, p. 49) stated: ‘disintermediation might be the most important structural change brought about by interactive home’. However, evidences show that Internet has not totally destroyed bricks-and-mortar retailers (Doherty & Ellis-Chadwick, 2010; Dunne, 2013; Levy & Weitz, 2012).

Internet and new technologies have gained market penetration and more and more people use them. For this reason, some researchers highlight the idea of combining online and physical sales channels, exploiting the synergies arising from the integration of e-commerce with offline channels (Steinfield et al., 2002). More effective inventories management, implementing an integration of marketing communication strategy in a simpler way, or accurate availability of information and product are clear benefits of a multichannel strategy. Therefore, currently a multichannel retailing is almost a strategy unavoidable. Retailers like Zara, Wal-Mart or Apple combine traditional physical stores with online websites. ING Direct, the famous Holland online bank, is now opening physical branches around the world. The web-based company Amazon.com has expanded to mobile channel. Increasingly, the conception of a retailer is changing to a multichannel manager, combining break-and-mortar store, website, catalogs or direct selling, creating synergies and providing a better service to their customer.

Despite the increasing importance of multichannel retailing in practice, theoretical contribution of a broad theory of how to manage several channels together and evidences about this results are very limited (Avery et al., 2011). The purpose of this work is to analyse and offer managerial guidance about the processes of planning, implementation and control of a multichannel strategy within the framework of Multichannel Customer Management Decision (MCMD) (Neslin & Shankar, 2009). This multichannel decision framework is adapted from Blattberg et al. (2008, p. 659; see also Rangan, 1995). The MCMD framework identifies five tasks for a multichannel manager, in particular:

1. **Analyse Customers:** Develop appropriate customer segmentation for multichannel strategy and design.
2. **Develop Multichannel Strategy:** (i) Efficiency, segmentation or customer satisfaction; (ii) competition assessment.
3. **Design Channels:** (i) Which channels should be employed?; (ii) what should be the function(s) of each channel?; (iii) should customers be ‘right channeled’?
4. **Implement:** (i) Marketing programs; (ii) organizational coordination; (iii) marketing mix coordination.
5. **Evaluate:** (i) Single view of customer or customer perspective; (ii) channel accounting or firm perspective.

More specifically, we aim to provide a holistic analysis of the multichannel strategy, encompassing the business perspective (as strategy) and the consumer perspective (as behaviour). Since we base this research in a design-implementation-control scheme, we provide a literature review about multichannel retailing strategy and consumer behaviour, a description of the main selling channels, and some implementation ideas. Finally, in order
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