Chapter 10
Towards a Benchmark in the Innovation of the Retail Channel

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ABSTRACT
In recent years, the issue of innovation in marketing channels has assumed an increasing importance, but this topic has been considered in reference to specific areas of innovation or to single categories of subjects within channels. Despite this, there is a lack of contributions that provide guidelines to excel in innovative retail channels. This chapter aims at describing the set of features of benchmark firms awarded for the innovation in retail channels and proposing an illustrative framework to be followed by retailers who choose the path of innovation. This objective is carried out throughout a systematic analysis of related literature both on innovation and benchmark in retail channels and throughout the analysis of 127 benchmark retailers awarded with two important prizes for innovation in the period 2011-2014. Results allow the creation of a set of best practices for innovative retailers, thus providing an important contribution to this topic.

INTRODUCTION
In the last decade, the issue of innovation has assumed a higher and higher importance in marketing studies by providing tools for increasing consumers’ experience (Pantano & Viassone, 2013), by quickly replying to environmental changes in market trends, by developing new strategies for increasing market shares and by successfully exploiting the existing resources (Hauser, Tellis, & Griffin, 2006).

Along the way retailing has become a huge part of the global economy: in fact in the US consumer spending on it represents 70 percent of gross domestic product (GDP). Today it is possible to assist to a most profound change that the retail industry has ever gone through and to significant changes in the way consumers shop, where they shop and when they shop. All these facts have entailed deep changes in the retailing landscape (IBM, 2012).
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Several multichannel firms offer customers the possibility to visit the retailer through different channels for different purposes, such as making purchases offline or getting information online, etc. Retailer practice is increasingly encompassing a broader range of activities as retailers expand the boundaries of their target markets and develop new ways of interaction with customers and channel partners (Sărescu, Frambach, Singh, Rangaswamy, & Bridges, 2011).

In particular, innovation in marketing channels is a topic that has been considered in reference to specific areas of innovation or to single categories of subjects within channels.

In recent years, the evolution of the Internet as a new important distribution channel has obtained much attention; indeed, e-commerce has become an essential channel of distribution in the retail sector. Many products like clothing, tools, books and electronics are increasingly purchased online by customers (Seitz, 2013). Multichannel retailing is challenging because it requires retailers to have functional integration across areas such as marketing, inventory, order fulfillment, and product returns so that the operations and logistical efforts are streamlined with the frontend marketing activities (Mollenkopf, Rabinovich, Laseter, & Boyer, 2007). It consists of an extensive use of information technologies to digitize and integrate resources and operations from physical and online retail channels (Oh, Teo, & Sambamurthy, 2012).

Main innovations in retailing consist prevalently of: changes in business models, store formats and technologies, fundamentally new ideas and concepts for pursuing growth opportunities in global markets (Shankar & Yadav, 2011).

Starting from them, important questions could be asked: What are the main drivers of innovation in retail channels? What are the features characterizing benchmark firms in innovation in retail channels? Are there guidelines to be followed in order to become the best firm in this field? And, finally, more generally, what are the strategic implications for retailers? Exploring answers to these and related questions is the focus of this special issue.

Fewer studies have been conducted with a perspective referring to the channel as a whole (Musso, 2010). A higher number of papers have investigated innovation in retailing as ‘product innovation’ for distribution companies (Dawson, 2001; Castaldo, 2001) with a particular focus on communication technologies (Tardivo, Viassone, & Scilla, 2013) and their implications for marketing channels (Kim, Cavusgil, & Calantone, 2006; Hausman & Stockb, 2003).

If the studies concerning innovations in retail channels are limited, it is registered a real lack of contributions that provide guidelines to excel in innovative retail channels.

This chapter contributes to literature on this topic by describing the set of features of benchmark firms awarded for the innovation in retail channels and proposing, in this way, an illustrative framework to be followed by retailers who choose the path of innovation.

This objective is carried out throughout a systematic analysis of related literature and throughout the analysis of 127 benchmark retailers awarded with two of the most important prizes for innovation in the period 2011-2014. The heterogeneity of sectors considered in our sample is useful to determine the main common characteristics that make them excellent; in this way, the sample is representative for our exploratory research, which aims at deeply drawing up paths of innovation for retailers.

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Results show how most winners are selling their products via both brick-and-mortar and eCommerce web sites, in addition to mobile web sites and other channels.

These results in the creation of a set of best practices for innovative retailers, thus providing an important contribution to the literature and