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**Master of Science in
Management, Economics and Industrial
Engineering**

**Understanding Companies
Behavior in a Multichannel
Environment: a Field
Study in Italy**

**Supervisor: Prof. Lucio Lamberti
Assistant Supervisor: Shan Chen**

**Master Graduation Thesis by: Giovanni Aliprandi 766233
Valerio Intini 764723**

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For anyone who can read his name in this simple Grazie

Giovanni

For my family, without whom I would not be the person I am

Valerio

SOMMARIO

Sebbene in letteratura non vi sia una definizione univoca di Marketing Multicanale, questa strategia viene considerata ormai fondamentale nel Marketing moderno. Il concetto chiave che si può facilmente trovare in tutte le definizioni di Marketing Multicanale, prevede l'utilizzo e l'integrazione di diversi canali di comunicazione e di distribuzione. Attraverso un'attenta analisi della letteratura presente e uno studio sul campo, con interviste a trentadue aziende operanti nel territorio italiano, la ricerca si propone di individuare e definire le caratteristiche di cluster omogenei nell'implementazione di questo tipo di strategia. Le aziende di riferimento sono inizialmente suddivise tenendo conto della dimensione, del tipo di output fornito, se servizio o prodotto, e del mercato di riferimento, B2B o B2C; per ogni combinazione di queste caratteristiche sono state tenute in considerazione e quindi intervistate quattro aziende. I risultati vedono la presenza di quattro gruppi predominanti, rispettivamente *Why Should We?*, *Cautious*, *Presence*, *Innovative*.

Ognuno di questi gruppi mostra uno specifico approccio alla Multicanalità e delle caratteristiche peculiari. La ricerca analizza dunque questi clusters dal punto di vista demografico, dell'integrazione tra i diversi canali, della misura delle performances e, infine, dell'utilizzo o non utilizzo del canale mobile.

Il risultato finale della ricerca consiste nella profilazione archetipale del comportamento delle aziende italiane all'interno dell'ecosistema del Multichannel.

ABSTRACT

Literature does not show a unique and well-defined definition of what Multichannel Marketing should be intended and this concept is still emerging and is becoming extremely important in modern Marketing strategic approaches.

The key concept, which is recurring and widely accepted in all the definitions provided, entails the exploitation and the integration of different communication and distribution channels.

After a deep and clear analysis of the existent literature, a field study was conducted and 32 interviews to Italian companies were collected.

The research has the purpose to identify and define the characteristics and the behaviors of homogeneous clusters of companies when approaching to Multichannel.

The reference companies were initially subdivided by their size, the typology of output released, either product or service, and by the market of reference, be it B2B or B2C.

For each combination of those characteristics, four companies were identified and interviewed.

The research showed four groups, namely *Why Should We?*, *Cautious*, *Presence*, *Innovative*.

Each of these groups shows a specific approach towards Multichannel and some peculiar characteristics.

Hence, the research analyses these cluster under demographic, channels integration, performances measurement and, last, under the usage of the mobile channel points of view.

The final outcome of the study is an archetypal profiling of the behavior of Italian companies in the Multichannel environment.

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EXECUTIVE SUMMARY

Multichannel Marketing is a concept that is spreading and increasing in importance among enterprises; it is a subject that permeates and influences the entire web of interconnections between companies, the market, their customers and the products/services offered to them, even though it still is an emerging topic.

Conversely, the implementation of such strategies is not so well defined and a growing need for clarity and safe paths for Multichannel exploitation has emerged.

The Italian scenario is characterized by the presence of the so-called “Piccole Medie Imprese (PMI)” (SME/SMB, Small-Medium Enterprises/Businesses for the Anglo-Saxon world), consisting of small realities, usually competing in a short range markets.

The purpose of this study is to analyze, identify and profile the behaviors of companies operating in the Italian territory, considering not only PMIs, but extending the research to the whole broad spectrum of companies settled in Italy.

Chapter 1 proposes an introduction of the research, specifying the objectives of the study and a brief description of the topic.

Chapter 2, Literature Review, provides a comprehensive review of previous studies and researches on the topic of multichannel market. The main objectives of the study were to develop an analysis of the actual situation of the Italian companies, regarding the theme of Multichannel Marketing. Literature review can help the reader to understand the main elements that define this topic.

Literature review is organized in such a way to reflect the parts that compose the framework of the research, which will be described in Chapter 3: *The Company, the Channels, the Market, the Performances*.

Four main sections compose Chapter 2, three of them representing in detail the main areas of multichannel, and the last one describing the performance

measurement issue. Section 2.1 presents the multichannel companies and their fundamental characteristics, with a part dedicated to the implementation and to the description of the main features a well-developed Multichannel strategy should have, with a particular focus on the positioning strategies companies may adopt in their approaches towards the market in which they compete. Literature showed a lack of a precise definition of the “Multichannel Company” and this deficiency was also found in some interviews.

Section 2.2 is about the channels and the organizational structure of the company. It describes clearly two fundamental variables composing the framework of reference: channels structure and, particularly, the Mobile channel, which will be taken as differentiating element in the final analysis for its peculiar characteristic. In fact, the temporal dimension of the introduction of the mobile medium conditioned the way of making business and for this reason was retained interesting to analyze how companies face this channel.

The market, section 2.3, is related to understand who the multichannel customer is, his behaviors and some of his identifying elements to be taken into account, such as customer migration, the research shopping phenomenon and customer loyalty.

The importance of this part and its relevance for the framework derives from the role of the customer has in a company’s life, which can be considered as its final goal to reach.

Section 2.4 is about the performances and metrics of measurements. This topic is connected with the three previous ones since performances are related to the company, to the different channels and to the customer. Here, are presented performance from different point of views, general, multichannel, online and mobile. Performance measurement is a delicate aspect, due to its extensions, since performances may cover every little and trifle element composing the business environment. Previous literature has underlined a weak consistence in the definition of an effective performance measurement system and has highlighted the flexibility performances show, in the sense that they can be adapted, modeled and manipulated with different combinations; this factor allows companies to choose which configuration to adopt. Performance measurement literature is

divided into *General measurements, Cross-channel measurements, Online measurements and mobile marketing measurements*, following the structure of the framework.

Chapter 3, Framework, presents the areas in which the research was conducted. It starts from the identification of the main characteristics of the companies, the channels, divided into Online, Offline and Mobile, the market, Integration, and performances.

Companies were identified by three main drivers: *Dimensions, Market of Reference, Typology of Output*.

Subsequently, the analysis of the responses aimed at differentiating companies following the Miles and Snow strategic model: *Proactiveness, Basis for Competitive Advantage, Market Focus, New Product Development, Profitability*.

The New Product Development variable was changed into *Approach towards the Mobile*, to accomplish the analysis of the attitudes towards this particular channel.

More in detail, section 3.4, integration, present a brief description of this element taking into account different ways and variables that affect it.

Section 3.2 analyses the channel structure of the respondent companies. The analysis followed three main directions: *Usage, Scope, Importance*. These variables were used to define in a general way the different channels that may be exploited by companies.

On a second step, each of the three typologies of channels composing the framework, namely *Offline, Online, Mobile*, were analyzed separately.

In particular, the Online channel was further subdivided into the analysis of the website, the social networks and the presence of online stores.

Section 3.3 describes the Market area of the framework. The objective of this part is to provide some environmental variables that may be linked to the behaviors and channel structures of companies, in order to define their approaches in the Multichannel environment.

Section 3.4 analyzes the concept of Integration, whose analysis referred to the framework developed by Saeed, Grover, and Hwang (Khawaja A. Saeed, 2003), who provided four different kinds of integration, namely *Content integration, Informational integration, Logistical integration and Cross-channel integration*.

Section 3.5 defines the patterns followed to identify companies in their performance measurement behaviors.

Performances analysis was identified by two drivers: *Depth/Specificity* and *Single/Multiple Channel*. Then, the analysis distinguished between *General measurements*, *Online channels' measurements*, *Customer Satisfaction*.

Chapter 4 is about the methodology applied in order to develop the work. Preliminary phase includes the definition of the work, the development of the questionnaire according to the main areas of the framework and the classification of the target groups. Here groups have been defined by their dimension, their output, if product or service, and their target market, if B2B or B2C. Moving on, section 4.3 is related to the methodology followed in the operative phase, with the contact of the companies and the collection of the data through the interviews. Interviews consisted of 11 questions, grouped into three main groups, regarding the topic of Multichannel, the Mobile channel and to the general description of the companies and their strategic approaches. The last part of the Methodology chapter, section 4.4, describes the part of the work made after the interviews, that is the transcription of the records and the analysis, made in order to better clarify the positioning of the companies for what concerns the theme of multichannel marketing, and to understand the behavior of each cluster.

Chapter 5 presents the results of the analysis in terms of demographic profiling of the companies interviewed, and of their approaches towards multichannel. More in detail, four clusters were found, namely *Why Should We?*, *Cautious*, *Presence*, *Innovative*, reflecting companies behaviors towards the Multichannel environment. Each group was analyzed according to the main topics of the questionnaire, namely integration, performances and mobile. The chapter presents the analysis of each question and, in the end, the description of each cluster, by taking into account even the demographic characteristics. Moreover, a company as example for each cluster was described.

Chapter 6 shows the implication of the qualitative analysis made, with some suggestions about possible further research about the topic of the analysis.

1.INTRODUCTION

Literature considers Multichannel marketing an increasingly important concept in the recent years. Nowadays, this concept is well defined in marketers' minds even if it may assume many different facets that still do not allow an absolute definition of the term.

It implies the presence of more than one channel of communication or distribution and strong integration and coordination between them. Channel can be divided into offline, as for example a traditional store for sales; online, as the company's website or a page on a social network for the communication and the mobile, that represents all the possible initiatives that a company can carry on with the use of the mobile media, like smartphones and tablets, and the mobile and wireless connections.

On the other side, integration and coordination are the core of a Multichannel strategy: all the channels should work as a unique one.

A company's competitive advantage no longer lies in elements such as quality, price, functionalities and so on.

Even the implementation of a multichannel companies can represent a different source for competitive advantage and differentiation.

Naturally, elements such as product's quality and in general tangibles attributes are easier to measure. Multichannel is different: when measuring the performance is important that all the elements included are considered. For this purpose, it could be important to investigate about how companies measure their performance and if they use some dedicated indicators suited for this strategy.

The objectives of the thesis are multiple: first of all, to provide a representation of the Multichannel Marketing literature through the analysis of papers and contributions made by different authors.

Second, to conduct a research across a sample of companies in order to verify their concepts of Multichannel Marketing, and compare it with the ones expressed

in literature, trying in this way to found what they have in common and the possible differences between them.

Moreover, once identified what companies think about Multichannel, the analysis is carried out to identify patterns among companies having the same approach towards Multichannel marketing. For this purpose, a research was made by interviewing different companies located in the Italian country. The method used is the Field study, in which open questions are asked to interviewees made available by companies. Analysis is made by taking into account mainly the approach companies have towards multichannel, and then criteria such as integration, performance and mobile.

In the end four main cluster have been identified, each one with a specific approach towards Multichannel and different characteristics from other ones. More in detail, first cluster named *Why should we?* does not have any Multichannel strategy for different reasons. On the other side, the second cluster, *Cautious*, is made up by companies that have a prudent approach toward the use of a Multichannel. Differently, companies that made up the third cluster have a clear opening to this strategy, in order to have a presence in every possible channel, as the name of the cluster suggests, *Presence*. The fourth cluster uses Multichannel as a differentiation way to develop and innovate its business. For this reason, this cluster is named *Innovative*.

2.LITERATURE REVIEW

2.1 THE COMPANY

2.1.1 The Multichannel Company - Introduction

The review of the part of the literature regarding the company's side, the analysis went through all the publications that were mostly about multichannel management, since in that area was found the majority of the indications considered useful to derive a thorough description of how a multichannel company should be.

Hence, this explorative method was used in order to make possible to describe what a multichannel company is, following a path in which with a research of the ingredients that make up a multichannel company and the organization of the most important elements that best describe it: these are trust, integration and coordination, synergies, cannibalization.

Trust

One of the characteristics a company should have in order to be effective in the multichannel environment is trust. Trust is defined as the willingness to rely on an exchange partner in whom one has confidence, reliability and integrity (Hahn & Kim, 2008). When talking about trust as regards multichannel, one should consider different kinds of trust. It would result clearer with an example.

Customers who surf the net with the purpose of purchasing on-line need to feel safe while processing the transaction, perceived risk is key while analyzing customer willingness in purchasing. (Albesa, 2007) So, they feel more comfortable when they purchase on reliable and well-known websites.

This leads to two key aspects to be considered while defining trust in the multichannel environment: the risk/uncertainty associated with reliable processes and brand trust.

More in detail, multichannel retailers may benefit from the fact that site visitors are aware of a company's physical store network and thus have lower risk perception in the online channel; hence, it will affect positively both customer satisfaction and retention. The reputation of the offline store also affects positively the online one. Common infrastructure, operations and cross-channel marketing can be also an advantage of a multichannel enterprise (Teltzrow, Berendt, & Günther).

Brand trust is essential since, when undertaking a multichannel approach, companies which rely on a strong offline trust can have customers more willing to buy and more directed towards the search for information on their on-line stores (Hahn & Kim, 2008).

Also, a trustworthy brand is not only a purchase proxy but could also be a useful feature to increase the acquisition rate of the firm (Goersch, 2002)

Evidence of trust importance is also suggested by other authors (Steinfeld, Bouwman, & Adelaar, *Combining physical and Virtual channels: Opportunities, Imperatives and Challenges*, 2001; Steinfeld, Adelaar, & Lai, *Integrating Brick and Mortar Locations with E-commerce: understanding synergy and opportunities*, 2002); though referring to synergies, they agree in stating that trust is fundamental. They analyze the case of click and mortar companies for which the presence of offline stores, and not only on-line ones, is a trust enhancer for customers because if there would be an accessible location to which goods can be returned or complaints may be registered, it will make them more confident.

In addition, Denise D. Schoenbachler, and Geoffrey L. Gordon point out that trust is also fundamental when considering privacy, since sites which keep personal information private will lead to a competitive advantage for the company (Schoenbachler & Gordon, 2007).

So, researchers had concluded that the higher the trust in different channels, the higher the possibility to have a positive view of multichannel purchase by customers (Hahn & Kim, 2008). The same conclusion is also reached by Hung-Chang Chiu; even Denise D. Schoenbachler, and Geoffrey L. Gordon; while discussing about perceived risk they state that willingness of purchase is higher when perceived risk is lower (Schoenbachler & Gordon, 2007; Chiu, Hsieh, Roan,

Tseng, & Hsieh, 2009). Furthermore, channel cross-promotions could help firms in boosting trust for new introduced channels (Goersch, 2002).

In conclusion, previous studies suggest that companies should particularly take care of trust. From the analysis of literature, it seems that companies that are already players, well known and trusty in one or some channels, could considerably switch channels more easily and with, say, a faster effectiveness than companies that have not such a strong trust or are purely single channel. Hence, trust could probably be regarded as one of the determinants of a successful multichannel company.

Integration-Coordination

To understand why integration and coordination between new online and traditional channels are basic (Duffy D. L., 2004) in multichannel environment, the starting point is referring to some of the advantages of multichannel: one of the many is that consumers have the ability to seek among multiple channels based on their unique strengths (Berman & Thelen, 2004). This highlights the great importance for a company to have coordinated and integrated channels and strategies even if it is a topic that not all the companies have clearly understood and implemented yet. In fact, in her work, D. Andreini warns the readers by saying that Channel marketing literature has underlined the importance and the advantages of developing multi-channel integration strategies but their implementations are still scarce adopted (Andreini, 2008). Moreover, she stresses the fact, citing Steinfield et al., Gulati & Garino, that little attention has been given to the level of integration and the factors affecting this decision, which are part of a multichannel strategy.

Integration has not been deeply analyzed in the literature: researchers (Andreini, 2008) have given much attention and deeply examined the introduction of the internet in pre-existed retail channels but little attention has been given to a strategic aspect of multi-channel strategy: the level of integration and the factors affecting this decision.

Integration is defined by Daniel Goersch as " *the simultaneous and consistent employment by a retailing organization of web sites and physical store-fronts in*

addition to other channels, such that customers derive a seamless experience when they switch channels during their interaction with the retailer” (Goersch, 2002) while for D. Andreini integration is defined as “the activity of traditional retailers to synergize between physical infrastructure (stores) and virtual channels (internet), which together should enhance the customer value, and maximize profits for firms” (Andreini, 2008).

Multichannel integration also involves providing an integrated system capable of handling multiple channels or operations for an enterprise and involves integration of different channels as well, suggests Fai Ganesh. (Ganesh, 2004)

Firms operating this way and developing an integration between virtual and physical retail channels are identified as Click and Mortars firms (Andreini, 2008), which are represented by traditional retailers with store chains or outlets, which have added the Internet as new channel for selling.

To better understand the competitive aspect of the multichannel environment, it is relevant to quote Pure Players firms, which are companies operating only on-line using the Internet to sell products and services (Andreini, 2008).

One of the main goals of a well-integrated multichannel strategy is that consumers must view the firm as a single entity with complementary distribution alternatives (Berman & Thelen, 2004).

But, integration is not as easy as it could seem: in fact is one of the main challenges marketers face while implementing a multichannel strategy: difficulties emerge in trying to integrate traditional with emerging channels, so integration on one hand is definitely a great way to obtain benefits, particularly integration between on-line and off-line channels is a revenues and cost reduction driver (Teltzrow, Berendt, & and Günther), but on the other hand it must be carefully managed in order to avoid a wrong channel decision, since more channels means greater probability of making the wrong decision (Valos, Polonsky, Geursen, & and Zutshi, 2010).

Hence, Multichannel integration is not always easy to implement. Daniel Goersch indicates that retailers could face many challenges among which the ones concerning integration in the informative system or integration with business partners in the supply chain are to be paid a particular attention; under an

organizational point of view, integration could be difficult if an effective system of incentives would not be created or if the risks and the conflicts related to the channels that would be integrated are not taken into consideration (Goersch, 2002; Hughes, 2006)

Another advantage of integration is suggested by Fai Ganesh who considers that many benefits can be associated with a good multichannel integration strategy among which was reported that it leads to a better retention and loyalty, better forecasting of future sales and so a better planning, synchronizing promotions across channels. (Ganesh, 2004)

Customers can also benefit from integration because they could live a seamless experience across all the firm's channels tha (Albesa, 2007)nks to integration since they are free to choose where, when and how to interact with the retailer (Chatterjee, 2010).

Furthermore, integration between physical and virtual channels can give rise to many opportunities to enhance customer value (Khawaja A. Saeed, 2003).

In fact, among the six factors proposed by Sara Valentini, Scott A. Neslin, and Elisa Montaguti, channel integration is one of the main aspects affecting consumers' behavior while approaching channel choice (Valentini & Montaguti, 2011).

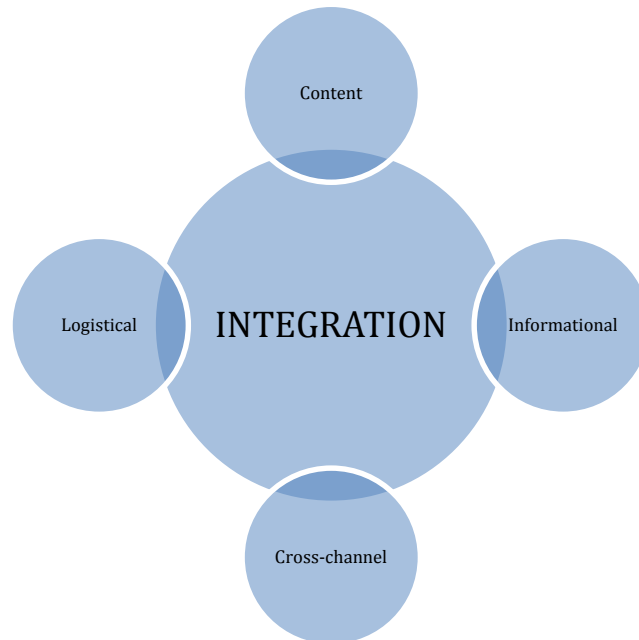
Retailers could also make consumers more satisfied with the implementation of multichannel integration functionalities such as the advertising in the videos in YouTube or the possibility to share a content in another website; in this way websites become a self-service instrument for customers that help them in interacting with retailers (Goersch, 2002).

Some authors define channel integration stating that "*It involves a synergistic combination of channel functions*" (Wallace, Giese, & Johnson, 2004) while others (Khawaja A. Saeed, 2003) point out different kind of integration:

- *Content integration*: it can allow customer to use product information published in paper-based media to locate and order products online. Customer can also use the web to acquire information about the product and visit the physical store to examine them before purchase. In some

occasion website enables customer to configure the interface base on product and aisle preferences

- *Informational integration*: it can allow customers to locate the nearest store, check inventory and order through the channel of their choice. It allows customer also to be provided with account information and loyalty programs online



- *Logistical integration*: it can enable customers to pick up their

order and make **Figure 2.1 - Different types of integration** product returns through channel of their choice.

- *Cross-channel integration* allows a company to offer its customer more options; it enhances customer convenience and fosters customer relationship. Most of the times, systems not only have to be integrated but also reengineered to meet customer expectations.

COORDINATION

Coordination and integration are strictly related, as Jaume Gené Albesa suggests: *when truly integrated, channels provide many paths, for example moving from physical and virtual channel at the same stage of the purchase process.* (Albesa, 2007) The importance of coordination is supported by Scott A. Neslin, and Venkatesh Shankar who say that coordination is neither preferable nor advisable but compulsory since it will provide better marketing spending among channels and it will also provide better experiences and messages to send to the customers

(Neslin & Shankar, Key issues in multichannel customer management - Current knowledge and future directions, 2009).

Coordination is not only intra company but it is also coordination with channel partners, especially firms that sell through intermediaries. An important issue is the collection and integration of customer data (Neslin, et al., 2006)

Companies need to have coordination and control mechanisms which include interoperability across channels so that customers may move freely between, use each channel to promote the other, incentives encouraging cross –channel coordination and coordinating customer services to ensure that the unique strengths of each channel are utilized. Charles Steinfield, Thomas Adelaar, and Ying-Ju Lai also found in their case study that for cooperation across channels it is possible to develop compensation schemes that enable employees or owners at physical outlets to benefit for the e-commerce channel (Steinfield, Adelaar, & Lai, Integrating Brick and Mortar Locations with E-commerce: understanding synergy and opportunities, 2002).

Channel coordination can take two forms: coordinating across channels at a given stage in the customer decision process and coordinating across channels and stages of the customer decision process.

Potential benefits that arise from coordination are economies of scale, differentiation of offerings by channels, better information about customers, higher entry barriers, better communication, better service levels, and lower probability of channel conflicts (Neslin, et al., 2006).

On the other side, coordination leads to some potential costs: loss of strategic flexibility, large capital investment, higher fixed costs to provide coordination between activities, increased need of expertise to manage different channels, inability to move quickly in the marketplace. (Neslin, et al., 2006)

Under a price point of view, firm can change their price policy in three ways:

- Charge different prices across channels, with brick-and-mortar applies a discount, effectively lowering the price in this channel
- Add surcharges for the use of certain channels;
- Sell different products in different channels, so prices are not directly comparable (Neslin, et al., 2006).

Coordination has not only advantages, but has also some issues to be taken into consideration. For instance, the various channels interact and feed off each other but it is very difficult to address a sale to the channel that had generated it; it is necessary to develop methods for decomposing firm's revenues by the channel that had generated it (Neslin & Shankar, Key issues in multichannel customer management - Current knowledge and future directions, 2009).

This is one of the principal topics that should be analyzed properly, because this factor is considered a distinctive characteristic of a multichannel company.

So, if channels are not coordinated in a proper way, it could become very challenging and really hard to obtain an effective evaluation of the channels.

Furthermore, multichannel distribution can be seen as a coordination problem in which service delivery processes need to be made accessible through multiple channels to different market segment, where channels can be complementary, supplementary or substitute. There is also a need of coordination of multiple channels in which the content of the service delivery process is made accessible to different market segments in different phases of the service delivery process (Heinhuis & De Vries, 2007).

Finally, coordination in a company seems essential. This theme has been inquired in the literature, especially the regarding the possibility of implementing a Multichannel without a high level of coordination (Rangaswamy & Van Bruggen, 2005).

Synergies

Literature was often inquired about the motivation that lead companies to implement a multichannel structure and if this type of strategy leads to some advantages. If made in the right way, the implementation of a multichannel structure can lead to some advantages.

From the customer side, it is possible to mention the advantages in terms of time and effort savings as well as the option to search for and compare information.

On the other side, each manager can give their own answers, but everyone can argue that one of the main advantages that company can find in utilizing multichannel strategy can be connected to one of the most famous adage by

Aristotele: the whole is great than the sum of the parts (Keller, Brand Equity Management in a Multichannel, Multimedia Retail Environment, 2010).

This is possible by exploiting synergies. Walter G. Scott, and Roberta Sebastiani define synergy as “*a phenomenon related to the execution of function by two or more elements, in which two or more factors or activities produce, if combined better results than the ones that can be obtained by let him work each one by itself*”. Physical and virtual channel synergies can be exploited in various ways to help differentiate products and add value in various ways without necessarily increasing (Steinfeld, Understanding Click and Mortar E-Commerce Approaches. A Conceptual Framework and Research Agenda, 2002).

The main source of synergies is the combination and coordination of channels. They arise not only from the ability that a multichannel approach offers for reaching new customers and offering new services, but also because each channel can have spillover effects that result in increased purchases and reduced costs in other channel. Once understood which is the main source of synergies, one question arises and is related about how channel can be coordinated and combined to gain advantage.

The easiest and most intuitive way is the sharing of:

- *Common infrastructures*: an example is when a firm relies on the same logistic system for handling distribution of goods for e-commerce activities as well as for delivery to its own retail outlets;
- *Common operations*: for instance an order processing system can be shared between e-commerce and traditional channels;
- *Common marketing*: such as the share of a common product catalogue, a sales force that unde

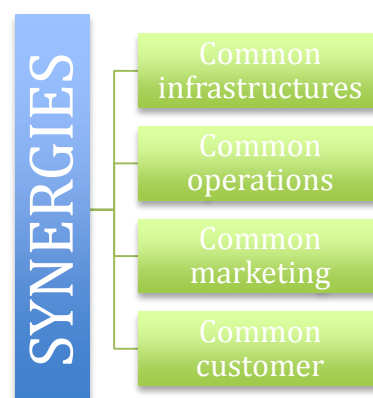


Figure 2.2 - Source of synergies

rstands the products and customer needs and directs potential customers to each channel;

- *Common customers*: for example customers that need some products can use both traditional and online channels. (Steinfeld, Adelaar, & Lai, Integratin Brick and Mortar Locations with E-commerce: understanding synery and opportunities, 2002)

Benefits that arise from exploiting synergies can be grouped into four main categories, as reports (Steinfeld, Adelaar, & Lai, Integratin Brick and Mortar Locations with E-commerce: understanding synery and opportunities, 2002):

- *Lower costs*: including labor, inventory, marketing/promotion, and distribution. Some examples can be less duplication in inventory holdings across outlets, reduced depth of inventory in each outlet and having smaller physical stores; it is also possible to reduce the size of local staffs, or have savings derived because many firms have struggled with finding ways to make home delivery affordable (Steinfeld, Bouwman, & Adelaar, Combining physical and Virtual channels: Opportunities, Imperatives and Challenges, 2001);
- *Differentiation through value added-services*: physical and virtual channel synergies can be exploited at various stages in a transactional order to help differentiate product and add value;
 - o *Pre-purchase or information phase*: here the customer feels the need of the purchase and look for some information in the website, traditional store and so on; even if now website are the most used channel for this purpose, sometimes customers rely on the offline store to inspect products; in fact the possibility to actually touch and try out products before buying them is unique to offline channels, at least for physical items.
 - o *Purchase phase*: this is the core moment in which the customer buys the product or the service; here synergies can be exploited when online services support the actual offline purchase;
 - o *Post-purchase phase*: the customer uses the product and possible post-sale services available. A clear example is the product that the

customer decides to return to the company; it is possible to give it back to the same channel of the purchase, or to another of the available in the company structure.

- *Improved trust*: for three reasons, relative to pure Internet firms, derive from the physical presence of click and mortar firms, including reduced risk, affiliation with embeddedness recognized local social and business networks, and the ability to brand awareness. For more details about trust see the related paragraph.
- *Geographical and product market extension*: adding a virtual channel can help to extend the reach of a firm beyond its traditional stores, addressing new geographic, new product markets and new types of buyers. Moreover, product market extension includes the use of the web for the inventory expansion in order to offer greater depth in existing product categories. Geographic market extension can be considered as an advantage when web channel is used to reach into new markets, especially where these new markets are less competitive, have an undersupply of the particular goods in questions or have other market inefficiencies (Steinfeld, Bouwman, & Adelaar, Combining physical and Virtual channels: Opportunities, Imperatives and Challenges, 2001)

These benefits depend heavily on the extent to which managers act with the purpose of exploit them and avoid potential channel conflicts.

Charles Steinfeld, Thomas Adelaar, and Ying-Ju Lai identify some factors on which managers have to work to help in developing synergies:

- *Goal alignment*: managers have to convince each channel to help the others rather than being in direct competition, for example with special discount in traditional store by making a purchase in the online website;
- *Coordination and control*: it is important to harmonize channels to ensure interoperability. For operations across channels it is possible to develop compensation schemes that enables employee or owners at physical outlets to benefit for the e-commerce channel; in some cases firms created incentives for cooperation across channels, particularly by developing

compensation schemes that enabled employees or owners at physical outlets to benefit from the e-commerce channel;

- *Capability development*: is possible to form alliances to fill in important gaps in both physical and virtual channel (Steinfeld, Bouwman, & Adelaar, Combining physical and Virtual channels: Opportunities, Imperatives and Challenges, 2001)

Studies made by Tobias Kollmann et al. confirm their hypothesis that also different service levels across provided channels throughout the information and purchase stages can foster channel synergies (Kollman, Kuckertz, & Kayser, 2012).

On the other side, lack of cooperation across channels can not only lead to a lack of advantages by exploiting synergies but also in channel conflicts and in particular to channel cannibalization. The recognition of customer channel preferences may help to avoid cannibalization and to extend synergies, and thus to develop channel relationship with customers.

An example of how synergies can be exploited is the QR code (Boaretto, Noci, & Pini, Mobile Marketing, 2011). The QR code is a simple two-dimensional code that, once scanned with a Smartphone and a proper application, sends back the user to a website presenting the product/brand to which the code is referred. Most common QR code are on newspapers or magazines and flyers, and send back the user to the website of the company. Even if they are now used over a wider range of applications, including commercial tracking, entertainment and transport ticketing, the marketing function is the most relevant for this instrument. QR Code has become a cornerstone of advertising strategy, since it provides quick and effortless access to the brand's website. At the same time, there are a lot of website that can help creating this type of codes free, so it is a very cheap option for the company.

As this example shows, it seems that the more the company exploits synergies, or tries, the more advantages can arise, in some cases with irrelevant costs.

Even if benefits can be clearly seen by companies, there is a lack of metrics to quantify the advantages due to the creation of synergies, as literature reports

(Steinfeld, Adelaar, & Lai, Integrating Brick and Mortar Locations with E-commerce: understanding synergy and opportunities, 2002). Deeper researches and studies have to be made about them. Anyway, the world is evolving into the next generation of Internet related business initiatives, and so companies should recognize the importance of integrated and synergistic approaches in dealing with virtual and physical distribution channels. Since integration and synergies are concepts that are strictly related, companies need to focus on both and not on only one.

Channel Conflicts

Channel conflict can occur when the alternative means of reaching customers implicitly or explicitly competes with or bypasses the existing physical channels (Steinfeld, Understanding Click and Mortar E-Commerce Approaches. A Conceptual Framework and Research Agenda, 2002). This means that conflicts are transcendental over the real structure of channels, they go beyond the channel itself in the sense that clearly they derive from the intrinsic characteristics of each which combined together generate conflicts. In addition, they are reported as the main disadvantage of a multichannel strategy by Arun Sharma and Anuj Mehrotra who declare that implementing a strategy of that kind without carefully considering the coordination aspect will result useless since the absence of an effective coordination would lead to worse results (Sharma & Mehrotra, 2007).

When moving to the delicate aspects of channel conflicts, the analysis come up against four uppermost directions: *cannibalization*, *the research shopping*, *the free riding* and *information overload*.

Cannibalization, which can probably be considered as the most awkward threat that a company must take into consideration in multichannel, was the first element analyzed. As the word suggests, cannibalization of sales between channels has its roots when companies use more than one channel for their primary activities; evidence of this can be found in the work of Sebastian Van Baal and Christian Dach, who report that managers believe that total demand for a specific retailer's goods is rather rigid and not contingent upon the number of the company's channels. This conclusion is confirmed by Patrali Chatterjee as well who arrives

to the same results by considering cannibalization with integration. (Chatterjee, 2010) Hence, this factor, even if it is a problem to be managed, gives also important strategic indications for companies because these results have to be bear in mind when talking about strategies in the multichannel environment (Van Baal & Dach, 2005; Steinfield, Understanding Click and Mortar E-Commerce Approaches. A Conceptual Framework and Research Agenda, 2002; Chatterjee, 2010). Cannibalization, under this perspective, can be considered as a consequence of this rigidity and has implications on sales since companies adding a channel may even see sales decline as a result of channel conflict and decreased service to customers.

Companies can also notice decreasing returns as more channels are used because the sales of a new channel member may result higher than its acquisition and retention costs (Van Baal & Dach, 2005).

The second feature to be treated is free riding, whose definition is here reported but a deeper analysis of the phenomenon can be found in the chapter regarding customers. Therefore, free riding is *When consumers use one retailer's channel and use another to buy, they benefit from a resource to which they did not contribute* (Van Baal & Dach, 2005).

Third, research shopping is quoted as one of the main features of channel conflicts that are particularly relevant while talking about metric for channel evaluation. In this case too, it was only defined since it will be analyzed in a more detailed manner in the customer chapter. Hence, research shopping is the *propensity of consumers to research products in one channel and then purchase them through another one* (Verhoef, Neslin, & Vroomen, 2007; Valos, Polonsky, Geursen, & and Zutshi, 2010; Neslin & Shankar, Key issues in multichannel customer management - Current knowledge and future directions, 2009).

Last, is possible to highlight a fourth aspect of channel conflicts, which is at the same moment cause and caused by the previous: information overload, which is described by Edmund and Morris as a “bombing” of information to which people is subjected, even if they do not actively seek for them (Edmunds & Morris, 2000).

Nowadays, companies provide huge amounts of information to the customers. This mainly is due to the bigger capability of new channels such as the Internet, to transmit information at low cost and very fast.

In addition, customers can get informed in many ways outside the company: to name some, Internet blogs, forums, television.

Also, the influence of social media and the buzz and word of mouth that may derive from users that live an experience with a brand and want to share it with their circles has to be managed and properly. Hence, is possible that companies are not fully controlling information and this may lead to lose many of the advantages that multichannel has. So, they should retain and provide in an autonomous way as more as possible the information about them. In fact, Retailers are not compensated for the information service output they provide (When consumers use one retailer's channel and use another to buy, they benefit from a resource to which they did not contribute) (Verhoef, Neslin, & Vroomen, 2007).

To make channel conflicts lower their influence, the best way proposed by authors consist of operating at the strategic level.

The main mean to remedy to conflicts is provided by an effective use of synergies, because management has to align goals across channels, which implies that all involved realize that the parent firm benefits from sales stemming from either channels (Steinfield, Adelaar, & Lai, *Integrating Brick and Mortar Locations with E-commerce: understanding synergy and opportunities*, 2002).

Instead, researchers suggest that the most effective method is coordination. The work has already discussed the matter but in this part some aspects that are deemed relevant will be analyzed.

Then, in order to avoid channel conflict are important mechanisms of control and coordination, that include interoperability across channels and coordinating customer services to ensure that the unique strengths of each channel are utilized (Steinfield, *Understanding Click and Mortar E-Commerce Approaches. A Conceptual Framework and Research Agenda*, 2002).

In the same way, it is compulsory that a firm be able to have channel coordination since it will provide better marketing spending among channels and it will also provide better experiences and messages to send to the customers (Neslin & Shankar, Key issues in multichannel customer management - Current knowledge and future directions, 2009).

2.1.2 Strategy

Introduction

Traditionally, in retailing industry the strategic competitive position can be summarized by differentiation and cost leadership strategies (Porter 1980; Kabaday et al. 2007). Differentiation strategies develop their competitive advantage through innovation, image, products, format and customer services; this implies marketing capabilities, products selection, strong cooperation among marketing channels (Miller, 1986). Cost leadership strategies are based on the lower costs of production and distribution than competitors and the capabilities required are based on efficiency and economies of scale in production and distribution (Andreini, 2008).

Another important school of thought is the one referring to Miles and Snow work, who have defined three main strategic behaviors for companies: Prospectors, Analyzers and Defenders.

They have also added a fourth force, the Reactors, which is positioned below the Defenders and it is argued to be usually unsuccessful.

Actually, the distinction is not limited only to these three types of approaches, since is possible to image Prospectors and Defenders as the opposite ends of a continuum adjustment strategies (Slater & C.Narver, 1993).

Defenders attempt to create a stable domain by aggressively protecting their product-market. In contrast, Prospectors approach their environment more proactively and seek to identify and exploit new opportunities through both product and market development. Instead, Analyzers carefully explore new product and market opportunities while maintaining a core of skills, products and customers (Slater & C.Narver, 1993).

The three groups can be described under five variables:

- *Proactiveness*: it is the aggressiveness with which businesses pursue growth opportunities;
 - o Prospectors: they have distinctive competences in identifying and exploiting new product and market opportunities;

- Analyzers: they extend into new products from a relatively stable base of costumers and products, they can grow either for market penetration or for new product and market development;
- Defenders: isolate and protect a relatively stable market wand seek growth through market penetration;
- *Basis for Competitive Advantage:* each of the cluster is characterized by different approaches to gain competitive advantage:
 - Prospectors: they can exploit advantages either by pursuing a low-cost or a differentiation strategy; being first mover, they have the opportunity to achieve a sustainable cost advantage from learning or experience effects or by pre-empting rivals in the acquisition of scarce assets such as raw materials or plant and equipment. However, exploring new markets requires high quality, high service or the development of new product technologies, features that identify a differentiation-based competitive advantage: hence, a low-cost strategy and a differentiation strategy are not mutually exclusive, they can coexist. Prospectors may rely on low-cost, differentiation or both strategies;
 - Analyzers: they are followers. They usually enter new markets or introduce new products only after their viability has been demonstrated by Prospectors. Analyzers must maintain a dual technology core to continue to serve existing customers with existing products and also to be sufficiently technologically flexible to follow Prospectors rapidly. Since Analyzers' operations can never be completely effective or efficient due to this dual focus, they must rely on differentiation to distinguish their offerings from competitor' and achieve competitive advantage;
 - Defenders: their focus is on solving their engineering problem about how to produce and distribute goods or services as efficiently as possible; they are required to focus on a highly cost-efficient core technology and by developing highly efficient

administrative systems, which means focusing on low-cost to gain competitive advantage;

- *Market Focus:*
 - Prospectors and Analyzers: in this case, they can be analyzed together since their attitude is very similar: they are supposed to define their market scope rather narrowly in order to understand the needs of individual segments better; this does not preclude them from serving multiple market segments nor from realizing economies of scope offering related products;
 - Defenders: even if Miles and Snow view that Defenders direct their efforts at a narrow segment of the total market, (Valentini & Montaguti, 2011) and Narver believe that they must take a broader view of the market to offer standardized products and to attain sufficient economies of scale to achieve a low cost position;
- *New Product Development:*
 - Prospectors: they are pioneers, so they seek to develop innovative new products, sometimes at the expense of short term profitability;
 - Analyzers: they are early followers, hence they take an imitative approach to new product development and pursue effectiveness through the well-conceived addition of new products. As a consequence, growth through product development is essential to their success;
 - Defenders: they grow primarily through market penetration and engage in little new product development, which usually consists in a simple extension of the current product line;
- *Profitability:* Miles and Snow, and Porter as well, suggest that effective implementation of any one of their strategy types could lead to acceptable performances. All the three can experience poor performance. (Slater & C.Narver, 1993)

In the table 2.1, is possible to see the summary of the five variables, while in the table 2.2 are reported the profiles Slater and Narver had defined in their work.

	PROSPECTORS	ANALYZERS	DEFENDERS
PROACTIVENESS	New Opportunities	Extension in New Products	Market Penetration
COMPETITIVE ADVANTAGE	Differentiation / Low Cost	Differentiation	Low cost
MARKET FOCUS	Very Specific	Very Specific	Broad Attitude
NEW PRODUCT DEVELOPMENT	Pioneer Approach	Imitative Approach	Line Extension
PROFITABILITY	Independent From The Cluster		
STRATEGY TYPE	First Mover	Early Follower	Follower, "Efficiency Oriented"

Table 2.1 - Miles and Snow strategy

	PROSPECTORS	ANALYZERS	DEFENDERS
PROACTIVENESS	High	Medium	Low
DIFFERENTIATION STRATEGY	High	High	Low
LOW-COST STRATEGY	High	Low	High
MARKET FOCUS	Narrow	Narrow	Broad

Table 2.2 - Slater and Narver considerations

Companies' strategies had changed over time passing from a mass marketing strategy to niche, segmentation, customized marketing ones.

The reasons behind this change are several but they can be grouped following four main directions, following the work of Kumar (Kumar, A customer lifetime value-based approach to marketing in the multichannel multimedia retailing, 2010).

First of all, under a firm's point of view, the *proliferation of new product/service offerings by firms*. In this situation, a key factor for the success and the durability of a product is an effective marketing communication, through means like product promotion, the definition of an effective value proposition, and a growing attention towards customer satisfaction.

Then, if considered the customer side, another driving force of change is the *heterogeneity of customer preferences for media and channels*. In this phase, traditional media have assisted to a diminishing focus on them since new channels are increasingly capturing companies' attention. Also, is possible to assist to another important transformation: customer needs had radically changed and a single channel is not enough to satisfy them. Here the first signals of the need of multichannel can be found.

This step of marketing evolution is characterized by the growing fragmentation of customer segments, which result in a greater number of avenues customers can take to get informed.

Analyzing the environmental aspects, the third direction that had affected marketing communication is the *proliferation of media and channels*: multichannel is growing in importance and is spreading in the companies.

Multichannel is in this phase defined as *the variety of channels that customers use to interact and transact with the firm*.

Moreover, there is a change in the communication modes as well: no more just one channel, but different channels, both online and offline; it results that the implementation of a coordinated strategy is not so easy (Kumar, A customer lifetime value-based approach to marketing in the multichannel multimedia retailing, 2010; Stern & El-Ansary, 1996; Kotler & Keller, 2006).

Even though in many industries pure players online compete on prices, retailers which have based their off-line strategy on cost leadership are less likely to replicate their business online because of the heavy investment in off-line specific assets that makes it difficult for them to switch completely to on-line selling (King at al., 2004).

Last, it is fundamental to consider the technological area, which is perhaps the most important force influencing marketing communication.

So, it is necessary to focus on the *Advances in technology*.

Technologies made the product centric strategies lose part of their strategic relevance, directing companies' attentions towards strategies that give a high importance to the customer. (Kumar, A customer lifetime value-based approach to marketing in the multichannel multimedia retailing, 2010).

One of the reasons that support this idea is suggested by Denise D. Schoenbachler, and Geoffrey L. Gordon who state that customer-centric approach is more successful than channel-centric approach: one of the motivations for which this approach is more effective than the channel-centric lies in the way they deal with customer needs. It is glaring that the customer-centric approach is more effective ((Schoenbachler & Gordon, 2007).

Furthermore, focusing on customer touch-points rather than on channels can create a successful multichannel strategy. It is also important to focus on the very customer and on its activities and behaviors with the purpose of relating him with the touch-points, and not with the medium used.

So, it is the way in which customers interact with the company that makes the channels and not the channels that define the customers (Schoenbachler & Gordon, 2007).

Evidence of the importance of customer centricity is given by the Harvard Business Review, which had found that 5% increase in customer retention may lead to a range of 25%-85% increase in profits and so suggests companies to truly change in customer-centric organizations (Martin, The 5 Realities of Customer Retention, 2010).

On the contrary, the decision to modify the traditional channel strategy is not as easy for retailers, due to their core investment in store infrastructures and the complexities of managing a well-coordinated multi-channel structure (Andreini, 2008).

After this introduction, the analysis will go deeper in the description of the different patterns that characterize a multichannel strategy.

The Strategy

In this paragraph, the features of a multichannel strategy will be described by reporting some general definitions, suggestions and approaches proposed by many authors in literature.

Then, the main advantages and issues that the implementation of multichannel strategies gives to companies will be discussed.

Further, the work will provide the way literature indicates how to develop and which are the most important characteristics a multichannel strategy should have in order to be effective.

One of the most traditional approaches for going multichannel has been simply adding a new channel to the already existing (Zhang, Farris, Irvin, Kushwaha, Steenburgh, & Weitzf, 2010).

Zhang Jie et al. state that it is of primary importance to recognize the relevance of the potential of new channels and the possible synergies obtainable (Zhang, Farris, Irvin, Kushwaha, Steenburgh, & Weitzf, 2010).

Their focus is not on the strategy as a whole, but is addressed to managers and the approaches they should have in facing multichannel. They pinpoint two main behaviors that would provide better results if accepted and followed.

One regards the company and its structure, because the authors advice companies that it would be convenient to have a silo managerial approach instead of being structured in different business units; the other one is focused on the customer, since it would be convenient to collect as many information as possible about them and track their behaviors in order to better understand how channels work together (Zhang, Farris, Irvin, Kushwaha, Steenburgh, & Weitzf, 2010).

Arun Sharma, Anuj Mehrotra say that there are two distinct strategies for multichannel marketing:

The first consists of communicating with the customers using multiple channels, while the other is reaching them through both internal and external distribution channels, with the purpose to satisfy customers and maximize (Sharma & Mehrotra, 2007).

The second one is supported by Kevin Lane Keller who indicates it as the main objective of a multichannel strategy.

In fact, He states that one of the main goals a company should struggle for is to maximize the individual and collective effects across all the members of the target market. Moreover, He goes deeper in the topic and reports that there are two main measures that a company has to take into account (Keller, Brand Equity Management in a Multichannel, Multimedia Retail Environment, 2010):

- Efficiency (sub-indicators like coverage and cost): refers to the ability to reach or influence as many target market consumers at the lowest possible cost. In fact generally efficiency is defined as the ratio between output and input. Here it is possible to consider the reach and the influence as outputs, and the costs as inputs;
- Effectiveness (contribution, commonality, complementarity and versatility): is the ability of channels and communications to work singularly and in combination to generate maximum sales in the short-run and maximum brand equity in the long run.

Following the work of Arun Sharma and Anuj Mehrotra, their idea about multichannel strategy has as starting point the concept that multichannel decisions have to be made determining which different type of channels a firm should seek across and determining how many channel members a firm should seek within each type (Sharma & Mehrotra, 2007).

But firstly, it is necessary to define what multichannel retailing is and in which way it is related to the objectives a company pursues and which are its main positive aspects.

For this matter, D.Andreini helps us by providing the definition of multichannel retailing, which is defined as “*the activity of traditional retailers to mix virtual (internet) and physical (stores) channels to sell goods and services*” (Andreini, 2008).

She also adds that this activity has a strong impact on marketing channel strategy because of its long-term effects on channel power, on customer value and on market opportunities (Majmudar & Ramaswamy, 1995; Richardson & Swan, 1997; Wren, 2007).

Moreover, decisions on retailing channels affect not only corporate profits and customer preferences, but also the relationships with channel intermediaries and other suppliers in the market.

A fundamental task and an important objective for managers of a multichannel enterprise is to distribute resources across channel mix to satisfy customers and maximize profits (Chatterjee, 2010).

The allocation of resources across channels gives important results for what concerns the strategic position, which can be achieved by delivering improved value to customers that they cannot find from competitors using an effective resources allocation.

It is of great relevance to investigate which could be either the positive or the unfavorable sides of company adopting multichannel as master strategy.

Therefore, the analysis will begin by listing the points that differentiate multichannel strategies and are proxy of benefits for companies.

First of all, it is indispensable to notice that before implementing a multichannel strategy, deciders have to bear in mind that will be the very channel structure on which they will build the strategy (Schijns & Groenewoud, 2006).

When deciding which should be the best configuration for their company, managers have to take into account that the main characteristics of each channel are, their pros and cons, which benefits they can give in reaching the goals of the firm.

Peter C. Verhoef, Scott A. Neslin, and Björn Vroomen report some of the advantages that an online strategy could give to companies whose managers should look at in order to understand thoroughly the peculiarities of this channel:

- Create a seamless experience for the customers across the channels;
- Define and execute internet interactions;
- Develop a personalization strategy, at web and non-web touch points;
- Align the call center to support interaction using the internet;
- Allow customer to interact in the appropriate method of interaction when it is needed;
- Create a customer-driven interaction model (Wagner, 2000)

One of the main reasons for which a multichannel strategy should be implemented is to satisfy customer needs, so to increase satisfaction and loyalty and, thus, profitability. It can be considered as a strategic advantage for the firm since the three are usually considered as pillars for the strategies of whatever kind of company. Among its strategic consequences, satisfaction leads to increased customer retention, decreased price elasticity, lower customer acquisition costs and lower transaction costs. Researches show that satisfaction based on multiple channel strategies results in customers having loyalty to the retailer (Wallace, Giese, & Johnson, 2004), which is an elemental feature that companies should try to prosecute in order to be effective in multichannel.

This idea is in the same way supported by Jos Schijns, and Kees Groenewoud, who in their work refer that improved customer satisfaction and loyalty would be achieved by a better customer relationship management and indicate it as one of the benefits of a multichannel strategy (Schijns & Groenewoud, 2006).

Also, consumers have the ability to seek among multiple channels based on their unique strengths (Berman & Thelen, 2004), better customer service, higher level of satisfaction; in particular multichannel allows customers to interact with firms using the channel they prefer, multichannel strategies give aid in awareness and trial of the brand (Sharma & Mehrotra, 2007).

Multichannel strategies also give companies opportunities to leverage assets, opportunities for increased sales and profits due to the appeal to multichannel consumers (Berman & Thelen, 2004; Schijns & Groenewoud, 2006).

In fact, they can increase marketing efficiency and effectiveness in three ways: by exploiting economies of scale and economies of scope and by the definition of coordinated marketing programs; they could also be boosted with cross-channel promotions (Neslin & Shankar, Key issues in multichannel customer management - Current knowledge and future directions, 2009) and multichannel strategies lead to increased reach and coverage as well (Sharma & Mehrotra, 2007).

Furthermore, for multichannel retailers it is also interesting to highlight the fact that they have also another kind of differentiation strategy compared to traditional retailers: they allow the customer to change channels during the different phases of the purchase process (for instance by allowing them to search for information

through the online channel and purchase in the physical store, or vice versa), while traditional ones can only increase service quality, information and other features of the product/service, which are features on which multichannel retailers can work on as well if not in a better way (Chatterjee, 2010).

Therefore, it is difficult to forger the consideration of the issues that affect the reaching of an optimal multichannel strategy.

First of all, is important to wonder which should be the proper channels a company has to choose.

In doing this, there are many factors to consider: Channel choice influences prices; marketing efforts in one channel can enhance sales in another one, different channel segments respond differently to marketing campaigns and the consequent fragmentation of consumer channel preferences. All of these have to be managed the best as possible, hence to take them under control it is fundamental to have an effective model or decision support system to enable the firm to decide which channel to use, which is rather difficult objective to achieve (Neslin & Shankar, Key issues in multichannel customer management - Current knowledge and future directions, 2009; Berman & Thelen, 2004),.

Passing through the causes that could explain what have been just shown and treated, under an economic point of view a very important issue is the lack of resources: managers must cope with this reality since not all retailers possess the additional and financial resources or the same potential synergies; also, multichannel shoppers reduce multichannel retailers' profit levels by consuming a disproportionate amount of presentation and customer service resources, a factor that is very likely to bring about a possible decrease in brand loyalty (Berman & Thelen, 2004).

Furthermore, evaluating the performances of marketing actions is very difficult and challenging.

In fact, the research shopping phenomenon, the possibility for customers to easily switch from one channel to another, the cross-pollination of channels by shoppers are situations that make the evaluation of multichannel marketing efforts tricky and lead to difficulties in quantifiably tracking customer behavior across channels (Berman & Thelen, 2004).

Another controversial aspect of multichannel strategies is hinted by Barry Berman, and Shawn Thelon, who suggest that is possible to assist to decreasing returns as more channels are used because the sales of a new channel member may result significantly higher than its acquisition and retention costs (Sharma & Mehrotra, 2007).

Furthermore, one of the most important and delicate factor a company should treat carefully regards channel conflicts, which in this part will be just named, since their relevance is so high that the analysis set it aside in a dedicated area.

Consumer analytics is another possible threat that companies should cope with, since the on-line channels give to consumers the idea of fear of loss of privacy in giving personal data to an internet retailer and for this reasons companies should ensure trust and safe systems for making the transactions in their on-line store.

Evaluation and performance metrics probably are the most challenging issues for companies: it has already been discussed the evolution of marketing and its characteristics; furthermore, the presence of new technologies has led to the redefinition of the metrics for evaluating the performances of the channel used: traditional metrics are in some ways almost useless, because the evaluation of marketing actions is difficult in the new context with the existing methodologies; such traditional measures lack in adaptability with multichannel specific aspects.

Hence, defining new sets for measuring performances is key when treating with multichannel (Zhang, Farris, Irvin, Kushwaha, Steenburgh, & Weitzf, 2010).

Characteristics of a Multichannel strategy

When companies are facing the development of a multichannel strategy, they need to take into account many different aspects that have the capability to lead the company to define an effective multichannel strategy.

Arun Sharma, Anuj Mehrotra quote the suggestions made by Payne and Frow who propose that a process for developing a multichannel strategy consists in six different steps:

- Develop strategic multichannel objectives,
- Understand customer and channel touchpoints to leverage advantage,
- Undertake a review of industry structure and channel options,

- Understand channel usage patterns,
- Review channel economics,
- Develop an integrated channel management strategy.

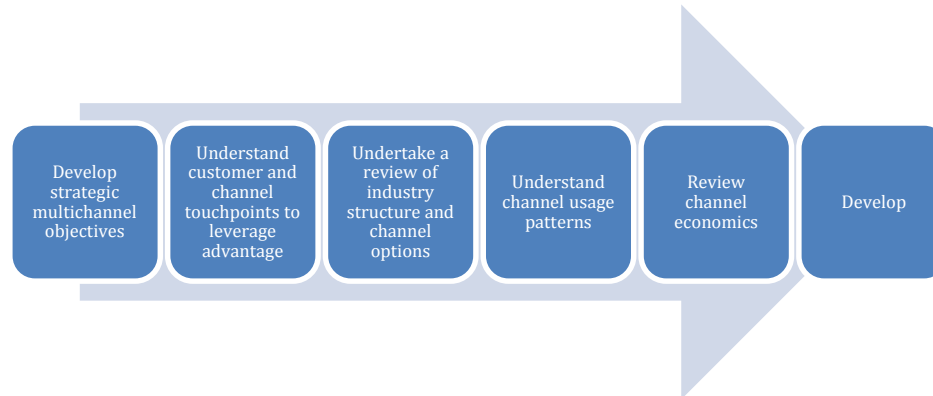


Figure 2.3 - Process for the development of a multichannel strategy

A well-developed multichannel strategy requires a number of linkages between channels; the products offered should be the same either online and offline; in-store personnel should be able to check web catalogs in the store; a very important peculiarity of an effective multichannel strategy is that personnel must be taught to view channels as complementary to their overall mission so that it would be possible to minimize intra-unit competition; one of the main aspects that should be bear in mind is that a multichannel strategy takes a *single* company perspective (Berman & Thelen, 2004).

More in detail, when companies undergo a process that will imply the expansion of their wallet of channels, it is necessary to take into consideration two main issues: if to expand and how to amplify the number of channels available.

In the first case, the decision should be based on the degree to which customers will use the new channel and whether their usage behaviors will be cost effective or not to the firm.

Instead, in the second one there are three different roads that managers could take:

- *Buying*; whose main advantage is to quick access to the customers;
- *Building*; which consists of accessing new customers or expanding services to current ones; in this way company has more control

over how the channel is positioned to the customer relative to the other channels that it offers;

- *Borrowing*; creating an alliance can offer a new way of thinking about how a retailer would be able to reach a new and current customer (Ursula Y. Sullivan, 2004)

All of these characteristics should be steadily considered before, while and after having implemented a multichannel strategy since multichannel is a tricky topic and authors warn managers in order to monitor these features in each step of a company's life continuously.

Nonetheless, managers should create their strategies encompassing some features that are fundamental in order to distinguish a multichannel company from a traditional one.

Hence, they are recommended, as Barry Berman and Shawn Thelen suggest, to consider these features that contribute to shape a well-developed multichannel strategy: integrated promotions across channels; a well-thought out strategy involving product consistency across channels; an information system that effectively shares customers, pricing and inventory data across channels; a process that enables store pick-up for items purchased on the web or through a catalog; search for multichannel opportunities with appropriate partners (Berman & Thelen, 2004).

Another important piece of advice that some authors recommend to managers is related to the relevance of the level of brand image that companies want to obtain or maintain.

So, literature offers many suggestions for well-known brand name offline stores, particularly regarding when they go on-line.

They are recommended to maintain updated websites that have to be consistent with offline stores for customers, in order to maintain consumers' trust of their online stores. In order to encourage offline customers to adopt the online channel for information search and purchase, the multichannel retailers should provide consistent customer service and product information through different channels. So they should have the same image across different channels (Hahn & Kim, 2008).

Under the word image it is also included maintaining uniform pricing, positioning and merchandising strategies (Chatterjee, 2010).

The customer side

If the attention is focused on customer side, one of the main aspects that a firm has to consider is that customers are influenced by different factors so that if a firm does not use a specific channel customers will not buy from them. These factors are: economic goals, quest for affirmation, symbolic meaning associated with the product and shopping, social interaction and experiential impact, reliance on schemas for purchases (Sharma & Mehrotra, 2007).

There are six elements that determine how customers perceive the interaction with a multichannel retailer during the purchase and consumption process in terms of their ability to utilize different channels:

- *Branding*: integrated branding across different channels;
- *Channel cross-promotions*: serve as a means to direct customers to other channels and to strengthen customers' perceived association between channels, increasing trust and awareness in other channels;
- *Consistency*: enabling customers to utilize multiple channels for their shopping activities leads to the benefits of increased convenience and control as well as reduced risk;
- *Integrating logistics*: it is pertinent to a retailer's ability to offer in-store product pick-up and return as well as online information on store inventories;
- *Channel-specific capabilities*: can be exploited to support customers in their efforts to satisfy their final desires;
- *Information management*: with the help of customer information companies can create a personalized environment for their customers (Goersch, 2002).

Before companies develop multichannel strategies they have to understand the criteria used by customers between available channels and the circumstances under which one channel might be preferred over the rest. When a firm

understands which channel its customer prefers, it is able to manage it in a better way. (Albesa, 2007)

A good management of multiple sales channels need to have information about customers, especially in terms of preferences: in this way the firms are able to avoid dissatisfaction and churn that will lead to lower loyalty and retention rate (Gensler, Dekimpe, & Skiera, 2004).

Denise D. Schoenbachler, and Geoffrey L. Gordon highlight which should be the best actions to undertake and to warn about while shaping a multichannel strategy in order to be effective:

- Promote the brand. Company has to keep his brand image constant across channels; advertising efforts and fulfillment should be integrated across channels;
- Gather information about the customers especially in terms of their preferences
- Target customer to create specific marketing campaigns
- Integrate fulfillment
- Watch costs and keep them under control (Schoenbachler & Gordon, 2007)

2.1.3 Positioning

In marketing, positioning can be considered as the process by which companies try to create an image or identity in the minds of their customer for its brand, product or service. In this way, customers' perceptions and their choices are influenced.

This section is about the analysis of three main areas of differentiation, experience and co-creation.

Differentiation

Differentiation is a business strategy where firms attempt to gain competitive advantage by increasing the perceived value of their products or services relative to the perceived value of other firm's products or services (Bolo, Wandersa, Imaita, & Obonyo).

Traditionally, differentiation has been characterized by two principal streams of differentiation that companies had followed to make them different from the others: *lower costs* or *high quality*.

This impacts either on existing and new customers. In fact, the addition of touch points can lead to broaden the customer base but allows customers to interact with companies through different contact points as well.

Addressing this potential customer base through an integrated multichannel strategy enables retailers to cater to the growing number of potential customers who usually use multiple channels. (Edgar, Dunn & Company)

In addition, the company has the possibility to customize the message by following customer characteristics having the capacity to send it in the best way. (Andreini, 2008)

A physical store often faces difficulty in linking customers to specific past transactions, particularly if the customer paid cash. Many retailers encourage the use of loyalty cards, store cards or ask shoppers for identifying information. In contrast, when looking at transactions through the Internet or mobile channels, retailers automatically collect customer information in order to invoice and ship the merchandise. In addition, these channels offer retailers the opportunity to

collect data about a customer's online shopping behavior. They can see where on their website a consumer has browsed and where the customer has connected from, be it a search engine, comparison website or social network, and what days of the week and times of the day the transactions occurred, all of which gives the retailer added insight into the customers' shopping habits (Edgar, Dunn & Company).

Customers are the most important assets of any organization. To become competitive and ensure continued business, it would be significant to develop a customer centric approach touching all points of a customer interaction. A customer centric approach helps an organization to acquire, retain and grow its customer base. One of the important ingredients for a customer centric approach is being sensitive to the client needs, another is being proactive in interacting with clients. Effective management of customer needs is a key differentiator for businesses today (Maheshwari).

Generally, Customer-centric approach goes a long way in improving client relationship, retaining clients and gaining new ones (Maheshwari).

Placing the customer at the center of an integrated multichannel strategy will enhance the customer experience and provide great speed and convenience. A great customer experience that is content rich has been the norm for many online-only retailers. This is expected to transcend into the bricks-and-mortar retailers, creating a truly integrated multichannel retailer, of the future that unites e-commerce and in-store shopping experience. This allows a multichannel company to differentiate itself from the others. (Edgar, Dunn & Company)

Customer can perceive companies different also because they offer more services. In this case multichannel strategy are able to provide value-added service by exploiting synergies; they can help to differentiate products and add value in various ways without necessarily increasing costs; these opportunities arise from the use of virtual channel to offer information and services that complement the goods and services offered in traditional stores; these especially include pre-purchase and after-sale services. Even if customers can't see what there is behind, they can perceive the company different exactly because of these services.

(Steinfeld, Bouwman, & Adelaar, Combining physical and Virtual channels: Opportunities, Imperatives and Challenges, 2001)

Experience

Before introducing the concept of experience, is important to look at another important characteristic influencing people's behaviors: *expectations*.

The question about what are expectations arises; As the Collins dictionary says, "*expectation is something looked forward to, whether feared or hoped for*".

Then, expectation is something personal, it is the result of anyone's background.

Hence, one may wonder in which way it would be possible for companies to fulfill the expectations their customer have.

In fact, this is one of the main issues to face when companies deal with the concept of customer experience.

Literature inquires about how is possible to define *Customer Experience*. C.Gentile, N.Spiller, G.Noci had collected the contribution of many authors and have provided their identity document of what experience should be.

First, it has a temporal dimension which originates from the entire set of contact points (or moments of truth, Carlzon, 1987) between the customer and the company, or the company's offer (Addis and Holbrook, 2001; Caru` and Cova, 2003; LaSalle and Britton, 2003), then it is strictly personal and it involves and engages a customer at different levels (rational, emotional, sensorial, physical and also "spiritual") so as to create a holistic Gestalt (Brakus, 2001; Schmitt, 1999 (Gentile, Spiller, & Noci, 2007)).

Indeed, literature suggests that the lack of a learned and predictable response implies that experience is a transitory phenomenon. (Palmer, 2010).

As said, a close relationship between experience and expectations exists, because expectations drive the perception of the level of experience one may encounter while interacting with companies.

Experience is supposed to provide emotional involvement, memorability, it is also associated to a sense of uniqueness that makes an activity stand out from the ordinary (Dewey, 1963).

However, uniqueness, as the word hints, cannot be repeated and so this may limit the operability of firms competing on customer experience.

As a evidence, Adrian Palmer states that a specific experience on its own is incapable of giving a service a competitive advantage, because next time that it is encountered, some of its novelty value will have been lost (Palmer, 2010).

Moreover, Prahalad and Ramaswamy (2003) noted that: “Value creation is defined by the experience of the specific customer, at a specific point in time & location, in the context of a specific event”.

This leads to reconsider the value experience can give since it must be considered as a transient concept (Palmer, 2010)

In fact, when something is presumed to act in a certain way, people can recognize it only with its *absence*.

In fact, take in consideration the example of the coffee shop. A coffee shop may provide experience through distinctive ambience and staff behaviors, but if basic hygiene factors such as heating and lighting are absent, the overall experience will be destroyed (Palmer, 2010).

In conclusion, companies are advised to handle with kid gloves the concepts of experience and expectations, because if they misinterpret their importance and do not fulfill expectations, experience might result worthless.

In fact, regardless of the context, customers want to live positive consumption experiences. The implications are many: living a positive Customer Experience can promote the creation of an emotional tie between a firm’s brand and its customers which in turn enhance customer loyalty (Gentile, Spiller, & Noci, 2007).

Of course, companies must not forget that managing customer experience is of fundamental importance because Customer Experience is regarded as a new lever to create value for both the company and the customer (Addis and Holbrook, 2001; Caru` and Cova, 2003; Ferraresi and Schmitt, 2006; Forlizzi and Ford, 2000; LaSalle and Britton, 2003; Milligan and Smith, 2002; Ponsonby-Mccabe and Boyle, 2006; Prahalad and Ramaswamy, 2004; Schmitt, 1999; Schmitt, 2003; Shaw and Ivens, 2005; Smith and Wheeler, 2002)

If the analysis moves in a deeper way experience, focusing on customer experience, it needs to start by looking for a clearer vision on the definitions authors provide more punctually.

Schmitt puts the accent on the functional aspects that had characterized the values customers used to associate with what they bought. He believes that experience has a prevailing force and it is characterized by values which make experience undermine the functional values.

So, He states that experiences “. . . *provide sensory, emotional, cognitive, behavioral and relational values that replace functional values*”.

This idea is also quoted by C.Gentile, N.Spiller, G.Noci who, referring to literature as well, report that the recent developments on the literature on economics and marketing, and particularly the new stream of the Experiential Marketing, advocates for the exploitation of intangible elements linked to the emotional value perceived by customers.

Instead, Gupta and Vajic, broaden the concept and define experience as a consequence of an interaction with the provider that results in an acquisition of knowledge or returns whatever kind of sensations to the customer (Palmer, 2010).

In conclusion, authors agree on the emotional value of experience and to the importance that it has over the relationships between consumers and companies.

Managing the relationships is a very significant matter for firms because C.Gentile, N.Spiller, G.Noci say that, given that the number of contact points between a company and its customers had increased, and given that in the last years we have assisted to a growing attention on the customer which resulted in an increased focus on CRM philosophies, nowadays companies have recognized how important monitoring the many experiences that originate from the touchpoints with customers is.

Hence, they declare that companies should move from the transaction-based notion of Customer Relationship to the “continuous” concept of Customer Experience (Gentile, Spiller, & Noci, 2007).

The Customer's Point Of View

It is now widely accepted that customer satisfaction and longer-term behavioral intention are influenced by emotions during the pre-, actual and post-consumption stages of a service encounter (Oliver, 1997; Cronin et al., 2000; Barsky and Nash, 2002).

Furthermore, as consumers buy products, they learn to appreciate their added value and begin to form an emotional preference for (De Chernatony and McDonald, 2003).

This makes us think about the values brands should struggle for providing to their customers.

The point is that the effort should be addressed to the customers' mind and not on the functional aspects of the product.

Indeed, Adrian Palmer reports that the non-functional expectations of brands have become more important in consumers' evaluations, and a number of dimensions of a brand's emotional appeal have been identified, including trust, liking and sophistication (Palmer, 2010).

Therefore, the literature wonders how can companies exploit these emotions and how can they define the borders of experience in relation to customers.

A possible answer is suggested by Adrian Palmer who refers to the work of Sheth et al. (1999), who argue that a combination of three factors help shape a consumer's attitude to an event.

These indications could help firms in defining a consistent Customer Experience construct, which is depending, as quoted, by the following three factors:

- *Stimulus characteristics*: people perceive a stimulus differently according to its sensory characteristics and information content. Stimuli that differ from others around them are more likely to be noticed (Solomon, 1999).

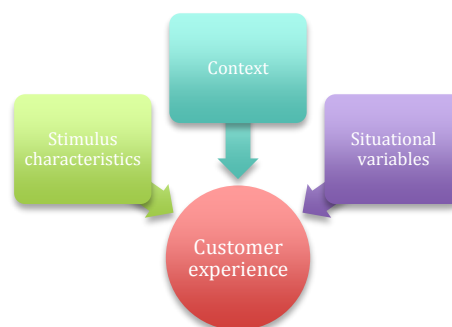


Figure 2.4 - Factors that influence Customer Experience

- *Context*: in perceiving stimuli with a given set of characteristics, individuals will also be influenced by the context of the stimulus (Biswas and Blair, 1991).
- *Situational variables*: in which the information is received, including social, cultural and/or personal characteristics: perceptions are greatly influenced by individual characteristics, including prior experience with a particular product or service offering (Palmer, 2010)

Hence, what is possible to understand from this framework is that on one hand, companies need to provide stimuli to their customers.

More precisely, that stimulus must be distinctive in order to be effective; but this might not be enough.

On the other hand, it is not certain that the higher the stimulus, the better the results.

In fact, the effectiveness of stimuli mostly depends on perceptions, which vary from individual to individual.

Consider an underwear retailer: he is used to sell pajamas, panties, bras and so on. Now, try to understand what happens if he wants to sell a perfume and tries to promote it by giving it off in his stores.

Maybe some customers who have a particular predilection towards sensorial stimuli might notice the smell and feeling better since they may consider the sensation differentiating respect to other retailers.

On the contrary, if someone were only interested in buying a pajama, he would not retain the experience as valuable.

Furthermore, firms need to keep steadily in mind that creating a positive customer experience both across and within channels is fundamental to create a good relationship with the customers. In this sense, it is noteworthy to remind that technologies can make a great contribution to achieve a good customer experience, since they allow more opportunities to deliver to customers (Payne & Frow, 2004).

Finally, companies need to take carefully into consideration the context and the fact that customers are influenced by their previous experiences and so their perceptions are significantly variable.

Like every concept, Customer Experience has some issues to be carefully handled too.

The typologies of problems can be broken in two main lanes: the first is mainly didactic because it comprises the shortages connected with the consistency of the definitions of experience; while the second is more operational since it is addressed to the difficulties in measuring experience.

Indeed, the slow adoption rate of the notion by companies is due to the lack in the extant literature of models, interpretation and conceptualization offering a common terminology, a shared mindset and the fact that nobody can tell with certainty what customer experience really is.

Therefore, the contest is still fuzzy and there are also many uncertainties in this respect and finally, experience has a strong influence for companies.

Probably, problems derive from the low maturity of the concept, which is still in an emerging phase (Gentile, Spiller, & Noci, 2007; Palmer, 2010).

Moving on the other direction, the problems are many.

Principally, they are connected with the lack of structured managerial approaches and they can be considered as the logical consequence of the pitfalls in literature.

In order to help companies in understanding and adopting Customer Experience, one should focus on trying to obtain a deeper comprehension of its role (Gentile, Spiller, & Noci, 2007; Palmer, 2010).

Nonetheless, once companies had defined Customer Experience properly, it is not obvious and granted that they will fulfill customers' expectations automatically and effectively.

It can be useful to understand what companies should take care of: primarily, it is worthy to remind that experience is conditioned by differences between individuals, differences over time in an individual's emotional state, and a variety of situation specific factors.

Many definitions of Customer Experience had focused on these aspects, pointing out the relevance of attitudinal outcomes such as "surprise" "delight" and "excitement" (Oliver et al., 1997); these aspects make Customer Experience return non-linear effects that must be managed properly (Palmer, 2010).

Moreover, Prahalad and Ramaswamy (2003) noted that “*Value creation is defined by the experience of the specific customer, at a specific point in time & location, in the context of a specific event*” (Palmer, 2010).

Research had shown that probably the greatest problem in developing an operationally acceptable measure of customer experience is the complexity of context specific variables.

Further, when trying to measure Customer Experience, firms have to remember that these variables can strongly modify the expected results.

Jennifer Rowley notes that authors on quality agree on the fact that “*A quality service is a service which fulfills the customer’s expectations*” (Rowley, 1994).

Hence, she concludes that customer experience, satisfaction and quality are inextricably linked.

A second problem derives from the non-linearity of customer experience: there are context specific aspects that make each experience different from the other and understanding the ways by which it would be possible to evaluate context specific variables is a big deal.

In fact, Adrian Palmer suggests that there might be a minimum threshold that acts as enabler to the sensorial perceptions of one’s mind, it means that when companies provide stimuli, these will become effective only if they manage to enable this threshold. Difficulties lie in the fluctuation of these thresholds for any individual, and this fluctuation may be related to situational factors.

Finally, when measuring and managing experience, it is really challenging to identify an optimal level of experience (Palmer, 2010).

The Customer And The Company

The multichannel customer requires personalization and has the desire to feel flexible in its shopping behavior since he wants to shop for what he wants, when he wants it and how he wants (Pookulangara & Natesan, Examining consumers' channel-migration intention utilizing theory of planned behavior: a multigroup analysis, 2010; Pookulangara, Hawley, & Xiao, Explaining multichannel consumer's channel-migration intention using theory of reasoned action, 2011).

So, the main objective that multichannel retailers should reach is to deliver an integrated multichannel customer experience that will meet the flexibility and the customization required by the customers.

As a consequence, there is the need to understand how and when customers use the different channels to interact with firms.

In conclusion, C.Gentile, N.Spiller, G.Noci provide a definition of experience which seems to be the most complete and the most broad spectrum one covering all the aspects of the concept: *'The Customer Experience originates from a set of interactions between a customer and a product, a company, or part of its organization, which provoke a reaction* (LaSalle and Britton, 2003; Shaw and Ivens, 2005). *This experience is strictly personal and implies the customer's involvement at different levels (rational, emotional, sensorial physical and spiritual)* (LaSalle and Britton, 2003; Schmitt, 1999). *Its evaluation depends on the comparison between a customer's expectations and the stimuli coming from the interaction with the company and its offering in correspondence of the different moments of contact or touch-points* (LaSalle and Britton, 2003; Shaw and Ivens, 2005).

Co-Creation

In the traditional conception of the process of value creation, customers were "outside the firm" and the creation was made by all the entities that were "inside the firm". Nowadays, with new technologies and new way of thinking this is changed. Sometimes the customers are engaged in the process of value creation along with the company. It is the case of co-creation.

Co-creation involves setting up new modes of engagement for customers that allow them to insert themselves in the value chain of the organization. The platforms through which they can interact with the company can be physical things such as a meeting or a store, or virtual things such as a web site.

The idea of co-creation is to unleash the creative energy of many people, such that it transforms both their individual experience and the economics of the organization that enabled it. It turns "market research" into a far more dynamic and creative process.

In traditional system, firms decide the products and services that they will produce, deciding in this way what is the value for the customer. With co-creation, companies and customers work together to create an output that is valuable both for one and to the other.

Deeply, there are three main phases in which customer can be involved in co-creation process:

- Design or new product development. For instance BMW Customer Innovation Lab: users are driven to provide suggestions and innovative ideas about online services and driving assistance
- Production. For instance Nike iD: a surfer can go to Nike website and, in the related section, customize a pair of shoes by deciding which type, size, colors and special writes he prefers. In the end, he can decide to buy his “creation” or restarts the process
- Marketing. Coca-Cola used online co-creation to gather expressions of its brand promise “Energizing refreshment”. They gathered videos, animations, illustrations and photographs that could be used in its marketing campaigns worldwide.



Figure 2.5 - Phases involved in co-creation process

As A. Boaretto, G.Noci and F.M. Pini write, co-creation will lead to three main effects in business: a higher appreciation of the offer by customers, reduction of the offer costs and an increase in the innovative potential of the company through co-creation actions (Boaretto, Noci, & Pini, Open Marketing, 2009). The involvement derived by co-creation is value adding for customers. The same reason leads to the second effect, lower costs. The last effect is explained by the fact that involving the customer can increase the level of useful innovation, that is

due to the fact that customers know what they want, and so can help the company in develop the product or service.

High-quality interactions that enable an individual customer to co-create unique experiences with the company are the key to unlocking new sources of competitive advantages. Authors in literature identify four main elements in the interaction between customers and company that can facilitate co-creation experience. Dialogue, access, risk-benefits and transparency (DART) are considered as blocks of a building for consumer-company interaction that can help experience of co-creation.

Dialog is an important element in the co-creation view. Markets can be seen as a set of conversation between the customer and the firm (Levine, Locke, Searls, & Weinberger 2001). It implies interactivity, deep engagement, and the ability and willingness to act on both sides. Dialog focuses on issues of interest to both, and must have clearly defined rules of engagement. But dialog is difficult if customers do not have the same access and transparency to information; it is possible for an individual consumer to get access to information that he needs especially from communities made by other customers as well as from the firm. Thus, both access and transparency are critical to have a meaningful dialogue.

More importantly, dialog, access, and transparency can lead to a clear assessment by the consumer of the risk-benefits of a course of action and decision. Obviously it is possible to evaluate risk-benefits in an objective way, with suitable instruments and tools, but this will be always influenced by the personal and subjective understanding of the risk. (Prahalad & Ramaswamy, 2004)

Risk can be analyzed by both the company's side and the customer's. Especially from customers' side, they have to take some responsibilities for the risk they consciously accept in working out with the company.

There can be multiple points of interaction anywhere in the systems, from the traditional store to the page in the social media, the co-creation strategy implies that all the touch points are critical for creating value.

Concept of co-creation is strictly related to experience. Wim Rampen says that *“Value is Co-created with Customers if and when a Customer is able to personalize his Experiences through a product or service – in the lifetime of its*

use – to a level that is best suited to get his job(s) done”. (Rampen, 2009). So, the real value for the customer is not in the product itself, but in the quality of the experience. The experience is subjective and each one can perceive it differently from the others. Personalizing the co-creation experience means fostering individualized interactions and experience outcomes. (Prahalad & Ramaswamy, 2004)

Multichannel strategies are better fit to exploit co-creation rather than traditional ones. For Stefan Stern, *“Co-creation works best when you build a strong community. People share ideas, build on each others' work, critique, praise, and compete. It takes more than financial rewards to keep smart, creative people engaged. They need praise, credit for ideas, and to see the difference that they're making”*. (Stern S. , 2011); Multichannel companies works more with communities than other ones, and so it is easier for them to listen, communicate with and take advantage of them.

Nonetheless, there is not a univocal definition of co-creation, as for multichannel strategy, but there are many definitions, each of them adding something to the others.

There are no clear parameters of how effectively can be measured. This occurs especially because there are measurements that take into account only the quantitative part (for instance number of website visits, number of received proposal and so on) forgetting the qualitative one, which is equally important (Boaretto, Noci, & Pini, Open Marketing, 2009).

In conclusion, it is possible to see markets as a space for potential co-creation experiences, where individual constraints and choices define their willingness to pay for experiences. Shortly, the market resembles a forum for co-creation experiences. (Prahalad & Ramaswamy, 2004) Companies should monitor markets in order to listen and find ideas about possible developments of products or services.

2.2 THE CHANNELS

2.2.1 Organization

Architecture

In multichannel architecture some core elements are necessary:

- *Clients*: different situations lead to different needs, demands and preferences;
- *Services*: their characteristics may influence channel usage, for instance group information service, individual information or transaction ones;
- *Providers*: every service is offered by one or more service providers. There are three main responsibilities in the service delivery process to take into account: these are accountability, coordination and execution;
- *Channels*: they are the medium through which the firm and the customer interact (Lankhorst & Oude Luttighuis, 2009)

Each of these elements is important in the purchase process: during the first phase, the client searches and selects the right service, channel and/or provider. Then, the service provider delivers the service to him via chosen channel. For this purpose, he has to perform all kinds of internal processes and functions using various automated systems in the back-end to actually realize this service (Lankhorst & Oude Luttighuis, 2009).

To develop a framework for identifying multichannel management patterns, it is important to have data and information and to cover specific areas:

- The person to which is directed the marketing strategy, the client in terms of who is and what the firm knows about him;
- The objective of the marketing strategy, so the services needed by the customer;
- Where the services are provided, and through which channel;
- Who the provider is;
- With whom these services are provided or consumed and who provides assistance;

- How these services are delivered and realized; (Lankhorst & Oude Luttighuis, 2009)

Channels

Channel can be divided in two streams (Keller, Brand Equity Management in a Multichannel, Multimedia Retail Environment, 2010):

- Direct and interactive channels: involve selling through personal contacts from the company to customers by mail, phone, mobile and so on
- Indirect channels: sales are made to customers through intermediaries like agents or broker representative

Besides this distinction, literature shows a cross parting of channels, related to how they are made (Lu, 2004):

- Physical channels, that have advantages in service and distribution by owning access for the customers
- Virtual channels, that have advantages in applying innovative internet technologies without any cost burden of physical stores; otherwise there might emerge severe problems concerning logistics and distribution if these channels will not be integrated and coordinated with physical ones

Their combination assures the distribution, information and financial flow from the customer to the company and vice versa.

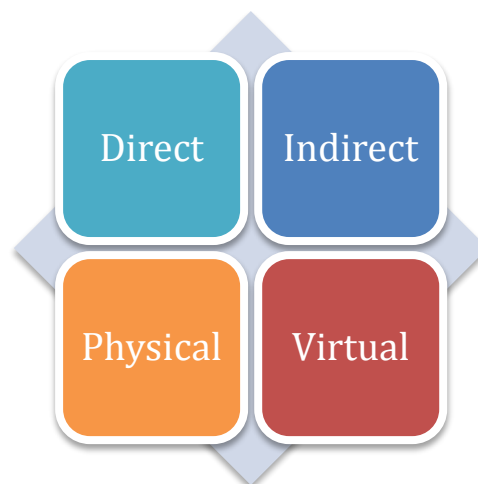


Figure 2.6 - The different types of channels

DIRECT CHANNELS

Literature reports that direct channels can be related to the interactive ones. (Stern & El-Ansary, 1996). In this sense there are two main communication instruments: Internet and Mobile. One of the main advantages of the Internet channel is the online purchase. Nowadays, most of the worldwide well-known companies give

the possibility to purchase from the online store and make payments in different ways, for example by using credit card, the PayPal system or payments at the delivery. Thus, there is no need for the physical presence of the money during the transaction, but it is necessary, from companies' side, to ask for authorizations and, for customers, to provide their credentials and their accounting data.

More interesting is the case of the Mobile. Mobile Payment is nowadays one of the most used methods that customers use to pay, mostly for services, but also for products. (Scarcella, 2010; Osservatorio Mobile Marketing & service, 2012)

Mobile phones have lots of functions and applications that allow the customer to make financial transaction, as pay the ticket for a movie, for a pay per view program on TV, or for a telephone recharge. (Ravasio, 2010)

Moreover with the last generation devices is possible to have information about where the customers are, through location services. This helps the company to understand the preference of the customers, to target customers in order to customize marketing campaigns, and to promote, in another new way, the brand image. (Boaretto, Noci, & Pini, Mobile Marketing, 2011)

INDIRECT CHANNELS

This type of channels can be identified with the intermediaries, that are necessary to allow the geographical and demographical development of the market, especially in terms of number of contacts that may become so higher that is difficult for a retailer to follow all the clients. Thus, in these cases, it is necessary for a company to reach a high number of final clients and develop a strategy to show its products to specialized structures that can sell these and other products, substitutive and competitors' ones. (Stern & El-Ansary, 1996)

Communication

Communication is the process through which the company interacts with the customer and vice versa. Nowadays, new channels like online and digital are the most used for communication both from customers' side, which can quickly find information and companies' side, because these channels result to be cheaper than

other ones. More in detail, there are two possibilities of interaction between the company and the customers:

- Personal communication: involves 1-to-1 interaction between a marketing person or representative and an individual consumer through personal selling, direct marketing or WOM;
- Mass communication: the message is sent to a group or groups of consumer through advertising, sales promotions or events (Keller, Brand Equity Management in a Multichannel, Multimedia Retail Environment, 2010)

Keller defines five dimensions, from bottom to top, that may be influenced by any channel or communication marketing activity. The power of marketing communications as a brand-building positively impact on every level of this model called 5 A's model:

- Brand Awareness: channels affect brand awareness at purchase in the manner in which they display and promote a brand;
- Brand Associations: channel can impact performance and imagery associations about the brands they sell by exactly how they choose to sell them;
- Brand Attitudes: channels can impact judgments and impressions of the customers;
- Brand Attachment: physical stores may be able to create a sense of friendship and community with salespeople and their customers;
- Brand activity: channels can facilitate brand activities by providing additional information, entertainment or experiences with brand (Keller, Brand Equity Management in a Multichannel, Multimedia Retail Environment, 2010)

Classical Channels

Companies are constantly looking for new instruments and tools to increase the efficiency and the effectiveness of their communication. Firstly, the work will briefly describe the traditional channels that are mostly used by the companies,

and then the online ones that have allowed the company to develop a better communication's strategy with the rise of the Internet. (Stern & El-Ansary, 1996)

Advertising

Usually, most of the investments in advertising has been dedicated to classical methods; also advertising can be provided into different available channels, from the traditional to the newest ones.

One of the main objectives of advertising campaign is to create awareness of the product and of the company, to support and develop the brand and to enlarge the available market by increasing information and contact requests. (Stern & El-Ansary, 1996)

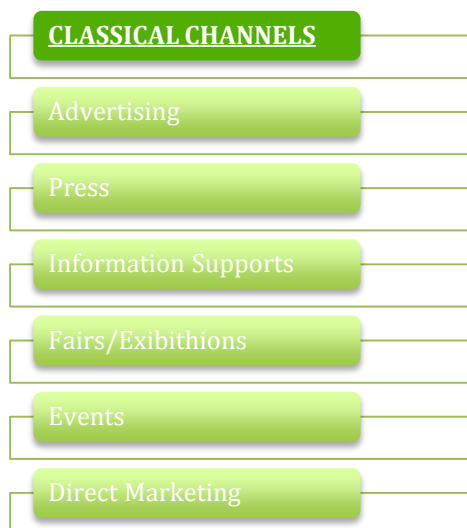


Figure 2.7 - Classical channels

Press

There are different press media. Promoted publications are the ones with highest technical details, and it is necessary to reach the insiders without too much dispersion. They are able to influence key actors in the purchase process and do not have high costs.

General industrial publications have a higher diffusion, reach a large and heterogeneous audience, that can belong to different sectors.

Newspapers and journals are press media with the highest diffusion with heterogeneous audience. They are not suitable for the advertising of a product but are used mostly to develop and promote the brand of the company. (Stern & El-Ansary, 1996)

Information Supports

In this categories are included all the instruments for the support of the direct communication, as brochure, catalogs and so on. They show all the details of the products and services and have to be updated continuously.

Another type is the video support, that have their strenght in immediacy, clarity and in easiness of comprehension of the information that the company want to deliver, through the use of particular images that can hit the viewer.

Information supports are used mostly to present the company, show the products and inform the audience about what the company provides, treat public relations, search for potential clients, give help and support to clients, to help direct relationship with retailers and suppliers, and, as already written, for communication between different channels and divisions of the company. (Stern & El-Ansary, 1996)

Fairs/Exibithions/Events

They are a contact point between retailer and customer, in a favorable context for information acquisition, for presentation of new product and services and personal contact. Their first objective is not the direct sell, but the creation of new contacts, for both retailers and customers, and to present new products.

They represent an efficient and fast way to enter into foreign marke. Being present to a fier the retailer can meet directly their potential clients and intermediaries, and gather information about the market.

Even if this communication channel is widely used, it has high costs; for example, the cost per contact is higher if compared with other channels due to the fact that the products have to be transported (and the transportation is not free) and some qualified employee are subtracted to their daily operation to be present at the fier.

This type of channel is used especially in B2B contexts where intermediaries and possible clients can contact differt firms in the same place, and make faster coparison, if it is possible. (Stern & El-Ansary, 1996).

Instead, events are used to send messages to target audience, in particular experts of the sector, even if it is an expensive way. There are different types of events, that differs for impact and cost. Meeting and seminars are classical examples, where product are presented to possible future clients and qualified operators in the market. (Stern & El-Ansary, 1996)

Direct Marketing

It is a strategy that uses interactive instruments (for instance chat) to reach a target of customer and have an immediate and measurable reaction, through a direct response, that can be a request of information or the generation of an order through different available channels.

Direct marketing is used especially in three cases:

- As a alternative to existing distributive channels, as for example the use of the mailing lists;
- To support the sale through other distributive channels, especially in areas with no workforce
- To help post-sale services, so all the possible services that the customer needs after the purchase of the good

Two main instruments are used for this purpose:

- Direct mailing: is a communication to present or propose a sale to a possible customer through mail: e-mail marketing is the last version of direct mailing, and the difference is in the use of the e-mails instead of traditional mails.
- Telemarketing: is the use of the phone to reach customers. Differently from direct marketing the use of the phone can lead to a higher emphasis and incisiveness with a higher efficiency. It supports two main activities: clients' service (who wants to contact the company can use the phone and make a call, as for example existing customers) and commercial communication. (Kotler & Keller, 2006)

WEB 1.0

With the rise of the new technologies, and in particular the innovation offered by World Wide Web, an easy, cheap and fast instrument to promote products and services, send and deliver orders, communicate its brand image to the worldwide customers. The changeover between direct mailing to E-mail marketing is a clear example of how the new technologies are helping the company in interacts with the customers. The instruments that help firms for these purposes are different: websites, e-mail, communities, newsletter, banners.

WEB 2.0

Radical changings in the last years had led to the definition of Web 2.0, a term that is minted by O'Reilly Media in 2004 ([http://oreilly.com/web2/ar](http://oreilly.com/web2/archive/what-is-web-20.html)

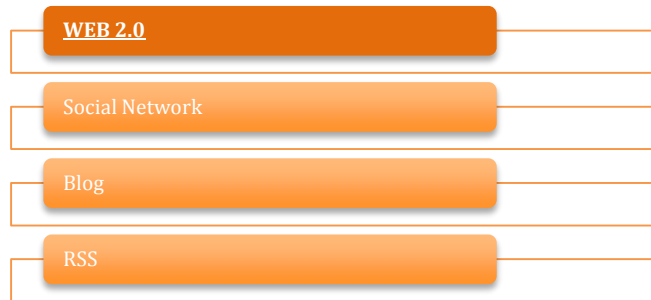


Figure 2.8 - Web 2.0

chive/what-is-web-20.html). “*Web 2.0 is a set of trends – economic, social, and technology trends – that collectively form the basis for the next generation of Internet: a more mature, distinctive medium characterized by user participation, openness and network effect*” It is referred to the perception of the second-generation services based on communities, as websites, social networks, blogs and so on, that allow to everyone to be socially connected and to communicate, participate, share and publish contents and information. Participation is the key aspect of this approach, and the core of the new communication.

Each one of this instrument can include a “tag” that identify what is written in; in this way the users can find all the contents relative the topic.

These are the instruments that are mostly used in this field.

Social Network

A social network is defined as a technology that allows people share contents with the entire world. At the same time social media are the websites that allow the social networking. Even if they are born as website, in the last years related applications for Smartphone and tablets have entered in the market. Most used and famous social media are Facebook, Twitter and YouTube.

Despite the fact that these media were born for personal use, nowadays companies use them to have contact possible customers and promote their brand or products. Red Bull has a Facebook and Twitter profile, and a YouTube channel where the company can post promotional videos and events. With these profile the company can reach the customers by posting news about the company, the events promoted by the company and so on; even if in some case the profile promote products and

services provided by the company, they are aimed at create and support the brand and the image of the company. (Wasserman & Faust, 1994)

As for Facebook, generally a company has two possible options to promote his brand:

- Facebook ads, that allow to the advertiser to insert announcements to target customers (by analyzing their preferences, that ben be found in the profile). This expensive option.
- Facebook pages, that allows the company to promote its brand by behaving as a normal user. This is a free version and the company has no expenses. In this case a problem can arise, since everyone can open a page related to whatever he wants. So companies have to check and control possible fake pages that can show a negative image. (Facebook)

Literature asked about the intention the company to provide the interaction with customer, and more practically, by inquiring about the opportunity that a company gives the possibility to the customer to post comments on the company's profile. As written before, the world has becoming more interactive and the web surfers feel the need to communicate more and more. For this reason company should provide the possibility to the company to post comments, ask questions and, generally interact with the company about whatever they want.

In this way the company can give a positive image, both to existing and possible new customers.

The main problem here is related to the possible negative comments about the user. Each company has wondered at least one time if to cancel or keep them. The first hypothesis shows a clean image of the company, but in some cases customers can be diffident in reading only positive comments, even if the company provides the better services in the world. On the other side, maybe, it is important to show what the company really is, with both positive and negative aspects. In this way it can be as transparent as possible, and the customer can take their decisions knowing what effectively other customers thinks.

Blog

In its first definition, Jorn Berger joined the two words web and log, by defining blog as “a web page where a web logger “logs” all the other web pages she finds interesting” (Blood, How Blogging Software Reshapes The Online Community, 2004). A blog is a sort of virtual diary where a user can write everything he wants and post contents, in terms of text, pictures, video and so on. The main features of the blog are the continuous update and the visualization in reverse chronological order, as a diary read from the last page to the first one.

As other similar instruments, blogs are easy to used (it does not need specific knowledge), effective because can be constantly updated and cheap (if not free, as they are most of the time). Even if they present some convenient characteristics it is no widely used by companies, but more by singular users, probably because it is difficult to creation and control the contents of the communication, to integrate the blog in their communication strategy and clarity in benefits (Duffy & Bruns, 2006).

RSS

This is a sort of blog, with the difference that the reader sees only the contents in which he is interested, because it is a standard interface that automatically selects the topics related to customers’ interests. (Duffy & Bruns, 2006)

The company select the option, where possible, to enable the reception of these contents, so the delivery becomes automatic only after the customer’s request.

Mobile Marketing

Another emerging channel that is increasing interest and importance is the mobile one and marketers around the world are spending increasing amounts of money on marketing activities in mobile media (M Leppäniemi, Mobile marketing: From Marketing Strategy to Mobile Marketing Campaign Implementation, 2008); in fact Mobile marketing, intended as the set of marketing initiatives that use mobile devices and media, is gaining importance (Shankar & Balasubramanian, 2009; Boaretto, Noci, & Pini, Mobile Marketing, 2011).

The Italian reality supports this trend: in fact, the mobile advertising market has increased the 50% respect to 2010, increases the number of companies that are

adopting effective mobile marketing & service initiatives which embrace many phases of the relationship process with consumers and which exploit effectively such peculiarities as geo-localization, contextualization, rapidity and sociality (Osservatorio Mobile Marketing & service, 2012).

Shankar & Balasubramanian define it as *the two-way or multi-way communication and promotion of an offer between a firm and its customers using a mobile medium, device, or technology*, and could include mobile advertising, promotion, customer support and other relationships-building activities.

Conversely, the Mobile Marketing Association defined it as *the use of wireless media as an integrated content delivery and direct-response vehicle within a cross-media marketing communications program* (M Leppäniemi, 2008).

The demand for mobile devices – equipment such as cellphones, PDAs, and digital music players that are typically used on an anytime, anywhere basis without being connected by wires – and services that use these mobile devices (mobile services) is growing rapidly worldwide (Shankar & Balasubramanian, 2009).

Mobile channel features can be exploited in many ways. The mobile generates new opportunities because it is not just “another screen” to replicate the Marketing and Advertising logics belonging to other channels on, it is a medium with specific peculiarities that make it unique and attractive under a marketing point of view: personalization and intimacy, easiness of usage, timeliness, localization and contextualization, sociality (Osservatorio Mobile Marketing & service, 2012; Boaretto, Noci, & Pini, Mobile Marketing, 2011).

The mobile channel can be used in the same way as the other channels using its intrinsic characteristics.

In fact, companies can make use of mobile advertising, mobile sales promotions or mobile direct marketing (M Leppäniemi, 2008).

More punctually, companies can try to reach their objectives by investing in display advertising into applications and mobile sites and keyword advertising.

Display advertising is a type of online advertising that has different features including banner ads, rich media and more. Unlike text-based ads, display

advertising relies on elements such as images, audio and video to communicate an advertising message.

Keyword advertising works as follows: when a searcher enters a query into a search engine, all or part of the query may trigger the display of one or more ads on the search engine results page (SERP). If the searcher clicks on an ad, a page from the advertiser's website (known as the landing page) is displayed. The advertiser is then charged by the search engine (i.e., pay per click) (Rosso & Jansen, 2010).

Other traditional mediums comprehend the usage of text messages sent through the SMS service to proprietary database systems or third parties one. In particular, the usage of SMS has shown a slower pace of increasing respect to instruments such as display or keyword advertising in mobile applications (Wasserman & Faust, 1994; Osservatorio Mobile Marketing & service, 2012; Boaretto, Noci, & Pini, Mobile Marketing, 2011).

2.3 THE MARKET

2.3.1 Multichannel Customer

Who Is the Multichannel customer?

As a result of the new environment that had been mainly driven by the spreading and the reinforcement of new technologies, traditional segmentation of customer is no longer adoptable. With the new technologies, people have new needs to be satisfied: from connection, to digital orientation, sociality, from mediality to auto-celebration. Thus, a new way to evaluate different customers is needed.

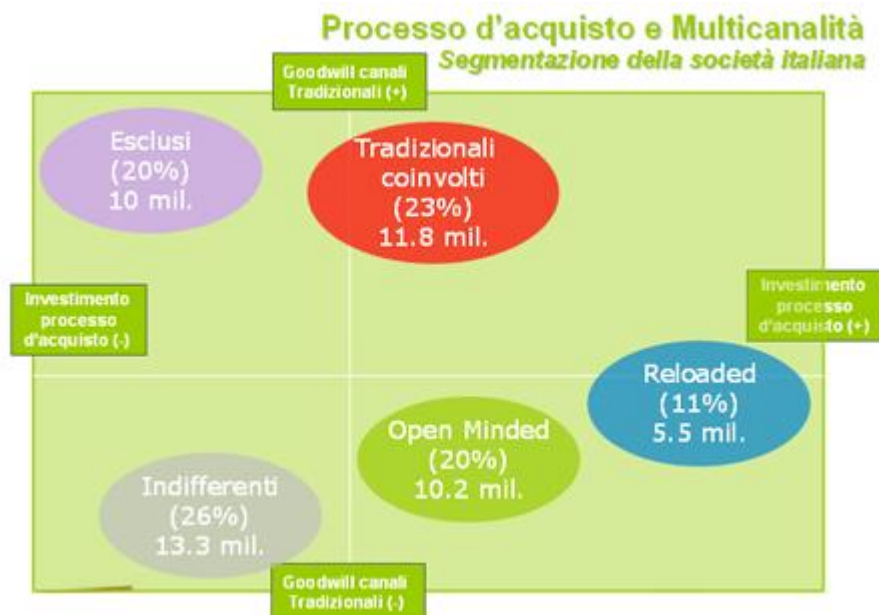


Figure 2.9 - Multichannel customer: a segmentation map

Open Marketing (Boaretto, Noci, & Pini, Open Marketing, 2009) offers a segmentation map that can be useful with new technologies. Each segment has a proper behavior in the purchase process, which is very different from the others. The analysis will focus on reloaded customers, who are the pure Multichannel ones.

“They are strongly involved in relationship processes with the companies and with other consumers through a lot of contact channels. They are influencer and activators of viral dynamics mostly through Internet and have a positive approach towards life and demonstrate a higher necessity of enrichment of their personal acquaintance through both social relationships and travels. They like advertising

and they enjoy it: they appreciate either the most pragmatic and purchase process – oriented aspects or the most intangible ones, such as atmosphere and humour; they are critic towards television and live the "purchase process" as a positive occasion of updating and understanding of what they use” (Boaretto, Noci, & Pini, Mobile Marketing, 2011; Boaretto, Noci, & Pini, Open Marketing, 2009).

From a socio-demographic point of view, there are no age differences between different clusters, so Reloaded customer are neither younger nor older than other ones, but have a higher level of education than other ones.

There are many motivations for a multichannel company to focus on related customers, as Fai Ganesh writes (Ganesh, 2004):

- They are the most valuable customers;
- They have a direct influence on others' customer loyalty and so retention;
- Proliferation of retail channels, which brings along problems related to order capture

2.3.2 Multichannel Customer Behavior

Multichannel behavior implies continuous use of a number of channels (Heinhuis & De Vries, 2007).

Customer behavior is influenced by several factors, that D. Reinhuis and E.J. De Vries gather into three main categories:

- *Demographical characteristics*: here features like gender, age, income, education and so on are included. As written, there is no big difference between different customers in terms of age, while level of education is higher in Reloaded customers;
- *Psychological factors*: like beliefs, learning, motivation, attitude, and perception. There are two important factors to take into consideration: attitude and perception. The first one is related to demographic characteristics and is influenced by actual behavior, past experience and beliefs. A favorable attitude to new technologies, Internet in particular, can explain the use of multi-channels. Perception is related to the concepts of

risk, that is one of the greatest threats for multichannel customers, and trust that will be analyzed later;

- *Nature of the product and his characteristics*: there are goods or services with different channel preference of purchase; more in detail, there are three main categories to be analyzed as in (Van Baal & Dach, 2005; Pookulangara & Natesan, Examining consumers' channel-migration intention utilizing theory of planned behavior: a multigroup analysis, 2010):
 - *Dominance of search characteristics*: the higher these attributes, the more likely consumers will engage in cross-channel free-riding; so it will be harder for the company to retain them;
 - *Speed of technological change*: the higher the speed, the more likely consumers will engage in cross-channel free-riding and will be retained across channels
 - *Frequency of purchase*: the more the customer purchases, the lower rates of cross-channel free riding and customer retention

Moreover, generally, brick-and mortar store are preferred for display and delivery, whereas the Internet has the lowest price options (Pookulangara, Hawley, & Xiao, Explaining multichannel consumer's channel-migration intention using theory of reasoned action, 2011)

More in detail, Denise D. Schoenbachler and Geoffrey L. Gordon (Schoenbachler & Gordon, 2007) propose a model that identify five key factors that influence the likelihood of purchase from multiple channels:

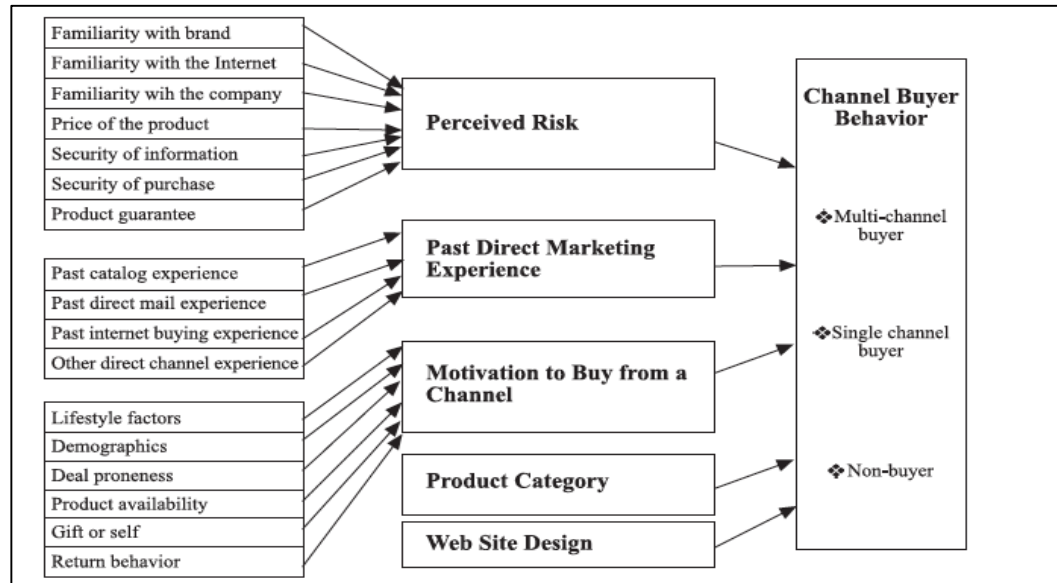


Figure 2.10 - Factors that affect customers' choice

- *Perceived risk*: customer's personal assessment of the risk with the purchase. The lower the risk, the higher the willingness to purchase;
- *Past direct marketing experience*: past behavior is a strong predictor of future behavior. So, the more positive the past experience, the more the customer is willing to purchase;
- *Motivation to buy from a channel*: people have a background of experience and habits which heavily influence their behaviors; for instance the need for convenience, different scope of the purchase (personal use, gift and so on), demographical variables, attitude to shopping; this background leads customers to differently evaluate and choose channels;
- *Product/service category*: certain product categories are more often purchased via traditional channels, while for others customer prefer to move to new channels;
- *Web site design*: easiness of use, eye appeal, product layout; these features may influence the willingness to buy of the customer;

As the model shows, risk is a big problem for a multichannel customer.

The notion of risk perception affecting consumers' decision making is well grounded in literature. With the introduction of online channels, the occurring risk, however, changed. Customers, who perceive online channels too risky, might

refrain to use them; however, the degree of risk aversion, rather than the actual perception of risk, is crucial, given that online distribution channels as part of a multichannel strategy are increasingly common. Customer accumulates experience with every completed online shopping transaction and consequently familiarity with it; as a consequence, the knowledge of online channels increases. Anyway, customers are often reluctant to purchase from the Internet channel because they are afraid of possible fraud that can arise by a purchase from a virtual channel, where they do not have on their hands the product at the moment of purchase.

Trust has been defined as "the willingness to rely on an exchange partner in whom one has confidence, reliability, and integrity" (Hahn & Kim, 2008).

As Kim Hongyoun Hahn and Jihyun Kim report, in multichannel environment trust is associated with risk and uncertainty, especially in cases in which the customer gives personal information to the retailers (the most frequent example is when the customer must leave the credit card number); so, the lower the risk perceived by the customer, the higher the likelihood that he will trust the retailer, and so the higher the likelihood to use more technological channels too.

Multichannel strategies can create an advantage in this sense compared to internet-only businesses, as report Maximilian Teltzrow, Bettina Berendt, and Oliver Günther because they decrease the lack of trust that characterize online-only customers; with this type of systems retailers may benefit from the fact that site visitors are aware of a company's physical store network and thus have lower risk perception in the online channel (Maximilian Teltzrow). Therefore, in this case the reputation of the offline store affects positively the online one.

Word of Mouth can directly have impact on trust: if positive, it can be the most relevant solution for advertising and can have a significant effect on online behavioral intentions of customers; in fact, positive WOM decreases perceived risk by customers. On the other side, if the WOM is negative it can be a big problem for the company.

Another hostile that has to be faced, especially for companies with new technological channels, is the innovation caused by the implementation of ICT systems. In literature, there are a lot of models explaining user acceptance of new

technology, which can be divided into two main areas: technology acceptance, that is the adoption of the newest ICT systems, and the customer satisfaction, that drive to the continuous use of these channels.

D. Heinhuis and E.J. De Vries show one of the most used model related to this topic, which is the Technology Acceptance Model (TAM), which originates from the Theory of Reasoned Action (TRA) formulated in 1975 by Fishbein and Ajzen. This model included two variables that lead people to accept or reject Information Systems:

- *Perceived usefulness*, that is "the degree to which a person believes that using a particular system would enhance his or her job performance";
- *Perceived ease of use*, defined as "the degree to which a person believes

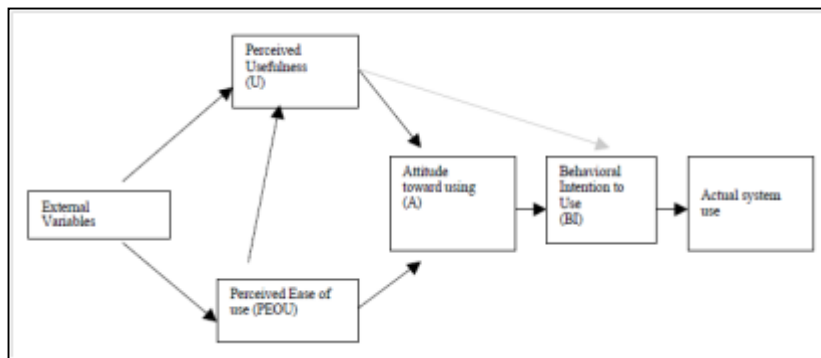


Figure 2.11 - TAM Model

that using a particular system would be free of effort".

This model has been used to explain the adoption of

Internet channels; the results show that perceived usefulness is the most important factor to explain intention to use.

In combination with this model is often used the Innovation Diffusion Theory (IDT), based on five general attributes of innovations that influence adoption of new channels: *relative advantage*, *compatibility*, *complexity*, *trialability* and *observability* (Heinhuis & De Vries, 2007).

Even Jaume Gene´ Albesa writes about the use of new channels, by proving that experience, knowledge and ability to use the newest channels can influence their use: the higher the values, the higher the willingness of use the newest media. (Albesa, 2007)

Migration

Some authors in literature asked about how customers choose a channel, the motivation of the choice and if they will remain loyal, after they had chosen a channel. These are common questions that represent a difficult question mark for the companies and that are connected with *channel choice* and *migration*.

The literature inquired about the customer channel choice. The most intuitive answer to this question is related to the financial point of view. A customer chooses a channel because in that place the product is cheaper. Moreover, there are psychological factors that change from person to person and, above all, factors related to security and performance risk. Prices are clear to each customer, they can see them, but this is not the only determinant in channel choice, even if in some cases they have the greatest importance.

Once understood the motivations for which a customer chooses one channel, it is important to know how is made his choice. Authors propose different key factors to this purpose: channel preference, company marketing efforts and channel inertia. Blattberg et al. (2008, Chapter 25) identify other six determinants that can

Do customers contact with the same company from searching to purchasing?		Within-channel switching		Cross-channel free-riding	
		Customers search at the online channel of company A, then purchase from the online channel of company B.		Customers search at the online channel of company A, then purchase from the offline channel of company B.	
Yes		Within-channel retention		Cross-channel retention	
No		Customers search and purchase from the same online channel of the same company (company A).		Customers search at the online channel of company A; and they purchase from the offline channel of the same company (company A).	
		Yes	No	Do customers use the same channel from searching to purchasing?	

Figure 2.12 - Different types of customers in Multichannel environment

influence customer choice: marketing strategies made by the company, channel attributes, social influence (Word of Mouth is the most efficient source of promotion for a company), channel integration, individual differences and situational factors. S.Valentini et al. try to put together this knowledge and state that channel choice is function of marketing efforts, the customers' channel preferences and state dependence (Valentini & Montaguti, 2011).

Channel migration refers to the behavior of some customers who switch channels during the various phases of the purchase process. Obviously, this can be a double-edged sword because the company can both acquire and lose customers in this way. Customers which behave in this way are known as *cross-channel free riders* and are defined as "*Multichannel customers who switch to another retailer to place their order when they switch channels*" (Hung-Chang Chiu, 2009). More in detail, they switch across channels to buy products and services, especially after having compared prices, quality of the services, level of security and risk, and according to psychological factors. Hung-Chang Chiu, et al. propose a matrix to identify different types of customers according to their behavior across channels and companies.

They define also the *multichannel self-efficacy* as "*the ability and confidence of consumers to employ multiple channels, including online and brick-and-mortar stores, to finish a transaction, starting with information search and ending in purchase*" (Hung-Chang Chiu, 2009). Hence, it is a push effect that motivates customers to become free riders, and so can have a negative effect on a firm, that should try to retain customer and avoid losing them to other ones. They call this type of behavior within-firm lock-in, "*the ability of a company to retain consumers across both search and purchase processes*". An experiment made by these authors shows that multichannel self-efficacy has a positive effect on cross-channel free riding, whereas Internet has a positive effect on multichannel self-efficacy. Switching costs has instead positive effect on within-firm lock-in. Another important fact that needs to be taken into account also in this case is perception: when customers perceive themselves as highly capable of employing different channels for different purpose, they have also higher possibility and intention to switch channels.

A particular but important point to be underlined is privacy, which is one of the main motivations that leads customers to purchase online: sometimes they prefer to avoid that others can see what they are purchasing, especially in embarrassing purchases, and prefer to buy with impersonal channels. (Albesa, 2007)

Free-riding can lead to some disadvantages in retailers' perspective: they can lose revenues, because in some occasions shoppers who are only interested are not buyers, but also in click-and-mortar stores where personnel can focus on not buying customers, instead of customer that really want to purchase.

RESEARCH SHOPPING

A particular case of customer migration is the research shopping: as S. Valentini, S.A. Neslin and E. Montaguti write, it occurs when "*the customer uses one channel for search (gathering information), and different channels for purchase*" (Valentini & Montaguti, 2011). In this case the company puts some efforts into one channel that will not give back value to the company. Verhoef, Neslin and Vroomen identify three factors that can explain research shopping (Peter C. Verhoef, 2007):

- *Attribute-based decision-making*: based on customer perception that one channel is better than others in information research, and another excels on attitudes that drive purchase;
- *Lack of channel lock-in*: high channel lock-in deters research shopping because searching and purchasing become highly correlated;
- *Cross-channel synergies*: they may cause this phenomenon because shopping on Channel A enhances the experience of purchasing on Channel B; in this case research shopping mainly refers to positive synergistic effect between information research and purchase in two different channels. On the other side there can be negative effects, the searching in one channel makes purchasing in another channel less desirable.

More in detail, some authors (Neslin, et al., 2006), writing about research shopper, say that it represents both an opportunity, related to the firm's ability to encourage customers to search on its website to direct them on the offline store, and a concern, in the sense that the possible research in one firm's website and

purchase in another firm's traditional store is not good for the firm that had provided information. They also provide one approach to manage research shopping by employing an-information only website that is highly integrated with the traditional store. Most of the times, research shopping occurs with the information search phase made using online channels, while the purchase phase on traditional channels as a research made by Peter C. Verhoef et al. proves (Peter C. Verhoef, 2007). Thus, the internet search is not seen as a positive issue because companies are afraid that they could not control customers because customers may look for information on their website and then purchase in other stores. It would become a positive aspect if the company could manage to integrate its online store with the retail one so that Internet one acquires customers to be directed to retail store. For this purpose, some firms implement loyalty programs across different channels of distribution: they allow customer to shop across different channels and at the same time give important information to the company.

Loyalty

From seller's perspective, customer loyalty can be recognized as a key path to profitability. In the earlier phase of the acquiring customer process, the firm is unprofitable. Only during later phases the costs fall and the firm become profitable (Srini S. Srinivasan, 2002). Loyalty can help the company to decrease more quickly costs and so increase profits.

Loyalty is quoted as "*function of perceived product superiority, personal fortitude, social bonding, and their synergistic effects*" and is divided into two components, behavioral loyalty and attitudinal one (Chen & Cheng, 2005).

Differently, Wallace et al. give a more practical definition: customer retailer loyalty is "*the customer's attitudinal and behavioral preference for the retailer when compared with available competitive alternatives*" (Wallace, Giese, & Johnson, 2004). Thus, different channels but only one retailer: customer is loyal with him.

Here customer satisfaction is considered in a general way but there is a deeper way that considers the definition in a multichannel environment that is "*the*

complementary satisfaction including physical and virtual environment", mentioning the fact that loyalty can have different meanings if related to the retailer loyalty or channel loyalty (Chen & Cheng, 2005).

Most of the authors believe that, due to the variety of retailers and channels, loyalty is a core and complex topic in multichannel, and mutually influence both online and offline channels; it is strictly connected with the ones of trust and satisfaction that are the main drivers that influence this behavior. In fact, the higher the customer satisfaction and the trust a customer has towards a firm, the higher the level of loyalty that this customer will have.

Other drivers can drive customer loyalty; the most important is service quality, which is connected with the satisfaction of the customer. C.W. Chen and C.Y. Cheng define service quality as "*the degree of discrepancy between customers' normative expectations for the service and their perceptions of the service performance*" (Chen & Cheng, 2005). It is important to underline that there is a difference between what the consumer thinks about the service and what he perceives in the use, that is the interpreted from of the difference in degree and direction between what a customer perceives and his expectations. Therefore, it is important the concept of positive disconfirmation that occurs when "*the customer evaluates the discrepancy between what actually occurs and their expectation thereby concluding that their expectations were met or exceeded*" (Wallace, Giese, & Johnson, 2004).

Positive disconfirmation leads to increased satisfaction.

To sum up, loyalty is influenced mainly by two subjective factors, which are the perception of the product or service, and their expectations about it.

Customer loyalty is really important for the company, not only for the profitability, that is the main consequence of a good loyalty program, but it also leads to increased customer retention, decrease price elasticity, lower customer acquisition and lower transaction costs. By increasing customer loyalty, a company can create a stable pool of clients that buy more, are willing to pay higher price and generate positive WOM that, as is possible to see later, is the more efficient source of promotion for a company.

With the growth of the web and the possibility to make purchase online, the importance that companies give to the loyalty that customers put on this new online world has raised too.

E-Loyalty is a variant of loyalty that causes many problems to the company, and so is the one that has to be more controlled by company. It is defined by Srini et al. "*a customer's favorable attitude toward the e-retailer that results in repeat buying behavior*". They also propose a model that shows some factors directly influences E-Loyalty, 8c's Model:

- Customization *is the ability of an e-retailer to tailor products, services, and the transactional environment to individual customers;*
 - Contact interactivity: *is the availability and effectiveness of customer support tools on a website, and the degree to which two-way communication with customer is facilitated;*
 - Cultivation: *is the frequency of desired information and cross-selling offers that an e-retailer provides to customers;*
 - Care: *is the extent to which a customer is kept informed about the availability of preferred products and the status of order, and the level of efforts expended, to minimize disruptions in providing desired services;*
 - Community: *is an online social entity comprised of existing and potential customers that is organized and maintained by e-retailer to facilitate the exchange of opinions and information regarding offered product and services;*
 - Choice: *is the situation in which customer has to decide which product, channel or retailer to choose;*
 - Convenience: *is the extent to which a customer feels that the web site is simple, intuitive and user-friendly;*
 - Character: *is an overall image or personality that the e-retailer projects to consumers through the use of inputs such as text, style, and graphics;*
- (Srini S. Srinivasan, 2002)

Companies should focus and develop programs to sustain these elements in order to make e-customers more loyal especially because, as written before, it can be

considered one of the greatest problems in developing a multichannel strategy. Taking care of these features could lead company to have advantage over competitors by trying to increase customer loyalty and so retention, and, in the long term, to create more economic value.

Multichannel Customer Management

Addition of new channels increases the complexity of customer management and can lead to a lower integration between channels. Effective channel management requires sharing of knowledge about customers and their relationship with the company (Hughes, 2006).

This has been identified as one of the key area to be developed by marketing function. For this purpose an important topic is the Multichannel Customer Management.

Multichannel customer management is the design, development, coordination and evaluation of channels to enhance customer value through effective customer acquisition, retention and development (Neslin, et al., 2006)

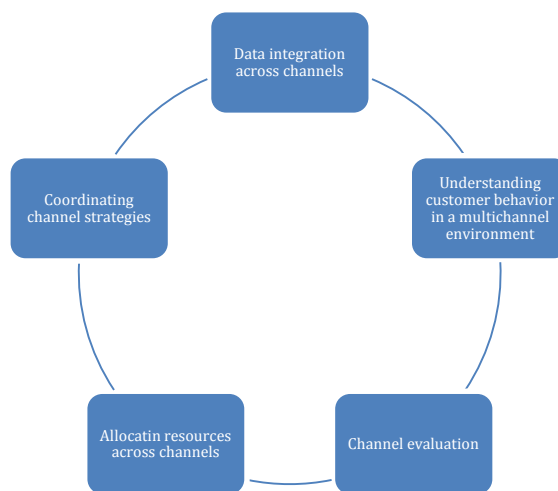


Figure 2.13 - Five important requirements for a good multichannel customer management

As reported by Neslin et al., there are five requirements for a good multichannel customer management:

- *Data integration across channels*: the ideal database would depict which channel each customer accessed during each stage of the decision process, including competitors' channel;

- *Understanding customer behavior in a multichannel environment:* managers have to understand how customer choose channels and what impact the choice has on their overall buying patterns;
- *Channel evaluation*, in terms of performances;
- *Allocating resources across channels*, according to firm's policy;
- *Coordinating channel strategies*, in terms of objectives, design and deployment of channels to create synergies;

Data are a core need for successful multichannel customer management, even if it is very difficult for retailers to collect information in traditional stores, where many customer purchase without any identifying data; but in the last years the number of firms which had tracked their customer through means like fidelity card and others had increased.

Even if expenditures on data warehousing and data mining tools are mandatory to implement efficient systems for multichannel management, there are some advantages. Wagner presents some of the benefits that can arise by implementing a good multichannel customer management strategy:

- Higher profitability
- Higher lifetime value per customer
- Superior loyalty and retention rates (Wagner, 2000)

One of the most used tools by companies is the Customer Relationship Management, which is a set of activities and services that helps their relationships with customers. CRM is aimed to optimize profitability, revenues and customer satisfaction and its adoption and its technologies should enable customer insights, channels integration and back-office enterprise functions fulfillment. It is important for the company to integrate its CRM across all the functions as much as possible, but also with suppliers: the more the integration, the more the company is able to buy products/components that will lead to an increase of the customer satisfaction first, and to higher loyalty then. An integrated CRM helps the company to know what type of information it requires, how the processes work and to understand which steps to take to get customer valuable. Moreover, it is important the concept of integration in CRM that is strictly related with the one of retailer integration.

CRM is important today because it is more difficult to acquire new customers than retain them. IT provides good tools to automate, maintain and exploit them from the beginning over the lifespan of the relationship. It is proved that CRM systems with Business Intelligence increase satisfaction and customer relations by helping in analyzing and providing access to vast amount of data for business decision making (Phan & Vogel, 2008).

A fundamental pillar of CRM is the contact center. Companies have to investigate consumer channel preferences and the motives that induce them to use a particular channel or not; thus, it is very important for the companies to have information about their customers. (Albesa, 2007)

2.4 THE PERFORMANCES

Plenty of measures, plethora of indicators. Measurement has always been a pillar in companies' evaluation.

Measurement systems cover all the functions in an organization and can evaluate overall performance or can be very punctual and analyze a specific part of the organizational body. Focusing on the marketing activities, L.Lamberti and G.Noci highlight that the existing wisdom about marketing accountability is widely considered insufficient by literature and that, citing Morgan et al., 2002, say that “both academics and managers currently lack a comprehensive understanding of the marketing performance process and the factors that affect the design and use of marketing performance assessment systems within corporations” (Lamberti & Noci, 2010). Authors contend that metrics usage is substantially moderated by (a company's) size and sector. They suggest that larger firms use more metrics (M Leppäniemi, 2008).

A business firm can be seen as a portfolio of marketing channels having different function, structure and behavior, with the objective of adding value to the process of making products and services available to business and household consumers (Michael J.Valos, 2006).

Starting by this assumption, the analysis of the performances is structured by defining three main branches that may represent the principal streams of data for a

marketing evaluation: the “General measurements” branch, the online channel and the mobile channel.

The online channel has a huge impact on performances because each marketing channel contributes to the implementation of the marketing strategy of a firm; the difficulties of a channel strategy are strengthened by the emergence of e-channels and the need to integrate e-channels into traditional channels (Michael J.Valos, 2006).

Another issue to be faced is to avoid the channel performance metric paradox. This paradox occurs where undesirable performance trade-offs occur when the improvement of one performance measure reduces the performance of another measure (Michael J.Valos, 2006).

Further hurdles to the measurement of marketing performances are proven by the research of L.Lamberti and G.Noci who had found that companies often recognized that marketing performances are too difficult to be properly defined and assessed, to grant an accurate outcomes measurement; in these cases, behavioral controls are widely adopted, and incentives are a widely used tool for influencing behaviors (Lamberti & Noci, 2010).

Current channel performance measurement guidelines are too generic for marketing managers and too reliant on financial measures. The alignment of channel measures with business strategy should result in more effective and efficient use of channel resources (M Leppäniemi, 2008).

Channel performance can be measured as a function of efficiency. It should focus on how well the firm minimizes costs associated with performing necessary channel functions such as transferring goods from the manufacturer to the end consumer disregarding the profits made at any point along the line (Michael J.Valos, 2006).

It is important to emphasize that every marketing communications campaign needs to be evaluated in terms of efficiency (getting value for invested money) and effectiveness (achieving the objective set for the campaign) in order to enhance the productivity of future campaigns (M Leppäniemi, 2008).

L.Lamberti and G.Noci had conducted an exhaustive analysis of the marketing performance literature and had found five dimensions under which marketing performances can be analyzed:

- *Marketing Efficiency*: Ability to efficiently transform marketing inputs into marketing outputs;
- *Customer Relationships Management*: Ability to attract and retain profitable customers;
- *Internal Consistency*: Ability to spread and maintain a strategic alignment with all the non-marketing functions within the firm;
- *Supply-Chain Interface*: Ability to spread and maintain a strategic alignment with all the relevant supply-chain partners (channels, suppliers, outsourcers etc.);
- *Intellectual capital and Knowledge-Based Management*: Ability to generate market intelligence, to spread it all over the organization and to spread a customer oriented culture within the firm.

In addition, they had also reported a different conception of marketing performance analysis suggested by Clark (1999) and widely accepted.

This theory distinguishes between four main directions the aspects to analyze while measuring marketing performances:

- *Single financial output measures* (e.g. profit, sales and cash flows), representing the first effort to assess marketing performances (e.g. Sevin, 1965) by comparing the outcomes of marketing actions with the costs afforded to implement them; these measures have been criticized of being short term oriented and myopic (Michael J.Valos, 2006);
- *Non-financial measures*, i.e. the marketing output measures assessed through non-financial or qualitative metrics, such as market share, customer satisfaction, customer loyalty and brand equity;
- *Input measures*, i.e. metrics aimed at assessing marketing performances by analyzing their resource absorption (e.g. marketing assets, marketing budget) or the behavior of marketing units (e.g. marketing audits, behavioral control systems);

- *Multiple measures*, i.e. hybrid measures aimed at assessing either the macro-dimensions of efficiency, effectiveness and adaptiveness or the interdependency between the different dimensions of MPM (e.g. multivariate analysis) (Lamberti & Noci, 2010).

2.4.1 General Measurements

Economic and financial indicators

Traditional indicators: they are the common measures that can evaluate the company. They can be divided into 3 main categories:

- Profitability Indexes (ROE, ROI, ROS, RA);
- Liquidity Indexes (Long term: Current assets/Current liability, Short term: Operating Cash Flow/Non current liability);
- Capital Strength Indexes (Financial autonomy: Equity/Cost of investment, Financial Flexibility: Operating Cash Flow/Cost of Investment).

Companies are always inquired about the number of customers they can reach. The topic of the reach can be related to the Affinity Index that measures if the medium/program is well target for the target audience of the company. Affinity Index uses smaller concepts, as:

- **Impression** that measures the number of times the message is seen by someone;
- **Audience** that is the number of persons reached by a message;

$$AI = \frac{AUDIENCE/REACH}{TARGET/POPULATION}$$

$$= \frac{TARGET PENETRATION}{POPULATION PENETRATION}$$

With

REACH computed through audit and market research;

TARGET PENETRATION measured as people exposed to the media campaign;

The higher the Affinity Index, the higher the company is suited for a specific target.

Brand equity

As Lisa Wood quotes, Feldwick (1996) simplifies the variety of approaches, by providing a classification of the different meanings of brand equity as:

- The total value of a brand as a separable asset - when it is sold, or included on a balance sheet;
- A measure of the strength of consumers' attachment to a brand;
- A description of the associations and beliefs the consumer has about the brand.

There are the most used techniques to identify the brand equity for a company:

- Y&R Brand Asset Valuator;
- Aaker Brand Equity Ten;
- Moran Brand Equity Methodology.

These methods are explained in appendix (Wood, 2000)

For what regards the single channel analysis is possible to mention the channel equity.

It is *the net present value of the current and future profits generated through a distribution channel*. Two parts make it and both contribute to the overall profitability of the channel:

- Variable part is derived from all interactions from all customers that patronize a retail channel. These interactions may generate revenues or costs. This definition is consistent with the idea that a successful multichannel marketing has to focus on managing the customer contact points rather the channels
- Fixed part that is composed of the expenses that the firm incurs as a result of operating the channel specific issues

(Ursula Y. Sullivan, 2004)

2.4.2 Cross-Channel Measurements

There are also specific indicators that express how customers are willing to be multichannel. They are divided into two main categories representing the actor

involved in the measurement. Higher propensity for multichannel shopping by customers lead to: higher revenues for them, higher supplier's share of customer's wallet, higher value of the customer for the supplier, higher the probability the customer will stay active (Kumar & Venkatesan, Who are the multichannel shoppers and how do they perform - Correlates of multichannel shopping behavior, 2005).

Customer side:

- # Of returns: U-shaped relationship between multichannel shopping and returns;
- # Of customer-initiated contacts: higher is the number, higher is the probability of multichannel shopping;
- Frequency of web-based contacts: stronger relationship between it and multichannel shopping;
- Purchase frequency: higher the frequency, higher the probability of multichannel shopping. In this case higher frequency can be associated to higher loyalty to the firm.
- Customer tenure: the longer is the tenure of a customer, the higher is the probability of multichannel shopping (Kumar & Venkatesan, Who are the multichannel shoppers and how do they perform - Correlates of multichannel shopping behavior, 2005).

Supplier factors:

- # Of channel used for contacts customers: the higher is the number, the higher is the probability that customer will purchase multichannel
- Type of contact channel: high interpersonal contacts have more influence on multichannel shopping than less interpersonal ones.
- Contact mix interaction: contact with more than one channel has a positive effect on multichannel shopping (Kumar & Venkatesan, Who are the multichannel shoppers and how do they perform - Correlates of multichannel shopping behavior, 2005)

Even if there are a lot of possible measurements for a marketing campaign, there is not an absolute best indicator, but some indicators that are more effective and efficient in some cases than others. So the company has to choose which one is the most suited for an occasion, instead of another one.

2.4.3 Online

Regarding the online channels, the indicators can be grouped in 4 branches, each one related to a specific characteristics companies need to be aware of:

- *Cost*, with indicators like cost per single visitor, or cost per action;
- *Time*, for instance the number of page viewed, the return visit and the time spent by the user from the login to the exit;
- *Track*, that allows companies to know specific data about the user (their source for example), as the single viewer;
- *Interaction between users and the company*, or between users; in this category the most used ones are interaction percentage and actions made by users (for instance a download or a post written);

All the indicators present in literature are referred to these categories.

There are two main categories for which the online world can be split, that are the website and the social media. In addition, there are some instruments that are useful for companies to evaluate their performance.

Website Metrics

Web is steadily increasing its importance in every company, especially in the marketing side. Now every firm has his own website and indicators to control it. These are the most used. Please note that even if they are mentioned as suited for website, they can be used with the same results also for social media, banners, applications and so on. Please note that the last two indicators are used only in case of online purchase.

	How to measure	Meaning
Impression	Reach * Frequency	Number of times that the website was seen
Pageview	# Of times the page appears to the users	Number of times that the page was seen
Clickthrough Rate	Clickthrough/Impression	How was the response to the campaign?
Conversion Rate	# Of clients that buys/total # of clicks	Was the campaign efficient?
Cost per Impression	Cost per Impression	
Cost per Click	Cost per Click	
Cost per Order	Cost per Order	
Abandonment rate	% Of possible purchased abandoned	How is users behavior on the website? (Used in website containing the store)

Table 2.3 - Most used Web metrics

Social Media Metrics

Social media: they are characterized by functionalities that allow sharing of information across users of the same network. The element that characterizes the social media is the conversation, which is the real differentiation point between them and traditional broadcast channels. Most used indicators here are the number of visits, accesses, comments, and link sent, or the cost, especially due to the acquisition of a user or sustained for advertising.

These indicators have the objective the awareness, the equity and the call-to-action. They are presented completely in the appendix.

Blogs are a particular type of social network, and for this reason have the same metrics. In addition there are some metrics that are more suitable for these types of social media. Nonetheless these indicators, even if are specific for blogs, are not exclusive and can be used also in other contexts (Duffy & Bruns, 2006). Two main concepts are present in these indicators:

- Conversation, that is a set of authors/sites with related audience connected by relative contents;
- Phrase of conversation, that is a combination of keywords used to associate an author/site, his contents and his audience to a conversation;

Companies mostly monitor elements like conversation dimension, relevancy with the site, credibility of the author and freshness and relevance of the contents. More detailed measurements can be seen in appendix.

Instruments

Most of the indicators described so far have been collected and provided to companies by several service providers, among which one of the most used is Google Analytics.

A Pingdom research shows that this service is used by 161 out of the top 500 websites in the world (Pingdom.com, 2008).

Google Analytics show general data reports, such as average time spent, number of pages visited or number of contacts.

Some of its functionalities allow users to monitor the performances of their online activities such as single channels information, mobile solutions, social reports (Google).

In particular, the service offers multichannel funnel analysis, which comprehends five main reports (namely “Overview”, “Assisted Conversions”, “Top Paths”, “Path length”, “Time lag”); each of them gives information about conversion rates, channel tracking, the different routes customers take before conversion, the number of interactions visitors had with the channels, the time between the first interaction and conversion (Google.com).

Moreover, it could track mobile traffic, monitor the operating systems installed on the mobile devices and the efficiency of mobile applications.

For what concerns the social side, users will be able to compare the behavior of visitors who were referred from search engines and emails, from referring sites and direct visits, and thus gain insight into how to improve the site's content and design (Plaza, Monitoring web traffic source effectiveness with Google Analytics: An experiment with time series, 2009; Google.com; Plaza, Using Google Analytics for measuring inlinks effectiveness., 2009).

2.4.4 Mobile Marketing Metrics

Mobile marketing, intended as the set of marketing initiatives that use mobile devices and media, is gaining importance (Venkatesh Shankar, 2009).

The demand for mobile devices – equipment such as cellphones, PDAs, and digital music players that are typically used on an anytime, anywhere basis without being connected by wires – and services that use these mobile devices (mobile services) is growing rapidly worldwide (Venkatesh Shankar, 2009).

Mobile Marketing allows to identify the diffusion of contents in different formats (SMS, applications...) on different devices such as mobile phones, smartphones, tablets.

It is common use to translate the classical metrics and adapt them for the mobile channel; one advantage of mobile devices used in campaign evaluation is the ability to view the campaign actions in a very short time scale. The benefit to the marketer from this fastness of reporting is that the effectiveness of a campaign can be viewed immediately, allowing decisions on subsequent campaign content and targeting to be made in an accurate and timely fashion (M Leppäniemi, 2008).

Mobile marketing measurements include a vast array of different measures. For instance, *delivery measures* (e.g. number of messages sent, number delivered, number bounced, number of stop messages and number of replies), *open rate* (the number of opened messages can be ascertained by using an image (gif) look up when the message has been opened), *click through rates* (where URL links are available within the message or WAP push, the number of people clicking onto each link can be measured), and *purchase tracking* (when using a SMS message to promote the sale of a piece of content, e.g. a ring tone, the number of people

downloading the ring tone and the total value of the sales can be measured) (M Leppäniemi, 2008).

Chetan Sharma (2009) had proposed a list of the principal metrics for mobile marketing, as report Boaretto et al (Boaretto, Noci, & Pini, Mobile Marketing, 2011)., which can be attributed to five classical indicators:

- *Reach*: it is fundamental for initiatives evaluation; in particular, in the mobile environment it could be defined more precisely than the other channels;
- *Targeting*: targets can be described on the basis of different variables such as the kind of device used, the telecommunication operator, the geolocalization and the contest in which the user is real time in addition to the classic demographical variables;
- *Engagement*: it is necessary to understand not only if the content is seen, but also in which ways customers interact with the company, analyzing aspects such as the time spent watching a content;
- *Viral*: one of the most representative characteristic of the mobile channel is its easiness in content and messages sharing: the viral effect can raise spontaneously (the user sends the message without any pressure by the sender), or it may be pushed by the company by means of promotional actions (*member get member*); these aspects are relevant while measuring the real effectiveness of the initiative, since the viral component impacts on the results for what concerns the level of reach (increasing the number of subjects exposed to the message and as a consequence creating brand awareness) and the number of responses obtained (not only the number of sales, but also the number of visits to a m-site, click through rates, downloaded contents, new registrations...);
- *Transaction*: it is important to measure the transactions realized through the mobile channel, because they are the measure of the real ROI of the campaign ultimately (Sharma, 2009);

The measurement system should contain a group of ex ante metrics (Ambler, 2008; IAB and Mobile Advertising Committee, 2009; Khurana, 2009; Russell, 2009) in the planning phase, in order to consider the expected results and the

expected investment; and subsequently, they should contain ex post indicators, to measure the target response and effectively obtained results (Boaretto, Noci, & Pini, Mobile Marketing, 2011).

In particular, two metrics categories should be considered (Boaretto, Noci, & Pini, Mobile Marketing, 2011):

- *Economic measurement and redemption metrics:*
 - *Direct response indicators:* they measure actions that are explicitly required by the promotional activity (call to action);
 - *Indicators that highlight the capability to generate short term results:* indicators that measure e.g. the increase of sales, of market share, the number of new customers due to the campaign;
 - *Cost indicators:* indicators being capable of compare in terms of efficiency the same campaign in different channels;
- *Target behavior metrics:* it is important to observe all the interactions of the user with the brand and the mobile applications, viral effect included;

An exhaustive collection work has been conducted by Boaretto et al. in their Mobile Marketing book, all the indicators are reported in appendix (Boaretto, Noci, & Pini, Mobile Marketing, 2011).

3.FRAMEWORK

The objective of the research was to investigate and profile the current situation of Italian companies and their level of Multichannel adoption through in-depth interviews with a sample of 32 companies.

For developing the framework, the analysis of the existing literature was carried out. In particular, paragraph 2.2 was taken as reference to describe the framework. Five main determinants make up the framework of the research. The Multichannel environment is composed by three main areas of interest: the Company, the Channels and the Market.

Beyond these entities, two further elements influence the overall environment: Integration and Performances.

Channels structure and their interactions are the core of the research while

Picture 3.1 shows how the factors are related in the Multichannel environment.

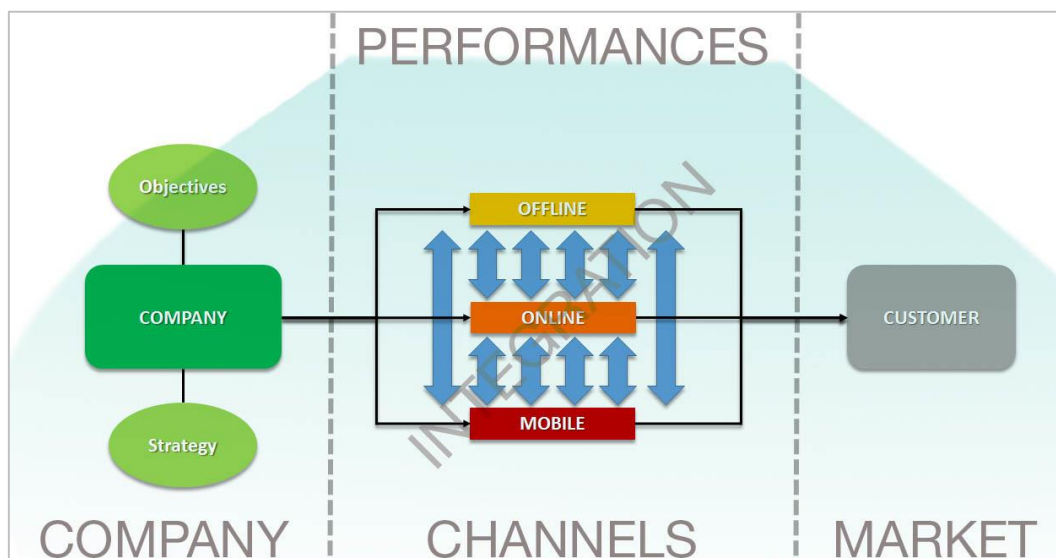


Figure 3. 1 - The Multichannel Environment: Framework

3.1 THE COMPANY

The sample of companies, object of the research, has been identified by three dimensions:

- *Market of reference*: companies can compete in the B2B or in the B2C market;
- *Typology of output*: they have been distinguished for the kind of output provided to their customers, be a product or a service;
- *Dimensions*: companies were assigned to different clusters according to their dimensions, be them small/medium sized or large.

The framework has as main variables *Objectives* and *Strategy*.

The analysis of the companies refers to the work of Miles and Snow, who identified three main characters of companies, namely Prospectors, Analyzers, Defenders (Slater & C.Narver, 1993).

These typologies of companies have been described under five variables. These variables have been chosen as variable for the definition of the companies and have been adapted for the case.

- *Proactiveness*: it is the aggressiveness with which businesses pursue growth opportunities;
- *Basis for Competitive Advantage*: each of the cluster is characterized by different approaches to gain competitive advantage; companies may undertake different kinds;
- *Market Focus*: the way through which companies define their market scope;
- *New Product Development*: the three clusters are identified by the approaches companies undertake when deciding to implement new products; in this research, new product development was translated into *Approach towards the Mobile*, since this channel has been analyzed aside from online and offline channel typologies;
- *Profitability*: Miles and Snow, and Porter as well, suggest that effective implementation of any one of their strategy types could lead to acceptable performances

Objectives and strategy were assumed as the main drivers to identify the behaviors of the companies in Miles and Snow framework (Slater & C.Narver, 1993).

3.2 THE CHANNELS

“Marketing channel is the chain of interrelated enterprises that take part in the process of the movement of goods from the producer to the consumer” (Guibert, 2006) (Rasa Gudonaviciene, 2008); Channels also include the Internet, call centers, retail stores, salesforce and direct mail (Valos, A qualitative study of multi-channel marketing performance measurement issues , 2008).

Hence, for the purpose of the study, Channels are intended as any kind of medium that allows companies to establish a contact and/or a relationship with final users, comprising distribution and product/service supplying.

The description of the structure and composition of the Channels area took as starting point the definition of integration by Daniel Goersch, who defined it as *“the simultaneous and consistent employment by a retailing organization of web sites and physical store-fronts in addition to other channels, such that customers derive a seamless experience when they switch channels during their interaction with the retailer”* (Goersch, 2002).

Under this perspective, this definition was adapted to the field of analysis in order to separate the different available channels companies are free to use in their businesses.

In addition, literature highlighted the growing importance of the mobile channel as a source of competitive advantage and as an additional touch point at companies' disposal (M Leppäniemi, 2008; Venkatesh Shankar, 2009).

By combining these two reference points, the final outcome resulted in the distinction between online, offline and mobile channels.

Hence, channels have been firstly identified by typology; then, they have been described under more precise variables.

- *Usage*: companies were asked to define the different usage they made of their channels and to describe for each channel the different behaviors they

take when objectives and target change; for instance, one channel may be generally used as informative but, for a particular campaign or for a specific target, it may become a selling channel. This variable was evaluated analyzing the use that companies make about the channels, for instance promotion or sale. The analysis considers even cases in which, for whatever motivation companies do not use a type of channels;

- *Scope*: channels could be used for *distribution, communication, sale, information, support*; the different scopes mainly vary depending on the segmentation variables used to define the initial clusters for the analysis and the use companies make of these channels is relevant in the profiling of their behaviors;
- *Importance*: the whole set of the channels used by companies can be evaluated under different aspects: companies may prefer one channel to another or make no difference between them and then undertake different actions and behaviors; importance was measured by statements expressing preferences.

3.2.1 Offline

Offline channels mainly consist of the classic channels that have been traditionally used by companies to reach their audiences.

Traditional channels are: Press, paper advertising, television, events, direct marketing, fairs/exhibitions, phone calls.

Experience suggested that, considering the evolution of technology as time went by, companies could exploit new typologies of channels over the years.

The flow started by the usage of offline channel, to which were added the online channel and finally, in the last few years, the mobile channel has emerged.



Figure 3.2 - Channel evolution in time

Physical outlets and sales agents are considered part of the offline structure in accordance with the initial definition of Channel adopted for the research.

3.2.2 Online

Online channels are characterized by three main determinants:

- *The website*: its basic function is to be the business card of the company. Websites as means to classify companies were deemed relevant under the usage point of view: companies make different use of their websites. Such statements like “It is just the showcase of our company”, “It is a further touchpoint”, “We interact with customers”, were used to identify and segment companies in the online channel. The part of the website also includes the Newsletter;
- *The Social Networks*: the advent of social networks was a breakthrough in the communication field and had strongly changed the behaviors of company while interfacing with consumers. The level of usage of these mediums was the principal discriminant for evaluating social networks: “we do not have social pages”, “we use only one social network but we do not control it”, “we make active use of the social networks” are statements composing the scale of reference for the analysis of this medium;
- *The Online stores*: among the online channels, the online store could be a differentiating element in those instances when the characteristics of the company and of the market are combined in such a matter that to constitute a peculiarity for the company. For this reasons, the online stores was contextualized and referenced to the market of belonging;

The mobile channel, as previously stated, is considered apart from the online reality.

3.2.3 Mobile

The mobile channel was used as a term of comparison between the different realities composing the sample.

The mobile channel presents some core characteristics and elements which helped in defining this part: the existence of a mobile version of the website; the existence of a branded app for smartphones; the usage of mobile items for exploiting its peculiarities.

The main method for understanding this variable was Boolean driven; in fact, the mobile channel is still in the stage of adoption and it is not heavily widespread so far.

For this matter, the first term for evaluation was the presence or not of this channel.

Subsequently, the second principal aspect characterizing this medium was to understand why this channel was not used and which were the future intentions of the company, in order to position and the define companies' perspectives.

Finally, for companies adopting the medium, the analysis required to understand which was the usage of the medium.

In conclusion, the mobile channel was analyzed by considering: *presence, future intentions, and usage*.

3.3 THE MARKET

Companies provide customers with their outputs, which can be released in shape of a product or as a service. The Market is a variable that influences the behaviors and the actions undertaken by companies.

The objective of this part is to provide some environmental variables that may be linked to the behaviors and channel structures of companies, in order to define their approaches in the Multichannel environment.

Market is identified by the Customer, who is the target companies struggle to reach.

3.4 INTEGRATION

Integration was taken as a key variable for discerning whether a company be integrated or not and to position companies in the Multichannel environment.

Integration involves all the parts of which the framework is composed. For sake of simplicity, the arrows represent all the possible interconnections that could occur between the different channels.

The analysis of integration referred to the framework developed by Saeed, Grover, and Hwang (Khawaja A. Saeed, 2003).

- *Content integration*: it can allow customer to use product information published in paper-based media to locate and order products online;
- *Informational integration*: it can allow customers to locate the nearest store, check inventory and order through the channel of their choice. It allows customer also to be provided with account information and loyalty programs online;
- *Logistical integration*: it can enable customers to pick up their order and make product returns through channel of their choice;
- *Cross-channel integration* allows a company to offer its customer more options; it enhances customer convenience and fosters customer relationship. Most of the times, system not only has to be integrated but also reengineered to meet customer expectations.

These characteristics were the basis for understanding and classifying the companies in the research.

In particular, integration was analyzed with other two variables:

- *Technological instruments:* those instruments that provide interconnections between channels (e.g.: QR codes on paper leaflets);
- *Physical interactions:* it involves any possible interactions between channels driven by people (e.g.: Call center operators sending users to their websites for information).

3.5 PERFORMANCES

Performances are considered as an entity that goes beyond the Company – Channels – Customer flow, covering all of its aspects.

In fact, performances could be measured everywhere along the framework but on the other side, the process as a whole could be monitored; also, companies can adopt Multichannel measures.

Performances analysis is identified by two drivers:

- *Depth/Specificity*: measurements can analyze general performances of each item under investigation or can monitor very specific aspects; the level of specificity is an indicator of the different approaches companies undertake;
- *Single vs. Multiple channel measurements*: measurements can be aggregate, channel specific or cross-channel; different measurement systems lead to different approaches towards the Multichannel;

Three paths identify companies under the performances measurement perspectives:

- *General measurements*: contains financial and non financial measures, at various levels:
 - o *Overall measurements*: indicators analyzing the overall performances of the company in an aggregate way;
 - o *Channel specific measurements*: includes measures regarding the performances of one specific channel used by the company;
 - o *Cross-channel measurements*: those measures that monitor the behaviors of the whole set of channels and their interactions, or the effect of multichannel actions;
- *Customer Satisfaction*: the attention given by companies towards customer satisfaction measurement is an indicator of companies' perception of their customers. In this case, companies are analyzed by the presence or not of customer satisfaction measurement and then by the level of depth of these

measurements; the usage of specific platforms of providers are included in this part;

- *Online Channels' measurements:* the analysis of online channels is identified by the levels of depth companies use to monitor their online performances; the recourse to bundles of software for online measurement is a discriminant in evaluating the different approaches.

3.6 RESEARCH OBJECTIVES

The purpose of the study was the investigation of the current situation of Italian companies in their approaches towards the Multichannel environment. The research was conducted by analyzing companies' behaviors in their environments under three main entities: the company, the market and their channels; in addition, performance measurement systems and integration mechanisms were used to increase the proof of the analysis of companies.

3.6.1 Research Propositions

The research intended to understand companies' behavior in the Multichannel environment by defining specific research propositions to verify:

1. *Different behavioral groups could be identified in companies' practice of Multichannel marketing*

Companies were asked their perceptions about the Multichannel subject with the purpose of investigating for common conducts;

2. *Companies of different Multichannel behavior have different behaviors in other aspects*

It is not granted that having the same perception of Multichannel means behaving in the same way; hence, companies' behaviors were investigated under the other variables composing the research framework;

3. *Companies of different Multichannel behavior have different characteristics*

The research proposed to verify if the same Multichannel behavior belongs to a determinate group of companies (belonging to the same sector, with same sizes and target customer) or not;

4. *Companies of different Multichannel behavior have different strategic focus*

The study investigated if any similarities occur between companies behaving in the same way

4.METHODOLOGY

4.1 INTRODUCTION

This chapter is aimed at explaining the different steps followed in the analysis, which has been conducted following a precise flow of activities characterized by several different steps.

It started by the definition of the objectives of the research, which included also the revision of the actual literature about the topic and the design of the framework, as already discussed; then, using the information obtained, the questionnaire to which companies have answered has been designed.

The third step was to classify the origin and the belonging of the companies to interview, so that to obtain a definite division between the companies under analysis.

Subsequently, a research on several companies has been conducted and they have been designated to the groups; these four steps constituted the *Preliminary phase*. Afterwards, the second part of the project took place, which constituted the *Operative phase*, in which companies have been contacted and the interviews have been physically conducted.

Once all the groups have been filled up and the 32 companies have been interviewed, data have been collected in five separate excel sheets; this last step concluded the *Operative phase*.

Eventually, the last phase, namely the *Analytical phase*, included the data analysis and the results releasing.

The phases and the process flow are represented in the following graphs.

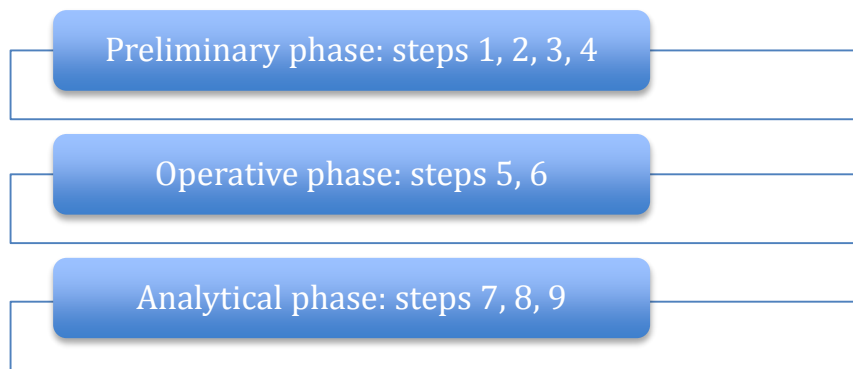


Figure 4.1 - Phases of the analysis

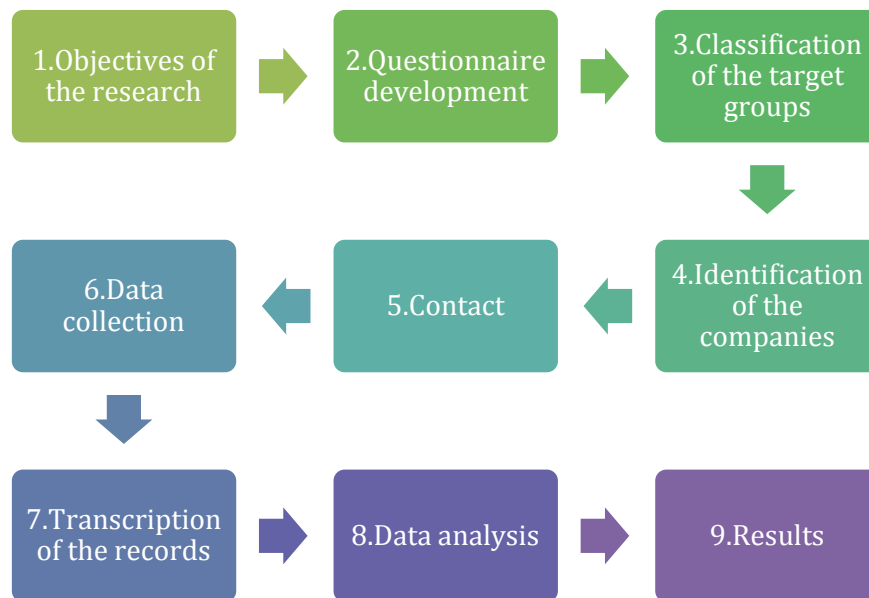


Figure 4.2 - Analysis process followed

4.2 PRELIMINARY PHASE

4.2.1 Finalities Of The Work

The main objective of the research was to try do describe the actual situation of the Italian reality for what concerns their relationships with the Multichannel environment. It focused on understanding the behaviors of companies from different sectors in the Multichannel environment. In this case, the elements and the patterns that characterize these behaviors have been described and classified.

4.2.2 Questionnaire Development

In order to provide an effective set of questions, Questionnaire development mainly referred to (Kohli & Jaworski, Market Orientation: The Construct, Research Propositions, and Managerial Implications, 1990) (Richard S. Lytle, 1998).

Since the interviews have been conducted in Italy to Italian interviewees, the structure of the questions has been released in Italian. Only one company of the interviewed is not an Italian one, but is located on the border Italy - Switzerland.

The underlying idea of the questionnaire released to companies was to extract as many information as possible by let the interviewee talk freely.

Hence, the choice fell to the *field study* in which some open unstructured questions were proposed to managers.

The core motivation of this choice lies not really because of sample heterogeneity, but is due to the exploratory nature of the study

For this reasons, there were expectations suggesting that not all the interviewees knew exactly all the concepts involved in the analysis.

This is due to fact that also small realities competing in a relatively short-range market have been analyzed; in these cases, it is very likely that very specific aspects are not known theoretically, but it is very common that those people actually work with these concepts without knowing them.

Therefore, the objective of this field study is two-fold: on one hand, to talk their language so that they could ask what they really know; on the other hand, they are allowed to talk freely and so to “know without knowing”, or better: it has been suggested and stressed to use examples during the interviews with the purpose of extracting knowledge by their previous experience because, as said above, many of them are likely not to know the concepts (Nielsen, 2002).

Three parts mainly make the questionnaire.

- The first one is general and addressed to the company's structure. Questions are made to position the company by asking about objectives, organizational structure, channel structure and strong and weak point of this structure.
 - Which are the objectives of the company?
 - How is the company structured? Which channels does the company use?
 - Which are the strengths and weaknesses with this type of organizational structure?
- The second part is strictly related to the Multichannel strategy and the relations that companies have with this approach. This part is made up by general questions about the importance of Multichannel and its role in the company, and more specific ones, about for example the integration of the channels, and the metrics that measures the performances of the strategy. This part aimed at identifying if the company was Multichannel and which were its peculiarities.
 - Has the company a Multichannel approach? Is it important for your company? Which is the role that it plays in your organization?
If not: which are the constraints in the adoption of a Multichannel strategy?
 - Is there any interaction between channels? Has your company implemented any structured and integrated approach in managing channel interactions?
 - In which way the use of the different channels changes depending on objectives and target?

- How can you measure the multichannel strategies in your company? Do you have any indicator?
- The last part is fully covered by questions about a specific channel, the mobile. In a world where all the companies have a website, it may not represent an advantage point; so, a mobile strategy can be a differentiating element that companies can exploit to gain advantage. Thus, it has been decided to give importance to this strategy and to spend part of the questionnaire about it. Moreover, the mobile channel has emerged in the last few years; so, it has been used as a discriminant to understand the different approaches to the Multichannel. Questions are general about the mobile strategy, if the company adopted the mobile or not, and if not the motivations, or more specific, for instance about the objective to which the mobile has been implemented or how to measure the performances
 - Which is the role of the mobile in your company? Why have you introduced it?
If not: Which are the constraints in its adoption?
 - Which are the objectives related to the adoption of the mobile channel (advertising, promotion, loyalty)?
 - Which initiatives have been developed or are in development? What influences the choice of paid media (for instance display advertising, keyword advertising, SMS sent to others database) or owned media (SMS sent to own database, mobile site, applications) formats?
 - How can you measure the contribution of the mobile strategy in the company?

4.2.3 Classification Of The Target Groups

Three main characteristics have been identified with the purpose of defining and segmenting the different companies that would have taken part of the research:

- *Market of reference:*
 - B2B: It refers to all the relationships occurring between companies operating in the industrial market, which is made of all the subjects buying products and services to use them in the production of other products and services, which are intended to be sold to others by different means.
 - B2C: It indicates the whole of the commercial transactions of goods and services between firms and final consumers (Walter G. Scott, 2000).
- *Typology of output:*
 - Product vs. Service: Product is defined as “*everything that can be offered to a market for the acquisition, the use and the consumption and which is able to satisfy a desire or a need. It can be either a physical product or a service, people, places, ideas or institutions*”. This is the classical definition but in this specific case, it has been decided to distinguish by physical product and service. Instead, service is defined as “*the interchanging activity of essentially intangible nature, which can also be realized by the usage of material goods. It can be considered as:*
 - *A group of benefits and solutions to a need;*
 - *An interaction and exchange activity between the customer and the provider, which can be economical, informative, emotional, operating and affective as well*” (Walter G. Scott, 2000).
- *Dimensions:*
 - Small/Medium-sized firms vs. Large-sized firms: it has been made reference to the “*Raccomandazione della commissione del 6*

maggio 2003 relativa alla definizione delle microimprese, piccole e medie imprese” in order to define the borders of each cluster (Europea, 2003).

More in detail, by Small Medium sized firms, all the firms which have at most 250 employees, or a turnover at most of 50 million €, or a total balance of at most equal to 43 million € are included.

A more specific distinction between small and medium sized is shown in the table below.

Size	Employees	Turnover	Total Balance
Medium	≤250	≤50 mil€	≤43 mil€
Small	≤50	≤10 mil €	≤10 mil €
Micro	≤10	≤2 mil€	≤2 mil€

Table 4.1 - Definition of the dimension of the companies

By combining these characteristics, eight groups of companies resulted; these can be represented by a three axes chart in which each represents a segmentation area. More specifically, each group has been listed from A to H, as highlighted by the table below.

<i>Cluster</i>	<i>Type</i>
A	Small-Medium/Product/B2B
B	Small-Medium/Service/B2B
C	Small-Medium/Product/B2C
D	Small-Medium/Service/B2B
E	Large/Product/B2B
F	Large/Service/B2B
G	Large/Product/B2C
H	Large/Service/B2C

Table 4.2 - List of the initial groups

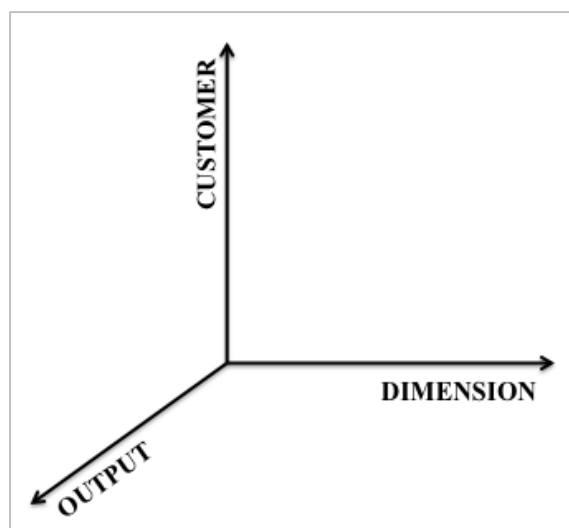


Figure 4.3 - Elements characterizing first clustering

4.2.4 Identification Of The Companies

For the identification of the companies, personal contacts were the main driver for obtaining interviews, followed by Internet searches.

In particular, the most used hubs for the research are listed in the table 4.3.

Source	Website
Camera di Commercio di Como	http://www.co.camcom.gov.it/
Camera di Commercio di Monza e Brianza	http://www.mb.camcom.it/
Camera di Commercio di Lecco	http://www.lc.camcom.gov.it/
Camera di Commercio di Milano	http://www.mi.camcom.it/
Confindustria di Como	http://www.confindustriacomo.it/
Confindustria di Monza Brianza	http://www.aimb.it/
Confindustria di Lecco	http://www.confindustria.lecco.it/

Table 4.3 - List of the sources for the identification of the companies

More in detail, table 4.4 lists, for each company (namely 1 to 32, in numerical order): Size, typology of Output, the kind of customer each company refers to, the group (A-H), to which each company belongs.

Group	N°	Size	Output	Customer	Sector
A	1	Small/Medium	Product	B2B	Pipes
	2	Small/Medium	Product	B2B	IT hardware
	3	Small/Medium	Product	B2B	Components
	4	Small/Medium	Product	B2B	Plugs
B	5	Small/Medium	Service	B2B	Consulting
	6	Small/Medium	Service	B2B	Communication
	7	Small/Medium	Service	B2B	Privacy consulting
	8	Small/Medium	Service	B2B	Logistic
C	9	Small/Medium	Product	B2C	Jewels
	10	Small/Medium	Product	B2C	Shoes
	11	Small/Medium	Product	B2C	Furniture
	12	Small/Medium	Product	B2C	Food
D	13	Small/Medium	Service	B2C	Theme park
	14	Small/Medium	Service	B2C	Catering
	15	Small/Medium	Service	B2C	Sport
	16	Small/Medium	Service	B2C	Sport
E	17	Large	Product	B2B	Paintings
	18	Large	Product	B2B	Alarms
	19	Large	Product	B2B	Mechanical components
	20	Large	Product	B2B	Medical
F	21	Large	Service	B2B	Technology solutions
	22	Large	Service	B2B	Logistic
	23	Large	Service	B2B	Franchiser
	24	Large	Service	B2B	Consulting
G	25	Large	Product	B2C	Bookshop
	26	Large	Product	B2C	Chocolate
	27	Large	Product	B2C	Sportswear
	28	Large	Product	B2C	Retailing
H	29	Large	Service	B2C	Energy
	30	Large	Service	B2C	Infoservice
	31	Large	Service	B2C	Telecommunication
	32	Large	Service	B2C	Tourism

Table 4.4 - Detailed list of the companies interviewed

The final results consisted in 34 interviews, two of which were not considered since they did not report sensible answers.

4.3 OPERATIVE PHASE

4.3.1 Contact

Four different methods to contact companies have been carried out:

- Personal contact: interviews with people personally known;
- Indirect contact: intermediaries (intended as “personal contacts”) provided acquaintances’ contacts to the researchers;
- E-Mail: companies were contacted by an e-mail or by filling a form on the website, and then interviews were settled down;
- Social Network: the first contact has been made by a private message on a social media (the most used has been Facebook, LinkedIn and Twitter).

The graph represents the distribution of the contact methods for the companies interviewed.

Method	Number	Percentage
Personal contact	14	44%
Indirect contact	5	15%
E-Mail	7	22%
Social Network	6	19%

Table 4.5 -Contact methods

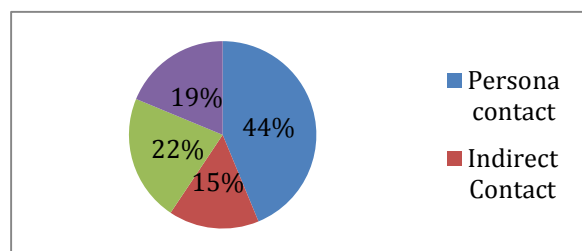


Figure 4.4 – Contact methods

4.3.2 Data Collection

The initial intentions were to obtain data on filed by one-to-one interviews, but in some cases, it resulted more comfortable both for the researchers and for the

interviewees to conduct the interviews by phone call. All the interviews were registered and fully transcribed.

At the end, 19 interviews were one-to-one and the remaining 13 by phone.

The graph below shows the percentages for each kind of interview.

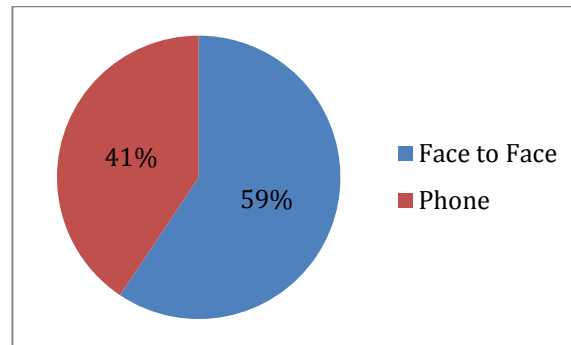


Figure 4.5 - How interviews have been conducted

The main concepts and sentences in the records have been recorded and transcribed in some different Excel files. More precisely, five sheets according to the main topics of the questionnaire have been developed and used as reference:

- The first one was about what the companies thought about Multichannel strategy and its implementation;
- The second one concerned the level of integration of the company, both internally and as interface with the customer;
- The third was about the measurement of the performances used by the companies;
- The fourth one was related to the mobile and its implementation;
- The fifth one concerned the objectives set by the companies and how they reached them.

Questions have been merged under this flow:

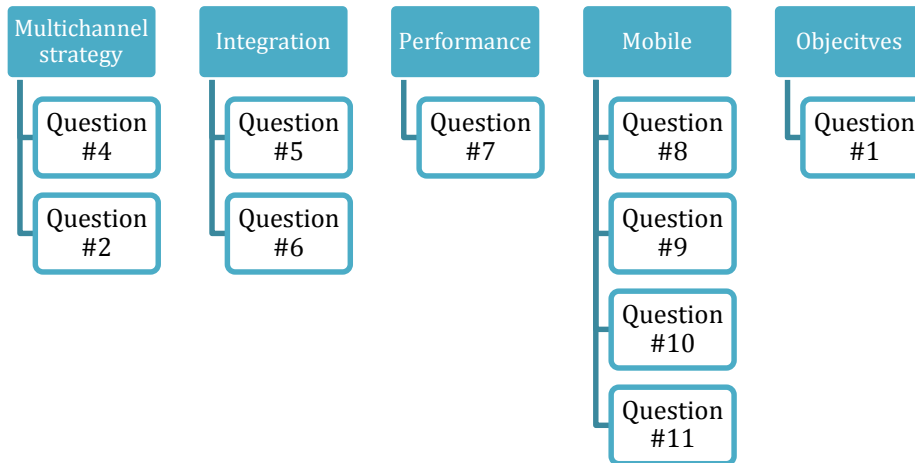


Figure 4.6 - Questions grouped by topic

4.4 ANALYTICAL PHASE

4.4.1 Transcription Of The Records

All the interviews were registered using specific software, and fully transcribed., by paying attention to all the details that the interviewee explained. All the records were transcribed verbatim.

4.4.2 Data Analysis And Results

Last step of the research consisted of analyzing the data obtained through interviews with the purpose of extracting knowledge from the study and defining some representative clusters that could best define the behaviors of companies.

The research process has as starting point question 4, as already discussed.

The description of the analysis follows this flow: it begins with question number 4 and the explanation of the various steps that compose the process; subsequently, for each group, the description of how companies perform in their clusters is carried out, taking as reference:

- *Question 5*: integration
- *Question 7*: performances
- *Question 8*: the mobile

These topics are believed to best classify companies in the groups because they cover all the relevant aspects of the framework, discussed in chapter 3.

For each question, the peculiarities that pooled the companies of the cluster were identified and then these characteristics were described to profile the behaviors within each group.

The very analysis of each question is constituted by three different levels of aggregation:

- *I Level:* In this phase, the attention was paid on finding precise keywords in order to find as most couples as possible or at most terns of companies that could be referred to a precise keyword; in this part stand-alone companies were identified as well;
- *II Level:* There is evidence that most of the groups referred to the same behaviors or attitudes and that the definition of those clusters could be lead back to a higher level of behavioral class. So, in the second level, the analysis went deeper, by merging similar groups and identified a logical thread that may link them. The way through which these results have been obtained was the analysis of the sentences reported by the interviewees;
- *III Level:* The third level and last step of the analysis has been carried out in order to find other possible recurring patterns. In this case too, it is possible to notice that some of the clusters identified after the second level, show characteristics that lead back to a more general orientation. Under this perspective, this further revision leads to the identification of four distinct clusters. These clusters have features that are unique one to each other and do not show ambiguity in their definition. In conclusion, this level of analysis led to defining behaviors.

Please refer to the annexes for the detailed description of the analysis.

Companies have been divided into different clusters, according to the topic Multichannel strategy. This was made by analyzing all the answers given by the interviewees, paying more attention to the question 4. Most representative answers about Multichannel Marketing have been collected and transcribed into

an Excel file. Here affinities and recurrent patterns have been identified in order to define similar behaviors. For this purpose keywords and distinctive sentences.

In the end, four main clusters have been identified and analyzed by taking into account the answers related to the other four topics For a better and specific description of the analysis of the interviews and the results of the research, see the following chapter.

5.RESULTS AND DISCUSSION

5.1 OVERVIEW OF THE COMPANIES

5.1.1 Analysis Of Responses

121 companies have been contacted, trying to be as heterogeneous as possible. Only 44 of them gave an answer, and 34 of these 44 gave the availability for an interview. The others did not want to be interviewed for company's policy or for other reasons. In some cases companies have not yet responded.

Hence, on the initial base of 121 companies 34 interviews are made, which represent a 28% rate. As already explained, was considered useless because of the poor content of the answers.

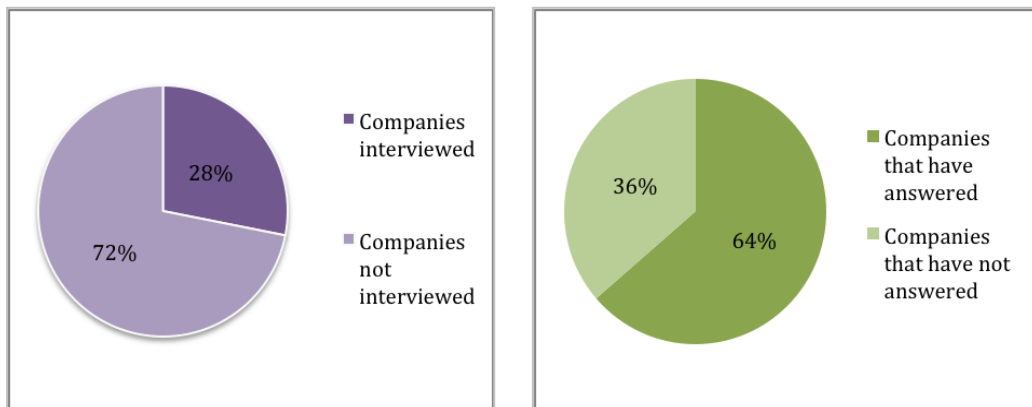


Figure 5.1 - Interviews and response rate

5.1.2 Interviewees Profiling

32 interviews are conducted with different companies with a total of 34 different people, since in two cases there was the opportunity to interview two managers of the same company.

The majority of the respondents was male, 71% against the 29% female; the age of the sample is mainly in the range between 40 and 50 years (41%), while almost the 60% is over 40 years old (18% about of the respondents is older than 50); it is

noteworthy the percentage of young people (younger than 30), which has 6 out of 34 interviewees, that is about the 18%.

Generally speaking, most of the persons interviewed have a High level of education; in fact, the 76% of the respondents has a University Degree. Only one out of 34 has a Middle School degree.

The collected data are shown in the following summary table.

		N°	%
<i>Gender</i>	<i>Male</i>	24	71%
	<i>Female</i>	10	29%
<i>Age</i>	<i><30</i>	6	18%
	<i>30-40</i>	8	24%
	<i>40-50</i>	14	41%
	<i>>50</i>	6	18%
<i>Study Degree</i>	<i>Middle School</i>	1	3%
	<i>High School</i>	7	21%
	<i>University Degree</i>	25	76%

Table 5.1 - Details about interviewees

As regards their roles in the company, 16 out of 34 respondents are marketing managers, accounting for the 47% out of the total, while the 26% is composed by CEOs.

Instead, the persons who have an executive role in small companies were named

	N°	%
<i>CEO</i>	9	0,26
<i>CFO</i>	1	0,03
<i>Marketing Manager</i>	16	0,47
<i>Project Manager</i>	1	0,03
<i>Sales Manager</i>	2	0,06
<i>BU Chief</i>	2	0,06
<i>Responsible</i>	2	0,06
<i>Area Manager</i>	1	0,03

“responsible” and cannot be accounted as CEO.

The collected data are shown in the summary table.

Table 5.2 - Roles of the interviewee

5.1.3 Companies' Profiling

The process followed to select the companies has been mainly driven by the concept of heterogeneity, since the intentions were to avoid competitor companies and to touch as many different sectors as possible.

In fact, almost the totality of the companies interviewed have nothing in common: only one case in which two companies belonged to the same sector and are indeed competitors, was recorded; these companies are the two competing in the sports, specifically basketball, sector.

The different sectors to which the companies belong are listed in the table below.

# Sector	# Sector	# Sector	# Sector
1 Pipes	9 Jewels	17 Paintings	25 Bookshop
2 IT hardware	10 Shoes	18 Alarms	26 Chocolate
3 Components	11 Furniture	19 Mechanical components	27 Sportswear
4 Plugs	12 Food	20 Medical	28 Large-scale distribution
5 Consulting	13 Theme park	21 Technology solutions	29 Energy
6 Communication	14 Catering	22 Logistic	30 Infoservice
7 Consulting	15 Sport	23 Franchiser	31 Telecommunication
8 Logistic	16 Sport	24 Consulting	32 Tourism

Table 5.3 - Sectors to which companies belong

The subdivision of the companies among the groups has been strictly planned: in fact, as already explained in chapter 4, referred to the *Raccomandazione della commissione del 6 maggio 2003 relativa alla definizione delle microimprese, piccole e medie imprese* was possible to define the borders of each cluster (Europea, 2003).

The distinction between small-medium sized and large firms entails three exclusive variables for which discriminate to which category a company belongs.

The threshold values for being “large” are:

- *Number of employees*; which should be at least equal to 250 individuals;
- *Turnover*; at least equal to 50 mil €;

- *Total balance*; equal or higher than 43 mil €

Experience suggests that usually turnover and number of employees are measures that can be found and asked more easily to managers; hence, was decided not to use total balance as a discriminant to determine the belonging of a company to one of the two different groups.

For these reasons, it is not surprising that, among the companies belonging to the big group, there are 11 companies out of 16 with more than 250 employees while, considering turnover, 15 over 16 companies recorded a turnover which is more than 50 million €; the only company with a lower turnover has indeed more than 250 employees, condition that puts this company in the big group.

Table shows for each group the average values of turnover and number of employees.

<i>Group</i>	<i>Turnover avg</i>	<i>Employees avg</i>
A	50,5	28
B	36,25	2,9
C	48,5	8,3
D	28,5	3,5
E	390,5	85
F	1075	283,3
G	625	145
H	2045,25	2050,3

Table 5.4 - Average turnover and employees for each cluster

In addition, a more detailed analysis of the distribution of turnovers and employees has been carried out.

The results show that, considering turnovers, the 47% of the companies

	<i>Turnover (mil. €)</i>			
	<i>0-2</i>	<i>2-10</i>	<i>10-50</i>	<i>>50</i>
6	4	7	15	
19%	13%	22%	47%	

Table 5.5 - Details about the turnover of companies interviewed

have a turnover higher than 50 million €, while even the 19% of companies has a turnover rate contained in the range between 0 and 2 million €.

As regards the number of employees, instead, only the 34% of the respondents have more than 250 employees.

<i>Employees</i>			
<i>0-10</i>	<i>10-50</i>	<i>50-250</i>	<i>>250</i>
4	8	9	11
13%	25%	28%	34%

Table 5.6 - Details about the number of employees of companies interviewed

The tables 5.5 and 5.6 better clarify the situation of turnover and employees number distribution, both as a percentage and as absolute values.

5.1.4 Analysis Of The Initial Groups For The Research

This paragraph aims at describing the initial groups used at the beginning of the research.

Each group summarizes the characteristics of the companies and their average values.

In addition, was provided a brief description and a recap of the different markets the firms belong.

For this purpose the analysis was

<i>Group</i>	<i>Type</i>
A	Small-Medium/Product/B2B
B	Small-Medium/Service/B2B
C	Small-Medium/Product/B2C
D	Small-Medium/Service/B2C
E	Large/Product/B2B
F	Large/Service/B2B
G	Large/Product/B2C
H	Large/Service/B2C

Table 5.7 - List of the initial clusters

carried out by referring to question number 1 of the questionnaire and to the introductions interviewees made with the purpose of clearly define their activities. Clusters were renamed with letter in order to make the reading easier.

Group A: Small/Product/B2B

This group contains companies with an average turnover of 28 million € and an average employees number of 50 people; the limits vary between the range of 16 to 45 million € for what concerns turnover rates, while employees are in the range between 22 and 70 persons.

Among the four companies which make up the cluster, one produces Inox steel pipes, another one has

<i>Group</i>	<i>Company</i>	<i>Sector</i>
A	1	Pipes
	2	IT hardware
	3	Components
	4	Plugs

Table 5.8 - Cluster A

as core business the supply of hardware

components for private firms, the third produces and sells hydraulic connectors while the fourth is involved in the production and sale of plugs.

The group has as main objectives profits and growth and the dynamics of the different sectors to which these four companies belong highlight a pull logic in the

customer relationship: in this contest, ad hoc supply contracts and job ordered productions rule the roost.

The companies differentiate themselves substantially for the approach they have towards technological channels and their usage, the choices they made are often motivated by the market they compete.

In particular, the four different markets are characterized by a strong orientation towards product personalization, intended as product built under specific requirements asked by the buyer.

Group B: Small/Service/B2B

The average turnover of this group is around 3 million € and the average number of employees is 36 people; the limits vary between the range of 0.4 to 10 million € for what concerns turnover rates, while employees are in the range between 5 and 120 persons.

<i>Group</i>	<i>Company</i>	<i>Sector</i>
B	5	Consulting
	6	Communication
	7	Privacy Consulting
	8	Logistic

Table 5.9 - Cluster B

Among the four companies of which the group is composed, one offers consulting services and H&R activities, one is an advertising agency for privates, the third offers consulting services focused on security issues and privacy matters, and the fourth is a logistic service provider.

All the companies pursue as main objective for their businesses the customer satisfaction, and struggle for providing a high quality service to their customers.

On the whole, these companies are very attentive towards building a strong relationship with their customers

In general, this kind of market does not rely on marketing activities much; they mainly count on the word of mouth and its viral feature for promoting their brands. It is common belief that the better the quality of service, the more customers they get and, as a consequence, the stronger the relationship.

Group C: Small/Product/B2C

The average turnover of this group is 8.3 million €, with a highest peak of 12 million € (company 11) and a lowest of 0.1 million € (company 9).

The average number of employees stays around the number of 48 persons; in this case, the highest (80) and the lowest (4) correspond to the same companies for what

<i>Group</i>	<i>Company</i>	<i>Sector</i>
C	9	Jewels
	10	Shoes
	11	Furniture
	12	Food

Table 5.10 - Cluster C

concerns turnover that is company 11 and company 9.

Even though the characteristics of the group, the kind of products and the typology of customers the group refers to seem to address companies to focus on customer satisfaction, not all the companies interviewed consider satisfaction as relevant objective.

In fact, this group shows contrasting behaviors in approaching their markets of belonging.

In fact, half the companies report as main objectives marginality (company 10 and 12), while the remaining half shows a more pronounced attention towards customer satisfaction.

In general, the dimensions of the companies and their low capillarity on the territory do not allow them to develop strong marketing activities, since their markets report the presence of big players, with bigger capabilities and availabilities.

Group D: Small/Service/B2C

The group has an average turnover of about 3.5 million €, in an interval comprised between 0.1 million € (company 13) and 8 million € (company 15).

As regards employees, the group scores an average value of about 29 persons, from the smallest company 13 with 9 employees to the biggest, company 15, recording 50 people working for it.

In general, the group is composed by companies operating in very competitive markets, with a greater attention towards customer satisfaction rather than towards profits or growth.

Group D is characterized by being the only case in which two firms are competing one against each other.

In fact, in this group interviews are conducted with two basketball teams, company 15 and 16.

They are quite similar in characteristics; they have the same dimensions and compete in the same league.

<i>Group</i>	<i>Company</i>	<i>Sector</i>
D	13	Theme park
	14	Catering
	15	Sport
	16	Sport

Table 5.11 - Cluster D

Group E: Large/Product/B2B

This group records an average turnover of 85 million €, ranging from 55 million € (company 18) to 100 million € (company 17 and company 20).

The number of employees begins to be sensibly higher than the previous clusters and has an average of about 390 people, in

<i>Group</i>	<i>Company</i>	<i>Sector</i>
E	17	Paintings
	18	Alarms
	19	Mechanical components
	20	Medical

Table 5.12 - Cluster E

the interval between 100 (company 20) and 750 (company 18).

Group E contains one company producing coatings and paintings, one producing alarms, one that sells mechanical components for the automotive sector and one company producing medical machineries for hospitals and dentists.

The companies belonging to this group are operating in the industrial world; they mainly work under contracts, tenders, or under supplying agreements and take particular attentions on high volumes and marginality. They usually offer standard products with a little degree of personalization, if not as additional service (e.g.: company 18 sells alarms but also offers a service for designing and implementing personalized installations).

Usually, their products are used in the production of other products or are destined to be employed by professionals.

Under a marketing point of view, these companies mostly rely on their salesforce, and use technological channels essentially as a showcase; this habit is widespread in these markets independently from the sector of belonging.

In conclusion, marketing activities are limited and very often directed towards the preservation of a certain level of brand image.

Group F: Large/Service/B2B

<i>Group</i>	<i>Company</i>	<i>Sector</i>
F	21	Technology Solutions
	22	Logistic
	23	Franchiser
	24	Consulting

Table 5.13 - Cluster F

Group F records an average turnover of 283 million €, comprised between 60 million € (company 21) to 685 million € (company 22).

The number of employees has an average of about 1075 people, in

the interval between 150 (company 23) and 3000

(company 22).

In this case, the biggest company has also the highest turnover rate.

Group F contains the only company located in Switzerland but that, due to the proximity of its location to Italy, to the fact that it is known in Italy and makes marketing actions in Italy as well, was included in the research.

The market of services for businesses is very important in the Italian reality; it is composed by either small or large realities with different ranges of action and usually dimensions are not synonymous of high quality.

Customer satisfaction, flexibility, quality of the service and competences are the main drivers of revenues for this kind of market.

Group G: Large/Product/B2C

<i>Group</i>	<i>Company</i>	<i>Sector</i>
G	25	Bookshop
	26	Chocolate
	27	Sportswear
	28	Retailing

Table 5.14 - Cluster G

This group records an average turnover of 145 million €, ranging from 60 million € (company 25) to 310 million € (company 28).

The employees are on average 625; in this case company 28, as for turnover, records the highest value (1200), while company 25 the lowest (250).

This kind of market is characterized by the presence of large incumbents producing mass products with a low level of personalization.

Usually, these players have high capillarity and manage huge volumes of products; their main objectives are marginality and growth.

Generally, their attention towards customers is undifferentiated even if in sometimes, depending upon the nature of the product, companies use to associate some values and emotions to their brands.

roup H: Large/Service/B2C

The last group turnover is around 2050 million € on average, ranging from 40 million € (company 32) to 8028 million € (company 31).

For what concerns employees, group H records an average number of people of about 2045 individuals, ranging from the small 21 for company 29, to the huge

<i>Group</i>	<i>Company</i>	<i>Sector</i>
H	29	Energy
	30	Infoservice
	31	Telecommunication
	32	Tourism

Table 5.15 -Cluster H

7600 of company 31. Companies with these characteristics usually compete in markets dominated by big players and that usually offer mass services with limited personalization; they are firms with an overall capital and competences availability of great importance and which reach a remarkable number

of people quite easily.

The four companies that make up Group H operate in uncorrelated markets.

5.2 DESCRIPTION OF THE CLUSTERS

The goal of the research was to profile the behaviors of Italian companies with the thematic of Multichannel marketing.

Question number 4 was taken as starting point for the analysis, since the aim of the study is to analyze the current situation of Italian companies' Multichannel adoption; in fact, this question focuses on the behavior of the Italian companies towards multichannel. Moreover, it has been chosen as reference question for other important reasons:

- It is the introductory question for the topic: interviewees were free to answer and express their opinions about the importance of Multichannel in their organizations;
- It is general: the best way to find recurrent patterns is not to ask specific questions: in this way, the answer is totally free from any sort of induction and could lead to the best results;
- It is complete: it covers all the aspects of the topic and does not entail to focus on a particular aspect.

For analyzing the question, the process followed consisted of drawing a tree

diagram in which the companies were grouped according to the different approaches they undertake while facing Multichannel issues.

In order to do this, a coupling method was used, which consisted of looking for couple of companies that have similar behaviors, that is, couples that have answered to question number 4 with the same concepts, sentences, words.

This process is set up of three steps, namely “levels”, which coincide with the three grouping phases made.

At the end of this process, the research led to the identification of four cluster:

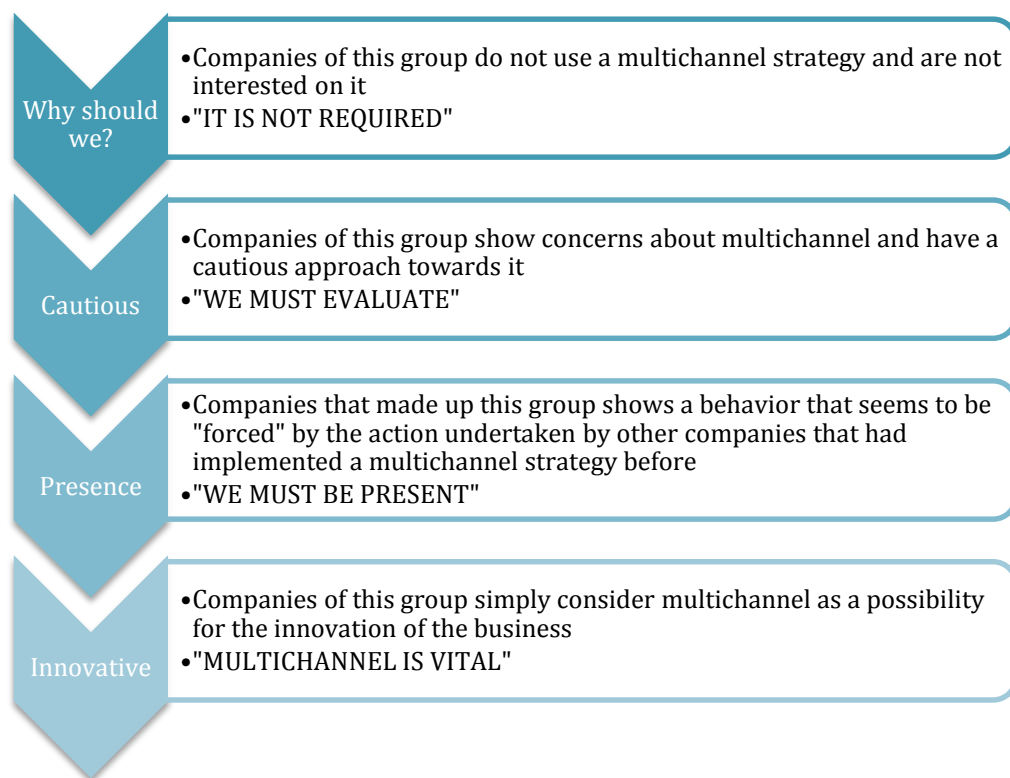


Figure 5.2 - Brief and essential definition of each cluster

5.2.1 Why should we?

MULTICHANNEL APPROACH

Companies that make up the group do not have a Multichannel strategy, or it is not well developed. There are different reasons that limit the adoption of Multichannel: companies prefer to focus on other elements, for instance the quality of the product or service, or consider this strategy useful only for exploring new markets, but does not retain it useful for its accrual business.

In general, companies belonging to this cluster can be recognized by two principal attitudes: the acknowledgement of the importance of the topic, but not its adoption, and the addressing of the cause of not being Multichannel to the market of reference.

What came up from the interviews is that the main limit of the implementation is the market of reference, considered both the target customer and the sector. In fact, most of the times, companies reported that a B2B market does not require such strategies and, on the other side, sectors like pipes, jewels or mechanical components do not feel the need to have a Multichannel approach. Anyway, they prefer to focus on other elements for their strategy, as for instance the quality of the services provided. “Why should we?” is the question that represents the approach that all this firms have towards multichannel.

OTHER CHARACTERISTICS

With reference to the framework, the cluster was analyzed considering Integration, Performances and Mobile channel.

For what concerns Integration, the cluster itself contains companies that are not interested in communicating and providing the same activities on different channels. Principally, these companies mainly rely on their sale force or on their shops; hence, they use to polarize all the information and capabilities to their employees. On the other side, these companies are internally integrated with the presence of simple softwares or management control systems.

Referring to the framework, there is little information and content integration, while cross channel and logistical integration is scarce, if not absent.

Few or no physical and technological expedients are adopted by firms operating with this approach.

Performances, instead, are characterized by low specificity and general orientation.

In general, these companies monitor only sales, revenues and costs and have no Multichannel measurements; they have no complex software for monitoring and control, websites are controlled for basic functions (in most of the cases only visits are monitored).

Probably companies of this type use only general indicators that consider only purchase and sale, because they do not have a well-developed Multichannel strategy. In this case, it seems that neither the customer satisfaction nor the communication with the customer seem to.

The mobile channel has scarce esteem for the Why Should We? cluster.

Generally speaking, a tendency towards the willingness to accept the market the way it is, without trying to make a further step, without trying to understand if mobile could be an opportunity is showed; to this group belong those companies which are waiting for someone who makes the first step towards the topic.

It seems that companies in this cluster simply adapt to the market conditions as they are.

PROFILING OF THE CLUSTER

Demographics

This cluster is made up with five companies that have no or little interest in implementing a Multichannel strategy. These companies arrive from different groups: one is from group A, one from group B, two companies from group C and one from group E.

#	of	the	Size	Output	Client	Sector
1			Small/Medium	Product	B2B	Pipes
5			Small/Medium	Service	B2B	Consulting
9			Small/Medium	Product	B2C	Jewels
10			Small/Medium	Product	B2C	Shoes
19			Big	Product	B2B	Mechanical components

Table 5.16 - Companies of the Why Should We? cluster

It seems that there is correlation for this cluster with the dimension of the companies and their output. In fact, the 80% of them has a small or medium dimension, while only 20% of them are large. This means that probably small companies do not feel the need to become Multichannel, in some cases because they are local and work with few customers located in these places.

The same percentage, the 80%, represents the companies of this cluster that sell product. On the other side, the 20% of them provides service to the customers.

Qualitative characteristics

The analysis of the Why Should We? cluster has given back some important characteristics that could result interesting.

The clusters contains some companies which are product-oriented: it is the case of B2B players that reported to work over wide extended markets (Italy and foreign countries) and to produce, in general, standardized products but only by request.

In this particular case, one company reported that its market is made up with few players and, for this reason, the company mainly relies on already existing strong relationships with its customers and the other players.

In fact, another relevant feature is the low range extension of some companies: in this case, these players operate in limited areas and build relationships with few customers. This fact entails an orientation towards solid, personal and direct relationships.

Small/Medium	80%	Product	80%
Large	20%	Service	20%

Table 5.17 - Dimension and outputs of the companies of Why should we? cluster

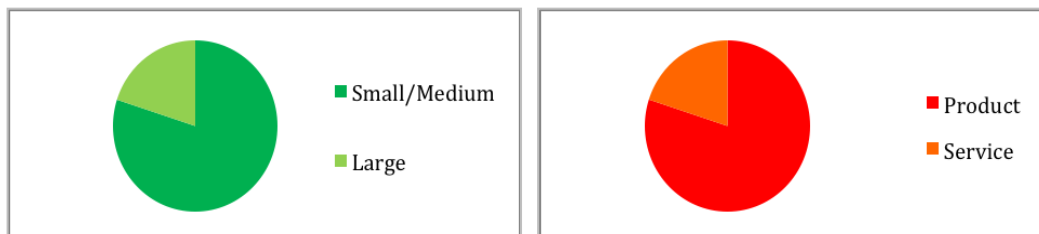


Figure 5.3 - Dimension and outputs of the companies of Why should we? cluster

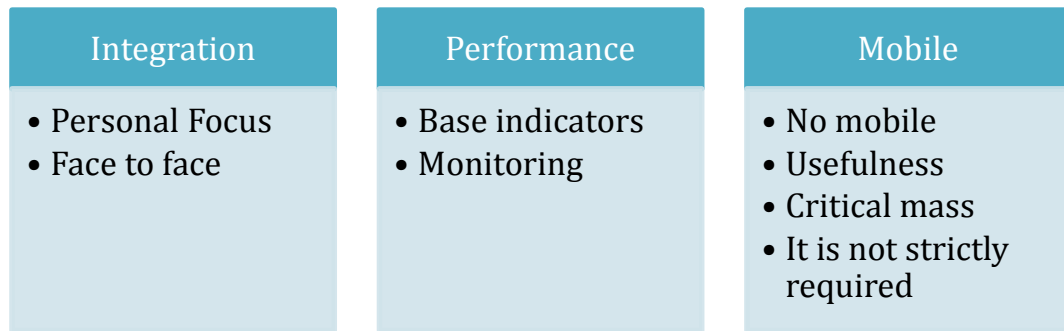


Figure 5.4 - Main aspects of Why Should We? cluster



Figure 5.5 - Reference company of Why Should We? cluster

Following the analysis, company number 1 reflects the image of the cluster. It is small and provides products to other companies, more precisely pipes.

This firm has only SAP software and a small level of integration. Its manager reported that they prefer a one to one contact instead of other types, even if their website provide call center number and e-mails. From an internal point of view, the firm uses a SAP system.

From a Performance point of view, there are no measures related to the Multichannel strategy, but only classical measures related to costs, revenues and profits. Moreover, the company has a software that allows the monitoring of the website with indicators like accesses, sources, browsers and similar statistics.

Company number 1 has no mobile strategies: its market does not require it and managers cannot see an advantage in implementing it.

5.2.2 Cautious

MULTICHANNEL APPROACH

This cluster shows companies that have a cautious approach towards multichannel. There are different motivations affecting this prudence.

Essentially, none of the companies belonging to this cluster reports difficulties in managing offline channels.

All of them are very effective for what concerns physical presence and distribution.

In addition, most of these companies have a strong and well-defined distribution strategy and Multichannel approach in the offline world; but they lack in integration and their channels are independent and uncorrelated one to each other.

Moreover, there is no correlation also with technological channels, which are scarcely adopted or not exploited for their real possibilities.

Principally, in these companies lies the idea of brand image risk and of total control, that is they struggle to have all their contact points under control and manageable.

An example is reported by the manager of company 20, stating that the online world is not manageable, because everyone can access and express his opinions or comments and, in the case those opinions are against the company, they have few possibilities to limit their diffusion.

OTHER CHARACTERISTICS

A more reasoned attitude towards Multichannel characterizes this behavioral cluster.

Offline channels are well managed and physical presence and distribution are effectively controlled by the company having a cautious approach.

On the other hand, they lack in integration and their channels are independent and uncorrelated one to each other.

It emerged that content and cross-channel integration are absent at all, while there is a sufficient information integration, principally for what concerns basic company information.

Conversely, logistical integration is very strong for this group: distribution is strongly developed for these companies.

Technological channels are scarcely adopted or not exploited for their real possibilities; these firms use to carefully verify whether to be present or make usage of technological channels indeed.

In general, physical channels are reputed important while the online are rarely taken into serious consideration.

Evidence lies in the evaluation of the mobile channel, which is for the majority not adopted.

Nonetheless, differently from what Why Should We? companies do, the members of this cluster are moved by reasoned behaviors, in the sense that they do not simply accept the market the way it is, but consider the possibilities to engage the mobile channel.

With reference to the Framework, performances are monitored substantially in the same way as for Why Should We?.

The main difference lies in the attention given to customer satisfaction.

In fact, these companies use to be particularly attentive for this matter and make usage of CRM systems for managing the relationships with their customers.

PROFILING OF THE CLUSTERS

Demographics

Companies that made up this group are taken from four different clusters.

More in detail, one company is part of the group B, one of the group G and two are taken from clusters E and H.

# of the company	Size	Output	Client	Sector
8	Small/Medium	Service	B2B	Logistic
17	Big	Product	B2B	Paintings
20	Big	Product	B2B	Medical
26	Big	Product	B2C	Chocolate
29	Big	Service	B2C	Energy
32	Big	Service	B2C	Tourism

Table 5.18 - Companies of the Cautious cluster

There is evidence that companies of this group are small or medium. In fact, five companies over six have such dimension, which represents more than the 83%. These companies have a cautious approach towards Multichannel, most of the times due to the fact that they perceive that, for their large dimensions, new technologies may change the image that people perceive about them and in some cases, they see the threat to get their brand worse.

Small/Medium	16,67%
Large	83,33%

Table 5.19 - Dimension of the companies of Cautious cluster

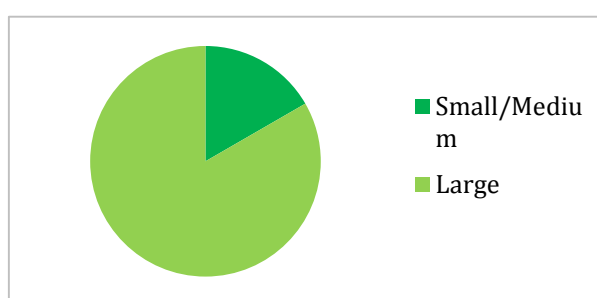


Figure 5.6 - Dimension of the companies of Cautious cluster

Qualitative characteristics

This cluster is identified by several companies that are characterized by excellence in their products or services and strongly rely on their brands and the values they could transmit. For these kinds of companies, the perception of Multichannel is that they consider it a potential threat since it could damage the strength of their brands and lower images and sense of exclusiveness.

In this case, technology in communication and distribution is treated with kid gloves and carefully managed.

Instead, there are companies that are dependent on their target customers, who have specific characteristics that limit the adoption of Multichannel strategies for this kind of firms. It is the case of an energy provider that has a huge presence of elderly people among its customers and for that, it does not undertake strong Multichannel actions.

In general, service providers are more affected by this type of characteristic.

Integration	Performance	Mobile
<ul style="list-style-type: none"> •Integrated but static •Unbalanced integration 	<ul style="list-style-type: none"> •Base indicators •Monitoring •Evaluation of customer satisfaction •CRM 	<ul style="list-style-type: none"> •No mobile •Vision of the target •Coherence with objectives/strategies

Figure 5.7 - Main aspects of Cautious cluster

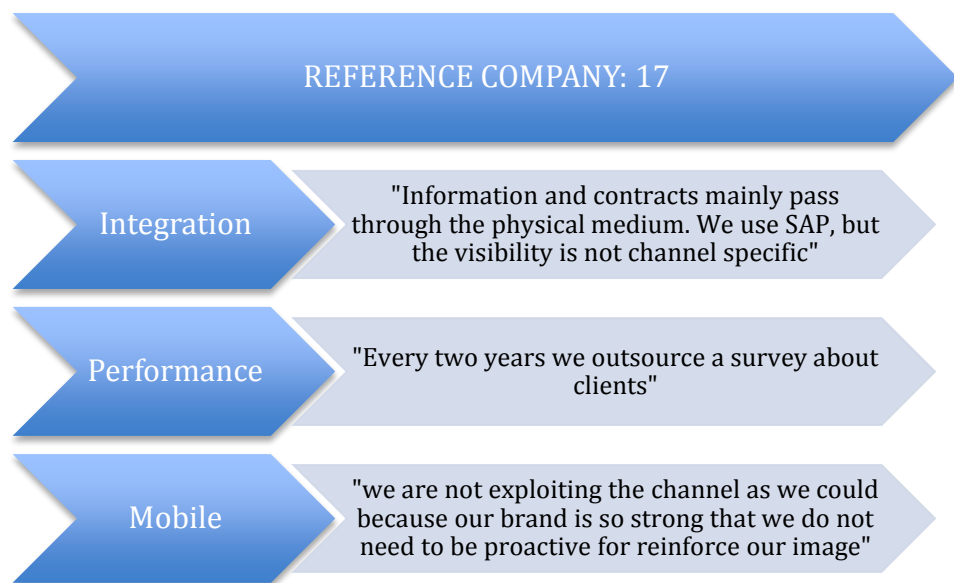


Figure 5.8 - Reference company of Cautious cluster

Company number 17 is representative of the cluster Cautious, as it has all the features that characterize this cluster. The firm works in the B2B market in the chemical sector, and acts globally.

The company is not totally integrated from a technological point of view, especially because they prefer to have a physical medium through which pass data and contacts.

From a performance perspective, they use classical indicators that monitor sale and costs. Moreover, they have some specific instruments to understand if the customer is satisfied or no, that are survey and questionnaires.

The company has implemented some mobile initiatives, even if the push on this channel is not strong, because they believe that it cannot be totally useful.

5.2.3 Presence

MULTICHANNEL APPROACH

“You must be present in all the contact point with customers”. Companies that made up this cluster are “obliged” to implement a Multichannel strategy to have a strong presence everywhere. It is noteworthy the presence of “*must*” in a sentence that a CEO said: *“We must be present”*. Moreover, the Marketing Manager of one of the companies interviewed stressed this concept *“You must be present in all the contact points with customers”*. Presence concerns all the channels available, starting from the traditional to the new ones, in which is included the mobile. In particular, the presence on online channels is stressed, as one Marketing Manager said: *“What matters now is the e-presence”*. In the end, companies that make up this group had implemented this strategy because of the need of being present in all the channels.

OTHER CHARACTERISTICS

A sense of compulsiveness pervades this cluster. In fact, a sort of forced approach towards being present in every channel leaps out, it seems an acknowledgement of *“There is nothing left to do”*; companies cannot think about other possibilities if not being Multichannel.

This cluster is characterized by a powerful presence in all the possible touchpoints with consumers. Their channels have mostly the function of being informative and bearers of companies’ values, in the sense that they are used to show how companies work and what they believe in for their purposes.

Applying the framework, integration is more structured. It is recorded a strong content and informative integration and there are the first signals of cross-channel interconnections: in fact, principally on the online side, these companies have adopted some technological tools for connecting their on line channels.

In general, they make use of the link buttons with socials and newsletter. This is very common for this group, but it was absent for the previous two.

In conclusion, this cluster is composed by companies that make a strong use of the different channels but that have the possibility to improve or use more effectively the integration in order to provide customers with better service, but they do not so far.

For what concerns Performances, Presence shows a stronger attitude towards measuring and analyzing customer satisfaction; in this cluster, the presence is fundamental, so they measure how much each channel can help the business to reach the objectives.

There seems to be an intense focus on solving the problems occurred while interacting with their customers. Furthermore, CRMs are widespread in this cluster.

General measurements are very specific and it seems that these companies are still not ready for measuring cross-channels behaviors with the set of indicators they have.

Online channels are monitored more deeply and in a more structured manner.

This cluster shows the first signs of usage of software suites like Google analytics. With reference to the framework, the majority of companies that had adopted the mobile channel use it as an additional contact point, or as another medium to provide their services. Those companies that are not still adopting the mobile but are about to, act as followers and just want to introduce it for reinforcing their presence.

# of the	Size	Output	Client	Sector
2	Small/Medium	Product	B2B	IT Hardware
4	Small/Medium	Product	B2B	Plugs
6	Small/Medium	Service	B2B	Communication
13	Small/Medium	Service	B2C	Theme park
15	Small/Medium	Service	B2C	Sport
18	Big	Product	B2B	Alarms
21	Big	Service	B2B	Technology solutions
22	Big	Service	B2B	Logistic

23	Big	Service	B2B	Franchiser
24	Big	Service	B2B	Consulting
25	Big	Product	B2C	Bookshop
27	Big	Product	B2C	Sportswear
30	Big	Service	B2C	Inforservice

Table 5.20 - Companies of the Presence cluster

PROFILING OF THE CLUSTER

Demographics

This cluster can be considered heterogeneous from the point of view of the elements that characterize the companies. In fact, all the initial groups are represented, except C. More in detail the firms are part of the group A (two), B (one company), D (two companies), E (one), F (all the for companies of the cluster), G (two) and H (only one). This is the only situation in which one initial group is totally included in a cluster.

There are no relevant data about this cluster and the companies that compose it. The cluster seems to be heterogeneous in the dimension of the companies, in their output and type of client.

Qualitative characteristics

The Presence cluster is the most crowded and it is characterized by some different variables to consider.

First, many companies in the cluster have large targets and supply their products over a large range scale. Their focus is on volumes and sales and for this reason, they retain Multichannel useful: to reinforce their communication with multiple channels presence and, doing that, to reach higher volumes. It is the case of the apparel company and of the online bookstore, which use multiple channels to increase revenues.

On the other hand, there seems to be some correspondences between service providers and customer orientation.

Differently from Why Should We? cluster, customer orientation and customized solutions are peculiarities of service providers, while in the other cluster, this was a characteristic belonging to companies selling products.

The cluster also contains the only two companies reporting as main objective, to become leaders in their markets.

It seems that, for becoming leaders, those companies believe that it is necessary to be present on as many channels as possible.

Technology, in this cluster, is used as a mean for boosting the reach, with the purpose of increasing numbers, both as contacts and as sales.

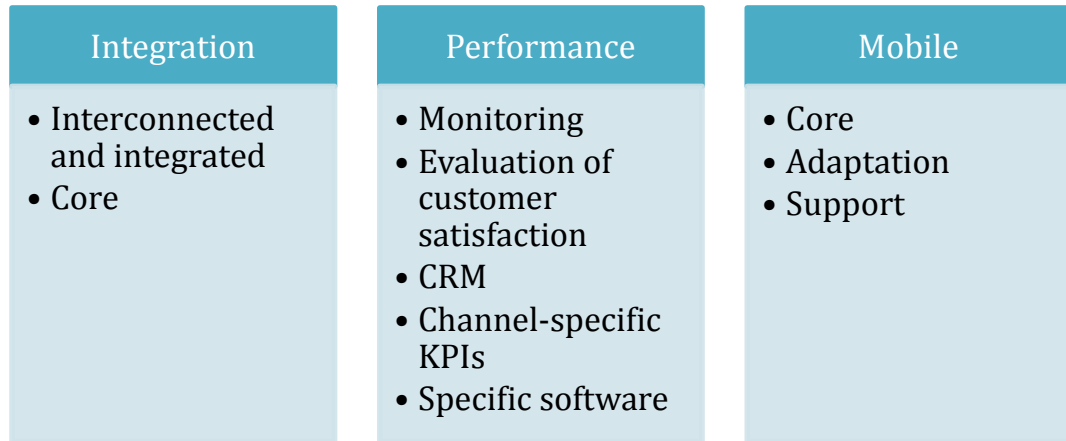


Figure 5.9 - Main aspects of Presence cluster

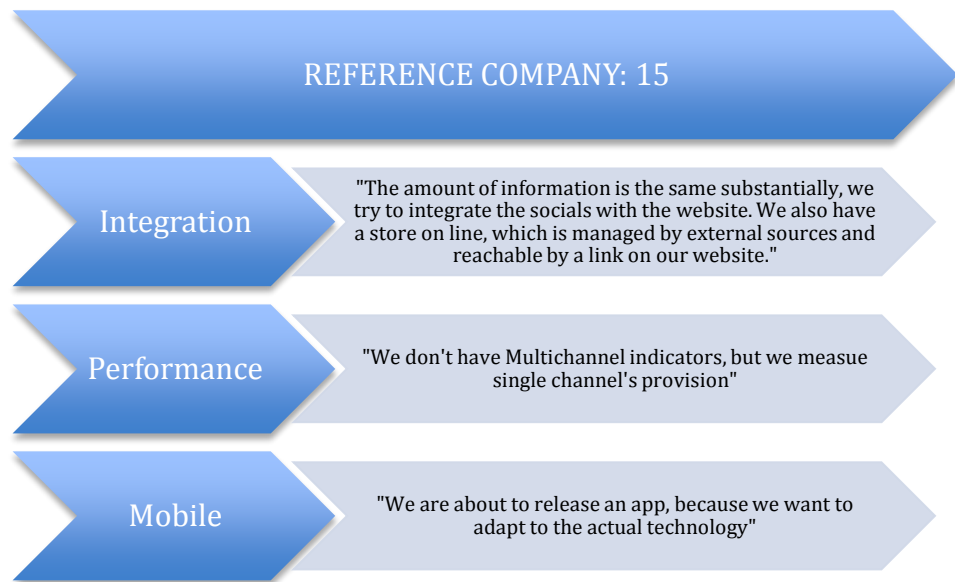


Figure 5.10 - Reference company of Innovative group

Company number 15 represents all the characteristics of the cluster. It is a small company working in the sportive sector of business.

From an integration point of view, all the channels are interconnected and integrated: from an external point of view, the website provides links to the social network and the possibility to buy tickets, or products related to the company. Internally, all the customers and the sponsor are registered in a database that is a part of software that manages all the information and data needed.

The website and the social network pages are monitored and the customer satisfaction is measured both online and offline. Indicators are available even for the offline channels, especially regarding the tickets sold.

They are releasing an application for the Smartphone to be on the edge, and fill the gap with some of the competitors. This application will work as a support for the users, as a mobile version of the website.

5.2.4 Innovative

MULTICHANNEL APPROACH

The innovative component is what differentiates this group from the others: Multichannel is seen as a strategy to innovate the business. New channels are seen as instruments of differentiation from the other companies and in most of the cases of competitive advantage. More in detail, these companies use Multichannel strategies for different purposes: revitalize the business, implement something that is not yet done in the market, create emotions, involve the customer and other motivations that lead back to an idea of changing and innovation. All these goals can be reached in different manners, but companies of this group believe that by revisiting them under a Multichannel and more technological point of view it would be possible to gain advantages. This leads companies to consider Multichannel as a vital strategy, which, in some extreme cases they cannot do without.

OTHER CHARACTERISTICS

Multichannel is believed as a vital strategy to innovate the business. Differentiation could be obtained by using effectively and in an integrated way the new channels, especially the more technological.

The main driving forces of this cluster are *changing* and *innovation*.

Customer involvement, seamless experience, emotions creation and technological approaches characterize the behaviors of these companies.

This cluster retains their channels be at the same level of importance and use them as if they had the same potentialities; hence, they are used either for communication, information and sale, according to channel possibilities.

According to the framework, integration is at its highest level: cross-channel integration is widespread, while information and content integration have the same burden among the different channels.

The cluster is composed by companies that provide more robust interconnections between the channels and struggle to obtain a seamless experience.

Performances measurement covers all the aspects of the company: indicators are characterized by being very specific but, on the other side, are fit for a multiple channel perspective.

Online channels are exhaustively monitored, in some cases these measures are integrated with customers' data.

Customer satisfaction is fundamental to be evaluated; in fact, for these companies CRM are basic and the evaluation of customer opinions is committed to very structured and complete systems, such and NPS and CDI.

The mobile channel is lived proactively, it is considered as differentiating.

In fact, companies with an Innovative approach use to provide some peculiar features to their mobile field.

Purchase via mobile is an aspect that it is taken into consideration, even if it is quite a new concept and must be carefully treated: companies in this group provide mobile purchases already, or are implementing it.

The experiential factor is a key determinant when the members of the Innovative group decided to undertake this path.

PROFILING THE CLUSTER

Demographics

Even the Innovative cluster presents companies that are mainly distributed heterogeneously. Four of them are taken from four different groups (A, B, G, H), and the other four are from other two, C and D, equally divided.

# of the company	Size	Output	Client	Sector
3	Small/Medium	Product	B2B	Components
7	Small/Medium	Service	B2B	Privacy consulting
11	Small/Medium	Product	B2C	Furniture
12	Small/Medium	Product	B2C	Food
14	Small/Medium	Service	B2C	Catering
16	Small/Medium	Service	B2C	Sport
28	Big	Product	B2C	Retailing
31	Big	Service	B2C	Telecommunication

Table 5.21 - Companies of the Innovative cluster

One company over four in this group is large, other three have a small or medium dimension. Probably, this fact could be related to the sectors to which these companies belong: in fact, expect for company number 3, all the small/medium companies compete in highly competitive markets, where it might be argued that innovation is seen as a way to survive to competition. Company 3, instead, seems to have a more innovative approach towards its sector. On the other side, large companies probably need to innovate their strategy to enlarge their business and reinforce the brand.

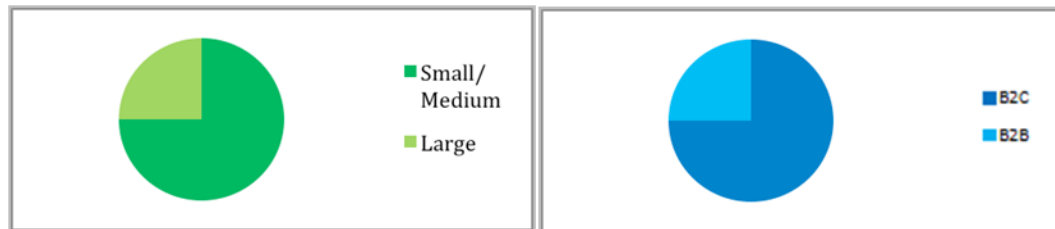


Figure 5.11 - Dimension and customers of the companies of Innovative cluster

Small/Medium	75%	B2C	75%
Large	25%	B2B	25%

Table 5.22 - Dimension and customers of the companies of Innovative cluster

DESCRIPTION OF THE CLUSTER

The cluster contains, in general, companies that sell products/service that are not reliant on technology, by nature: a salami producer, a furniture interior artisan, a basketball team, a catering company, a retailing player and a telecommunication provider, competing in crowded and competitive markets.

It might be argued that technologies could be considered as enhancing drivers for the implementation of differentiation strategies.

Even though their nature, these companies are characterized by a common approach towards technology employment.

In fact, differently from the Presence cluster, technology is declined under another point of view: technologies are not used only for making volumes, they are used as a mean for differentiation.

For this purpose, the catering company tries to differentiate using the possibilities offered by the Internet and the social presence and the retailer had introduced purchases via mobile in its shops.

It is interesting to compare the two companies competing in the sports market.

These companies are essentially the same for what concerns size, turnover, dimensions and channel presence. What differentiates one from another is the way the exploit technologies: the one belonging to Presence, uses technologies to reach as most contacts as possible, while the second one, belonging to the Innovative, has introduced Multichannel initiatives, such as physical campaigns organized only online, that differentiate it from its competitors.

Integration	Performance	Mobile
<ul style="list-style-type: none">• Improved info availability• Experiential integration• Active interconnections	<ul style="list-style-type: none">• Monitoring• Better Evaluation of customer satisfaction• Presence of CRM• Multichannel KPIs• Use of specific software	<ul style="list-style-type: none">• Purchase via mobile• Better experience• Refresh the image

Figure 5.12 - Main aspects of Innovative cluster

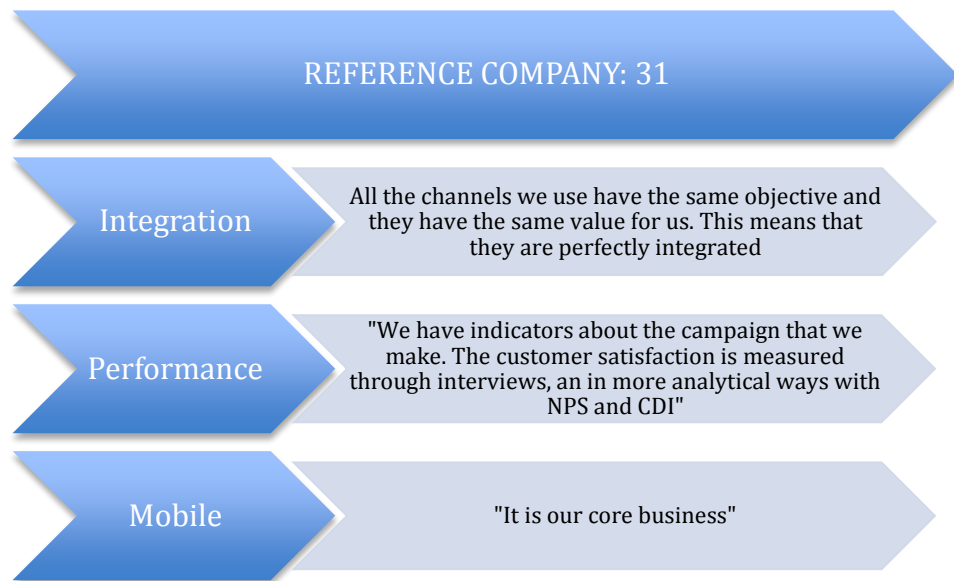


Figure 5.13 - Reference company of Innovative cluster

Company that represents the innovative cluster works in the telecommunication field.

They are extremely integrated and interconnected from both internal and external point of view. In fact, they are present in a high number of channels, and everyone gives the possibility to the client to have the same information, even customized. This is possible through a high internal integration, that is shown even externally, both with the same information across the different channels, and with the interconnections towards all the channels in which the company is present.

From a performance side, this firm has both single channel measure, and Multichannel ones, measuring most of the times the impact of a campaign in the time and across different channels. In addition, they have a CRM for the measures of the relationship with the client and sophisticated software for the monitoring of the online channels and mobile. They have also specific indicators, NPS and CDI for the Customer Satisfaction.

The company has high-developed mobile systems, especially because this is the field they work on. With this channel customer can have information, or make a purchase, as in they can do in the website.

6. IMPLICATION AND FUTURE RESEARCH

The study has proposed a comprehensive analysis of the Italian situation under the perspective of Multichannel marketing, touching the most important variables that influence the environment in which a company competes.

The framework proposed outlines a complete and well-defined structure of the elements that companies have to deal with when approaching their businesses: the main areas have been carefully described and touched.

Indeed, literature had shown a lack of knowledge for what concerns performance measurement and in particular, Multichannel metrics have not been well identified so far.

However, the qualitative nature and the purpose of the study cannot bring any statistical implications to the field; the qualitative nature of the work can be considered either a limitation and a starting point from which further studies can developed more accurate and exhaustive analysis.

The choice of a heterogeneous sample increases the generalizability of the research; on the other hand, generalizability is restricted by the small dimension of the sample and the specificity of the companies. In fact, the analysis has been conducted on a pool of companies, which, even if it is heterogeneous and covers different sectors of business, is restricted to the number of 32.

In addition, the results have been affected by two additional environmental variables: in fact, most of the companies belonging to the small/medium size group were from the Northern Italy and, in general, the research was addressed to the Italian territory; these two aspects limit the extensions of the analysis but this does not diminish the contribution of this research.

In fact, this study could represent a thorough basis for future research for many reasons; the variables composing the framework are many, each of them can be quantitatively analyzed:

- The clusters identified have showed different levels of depth in performance measurement: future researchers may use the results of this study as basis for analyzing and defining quantitatively the Multichannel adoption of companies;
- Territorial extension may be overcome by broadening the size of the sample and the origin of the companies; in this way, statistical contributions might be inferred;
- Intra sector analysis is suggested: the case of the two basketball teams shows how companies behave differently even in similar markets; this study could be used to describe and classify single sectors to have a broad view of the real situation;

By combining qualitative and quantitative analysis, further researches could create a model that will be able to position companies inside the market by taking into account their Multichannel approach and their characteristics.

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9.ANNEXES

Annex 1 - The Research Process

The research process has as starting point question 4, see chapter 4 Methodology. The description of the analysis follows this flow: it begins with question number 4 and the explanation of the various steps that compose the process; subsequently, for each group, the description of how companies perform in their clusters is carried out, taking as reference:

- *Question 5*: integration
- *Question 7*: performances
- *Question 8*: the mobile

These topics are believed to best classify companies in the groups because they cover all the relevant aspects of the framework, discussed in chapter 3.

For each question, the peculiarities that pooled the companies of the cluster were identified and then these characteristics were described to profile the behaviors within each group.

Question 4 – Multichannel: the starting point

I Level

<i>Group</i>	<i>Company</i>	
Not required	1,19	<p>A preliminary skimming of the companies was made, with the subsequently identification of 15 recurring patterns.</p> <p>In this phase, the attention was paid on finding precise keywords in order to find as most couples as possible or at most terms of companies; in this part stand-alone companies was identified as well.</p> <p>The resulting pairs are shown in the table:</p> <ul style="list-style-type: none"> - <i>Not required</i>: in this couple there are the 2 companies that had answered “<i>It is not required in our business and market</i>” and “<i>Our Market does not require Multichannel Marketing</i>”: what they have in common is that they do not feel the need to implement a Multichannel strategy because their target market does not require it. - <i>We must</i>: here 3 companies that looked
We must	2, 21, 22	
Yes, even if not required	3, 12	
Fundamental presence	4,6,24	
Yes, but we don’t need it	5,9,10	
New innovative channels	7,28	
Emotions	11,16	
More touchpoints	13,15,30	
E-	18,23	
Improve the interaction	14	
More channel for presence	25	
Brand image risk	17,26,32	
High innovation	31	
Followers on every channel	27	
Evaluate first	8,20,29	

First level clustering

“obliged” to be Multichannel and do not show other relevant characteristics were identified; the motivations of this “obligation” lie in the technological orientation of two of these companies, and in the big dimension of the other one that covers all the world. The group is identified by recurrent sentences expressing this sense of compulsoriness such as: “*We need to reach our customers, we have a widespread distribution, we must be multichannel*”. Moreover, all the interviewees express the same concept by using “must” or “can’t avoid”, words that show this obligation.

- *Yes, even if not required*: here there are companies that had answered with attitudes highlighting that they believe they use Multichannel actively even if the market does not require such efforts. These companies implemented this strategy to have a competitive advantage against their competitors. The answers given show an attitude towards changing: in fact, one of the companies reported they use technologic solutions and Multichannel to revitalize its product while the other one is willing to undertake actions with the purpose of offering new services to its customers.
- *Fundamental presence*: differently from cluster *We must*, in this one interviewees have highlighted that being Multichannel is necessary but they underlie as main motivation simply the presence; in fact, what they said is that “*The presence is a fundamental aspect*”, “*We must be present*” and “*If you want to be present and communicate you must be multichannel*”.
- *Yes, but we do not need it*: in this group, companies recognizing the importance of Multichannel but which cannot afford to use it or do not mind it for different reasons. In fact interviewees told that “*We recognize its importance but we cannot afford to manage it, we are scarce in time and resources to be effective with multichannel*”, “*It is important but not fundamental for us*” adding that there are other features more important for the company, and “*It could be useful for reaching new customers, but we do not care of it for our business*”.
- *New innovative channels*: companies using Multichannel as an instrument to innovate and improve communication or the service offered, also providing new ways of interaction, as they said with “*It is unavoidable to make communication in a multilayer manner*”
- *Emotions*: in this group are included companies that had shown a particular attention towards Multichannel as a mean to provide customers with emotional features; one interviewee for this purpose said “*I use Multichannel to communicate emotions*”; thus he considered the creation of the emotion as the main objective for the implementation of a Multichannel strategy. On the other side, other firm uses Multichannel ever for special initiatives aimed at creating emotions and involving users or customers;
- *More touchpoints*: this group contains companies which use Multichannel not only as a tool for being present, but stress the accent on the importance of providing more “active touchpoints”; in fact all the companies gave similar sentences about the implementation of the multichannel:

“Multichannel gives more touchpoints with the customer”, “We want to use the most channel available to communicate” and “You must be present in all the contact point with customers”;

- *E-: here the tendency is towards digital technologies, in fact the companies belonging to this group have highlighted a conception of Multichannel as a technological mean and what matters is the “e-presence”; the concept is well explained in what one interviewee included in his answer “What matters now is the e-presence”, while the Marketing Manager of the other company of the group said that “Digital competition forces companies to adapt a new environment”; thus, new environment, new ways to be present in the markets, and so implementation of Multichannel strategy;*
- *Improve the interaction: here is present the only one company that had underlined the importance of Multichannel for a better interaction with users and had shown a proactive attitude towards technological methods to improve it, as the CEO said “I use all the possibilities technology offers to reach the most customers”;*
- *More channels for presence: this company has shown an attitude to Multichannel only to reinforce its reach, as the interviewee said “The presence is important”;*
- *Brand image risk: this cluster contains companies that have underlined the “risks” associated to Multichannel and their impact on brand image; there is a sentence that represent this concept that was given by the CEO of one of the companies interviewed, “Multichannel could be a risk for our brand image”, with other interviewed that added that the risks can be related to the maintenance of the exclusiveness and of the values of the brand;*
- *High innovation: the company reported proactive approaches and an integrated and innovative culture towards multichannel; for instance, this firm uses all the touchpoints available and makes campaigns on all these channels;*
- *Followers in every channel: Multichannel is just a consequence of other companies behaviors and channel adoption, that is represented by the sentence “We monitor how other companies behave and then we act” told by the interviewed;*
- *Evaluate first: this group contains companies that, for some reasons, either exogenous (geographical, demographical aspects...) or behavioral (threats, reluctance to invest money...), had a weak approach to multichannel; companies which seem to prefer a costs/benefits approach. In fact one of the interviewed asked “we must evaluate if they can give reasonable returns, either for what we concerns our image”, referred to the various channel that can be used.*

II LEVEL

In the previous analysis 15 groups for 32 companies were found.

There is evidence that most of the groups referred to the same behaviors or attitudes and that the definition of those clusters could be lead back to a higher

level of behavioral class.

So, in the second level, the analysis went deeper, by merging similar groups and identified a logical thread that may link them.

A process similar to the previous one was followed for the identification of the groups and the result was the definition of the following groups:

- *Not required*: does not change;
- *Yes, but we do not need it*”: remains the same;
- *Cautious*: this is a new group created from the merge of the two groups *Evaluate first* and *Brand image risk*; this group contains companies that have shown concerns about multichannel; they have a cautious approach towards Multichannel especially because they prefer to evaluate the strategy before its implementation, or simply because they believe that it can represent a problem for their brand image.
- *Presence*: it is the result of the following process and it is identified by companies that believe that presence is the principal force that drives their Multichannel actions:
 - o Group *Presence* is made by the merge of *Fundamental presence* and *Followers in every channel*: the reasons under this grouping are the “*simple usage of multiple channels*” in order to be present for what concerns mainly communication aspects and usage of technologic mediums;
 - o *More channels for presence* and *More touchpoints* became *More channels*: what they have in common is that all the companies are increasing their number of channels just for presence;
 - o The merge of *More channels* and *E-* results in *Being there*: the group is focused on the importance of the presence in different channels as main peculiarity;
 - o *Being there* is included in the big group *Presence*: all the previous groups have shown a prevailing attitude towards the concept of “being present” in multiple channels; here the main concept is that the presence is the main motivation for the usage of different channels to interface with customers;
 - o *We must*: does not change.
- *Innovative*”: it is the result of the following process and it is identified by companies which approaches the Multichannel as a differentiating force and try to use the possibilities Multichannel gives in an innovative way
 - o *Yes, even if not required* joined *New innovative channels* create the group *Innovative interaction*: these companies use Multichannel to change the level of service in an innovative manner;
 - o *Boosted interaction* is the result of the merge of *Emotions* and *Improve the interaction*: similar to *Innovative interaction* but more focused on communication rather than the core business;
 - o *Innovative interaction* and *Boosted interaction* are joined and become *Innovative*: companies that are innovating with multichannel; innovation intended as all the actions undertaken to make the company differentiate respect to the others;
- *High innovation*: remains the same;

III LEVEL

The third level and last step of the analysis has been carried out in order to find other possible recurring patterns. In this case too, is possible to notice that some of the clusters identified after the second level, show characteristics that lead back to a more general orientation. Under this perspective, this further revision leads to the identification of four distinct clusters.

These clusters have features that are unique one to each other and do not show ambiguity in their definition.

This last merge is described as follows:

- *Why should we?:* it is the merger between *Not required* and *Yes, but we don't need it*; the merger born because they do not use a Multichannel approach and do not seem interested in;
- *Cautious:* does not change;
- *Presence:* group *We must* was included into *Presence*: this cluster contains all the companies that had shown an approach which seems to be “forced” or derived as a consequence of the behaviors of companies that had implemented a Multichannel approach before;
- *Innovative:* it is the merge of the two groups sharing the concept of innovation, *Innovative* and *High innovation*: since the company belonging to the group *High innovation* still remained alone, the innovative group was incorporated in it because the innovative component in the behavior of both the group is the main characteristic identifying them.

Question 5 – Integration

In order to make an exhaustive analysis of this question, the research referred to a definition of integration that was decided to take as starting point and by which to determine the different characteristics of the topic in the different clusters.

Integration is defined by Daniel Goersch as “ *the simultaneous and consistent employment by a retailing organization of web sites and physical store-fronts in addition to other channels, such that customers derive a seamless experience when they switch channels during their interaction with the retailer*”.

Another guidelines followed, was to refer to integration by distinguishing between online and offline channels so that integration was considered in the physical channel, in the online channel, and in both the channels.

Thus, the analysis was made on the answers to question 5 and different behaviors affecting the companies belonging to the four clusters were found.

Why Should We?

The analysis of this cluster gives back two main streams of behavior that characterize the members of this cluster:

- *Personal focus:* those companies have shown an approach towards integration which had the purpose of redirecting the users who interface with the companies towards their physical shop or to their sales agents; for

instance “*we are not so integrate because we mainly rely on our sales agents/shops*”, and “*Sales agents and project developer have the task to manage the whole business*” demonstrated the fact that integration is substituted by more personal approaches; companies are not interested in developing well-integrated, they prefer to put their attention to the personal relationships between agents and customers: “*We do not take care much of the website or to provide effective information because it is all in our agents' hands*”

- *Face to face*: similar previous ones, those companies that just give basic information in their contact points because their core activities must be undertaken by personal contacts and meetings; thus, communication is “*mainly face-to-face*” as reported by one of the interviewee;

Cautious

The companies belonging to the Cautious group, instead, are characterized by a higher level of integration, even if what emerges after the analysis is that they are still not oriented towards a deep integration, that is their integration is quite unbalanced or static.

This cluster presents two main paths that best describe the group:

- *Integrated but static*: those companies which try to provide an integrated service and communication to the users, but that are using passively the most dynamics channels, such as the internet or the social networks, as one interviewee said “*Our physical channels have most of the information that we give, the website and the social media page are only a showcase for our business*”;
- *Unbalanced integration*: this characteristic highlights the attitude of many companies, which are highly integrated in one of the two types of channels considered (be offline or online), but that are not integrated on the other kind; this is perfectly represented by the strategy implemented by one company interviewed “*Physical channels are independent but the online ones are suited to give integrated information*”

Presence

In this case, companies are identified by three main approaches.

- *Interconnected and integrated*: those companies which have a presence on social networks and are linked to their website but use the online channel only as a presence medium; it also identifies those companies that have either an online store and physical outlets but the two work independently from each other (e.g.: no visibility on offline availability on the website);
- *Core*: this cluster also contains those companies that use the online channel as main medium to carry out their core business activities; hence they are identified by an active usage of the online possibilities but as a consequence of their business characteristic, as reported by an interviewee “*Channels are independent from each other, sometimes happens that we publish link to the website or to YouTube, the information about the company are integrated and available on all the channels but our online channel is the core one*”

Then, this group is composed by companies that make a strong use of the different channels but which have the possibility to improve or use more effectively the integration in order to provide customers with better service.

Innovative

This group includes the most integrated companies analyzed; principally, they are companies that provide more robust interconnections between the channels and struggle to obtain the seamless experience that was used as reference in the analysis of the topic.

There are three main directions describing this group.

- *Improved information availability*: those companies which use technological items (e.g.: QR codes) to improve the information available to the customers (e.g.: in the showrooms); more in detail interviewees responded “*We provide more informative services through the QR code in the showroom, the customer can contact us in real time with a dedicated format on the website*” and “*We provide more information through the QR code even if our core business prefer face-to-face interaction*”;
- *Experiential integration*: those companies which use integration to provide the seamless experience described in the referential definition (e.g.: companies providing their leaflets either online and offline, give the possibility to make purchase online and switch to offline for paying and picking up their purchases);
- *Active interconnections*: those companies that make use of the integration in order to provide an improved service (e.g.: by shifting services usually supplied physically on the online channel) or that allow a boosted interaction between the various channels they actually have (e.g.: possibility to subscribe or make reservations on multiple channels, be them online offline or exploiting actively the social networks); “*We made online and physical lessons, and we give video support. The information are integrated across channels*” is a clear example of the improved service made by a company that provide online a service that is usually supplied offline”;

Question 7 – Performance

“*Both academics and managers currently lack a comprehensive understanding of the marketing performance process and the factors that affect the design and use of marketing performance assessment systems within corporations*” (Lamberti & Noci, 2010). Starting from this sentence found in literature the analysis is carried on to develop the topic of performance. Is it the real situation? Is there a lack of performance in the current Italian situation?

This topic aims at understanding if the companies interviewed have general measures for their strategy or have some specific metrics for the Multichannel, or do not have them, according to L. Lamberti.

More in detail, four elements have been taken into account and the analysis was focused on them to better understand the topic of the performance:

- The presence of specific metrics of measurement, that can be general for the company, specific for a channel or cross-channel;
- If the firms have interest in measuring the customer satisfaction, and how they do it;
- If the companies have specific measurement systems to have statistics about the online channels;
- The presence of specific software that can help these measurements; moreover the presence of a Customer Relationship Management can help firms in developing these measurements;

All these features allowed understanding how companies behave in this field and which type of metrics they use.

Why Should We?

The group presents companies with some recurrent patterns:

- Base indicators, like revenues, costs, profits and contacts; “*We have only classics measures for our strategies*”, “*We have information about sales*” and “*There are only indicators about sales and costs*” are the sentences that interviewed said that represent how they evaluate their business.
- Monitoring: companies that made up this group have some software aimed at monitoring some statistics about the website: number of access, impressions, source of the contact, and similar. The same is for one company that monitors also its Facebook Page, with the same indicators. They do not use these instruments carefully, they need only general information about the online channels, especially because they do not have an online store and their core business is made in a physical way.
- Absence of complex software, even if some companies have an ERP or a control systems; the software that they use are simple and are used only for internal tasks, as for example insertion of an order in a system or billing. There are no specific systems for the monitoring of the performance.
- Total absence of a CRM for the monitoring of the relationship with the client. These companies neither have a Customer Relationship Management nor similar systems. It is not necessary for their business, so that they didn’t implement it.

Cautious

The group presents some characteristics that are similar to the Why Should Why group; in addition, there is the measure of the Customer satisfaction that is the core difference between this group and the previous one. More in detail:

- Companies use base indicators, like the ones mentioned above: “*Generally we evaluate sales*” and “*We consider only people that contact us*” represent this behavior;
- As written before, there is the evaluation of the customer satisfaction; this helps companies to understand the fulfillment of their customers’ needs and requests. There are not real indicators, only instruments, as for example questionnaires or surveys, that make possible to understand if

customers are satisfied or not. For instance one of the interviewee said *“Every two years we outsource a survey about clients. These can be done in different ways, face to face, with predefined formats or by phone”*. Another interviewee responded that *“sampling help us to evaluate the customer satisfaction”*. As seen in these example there a common need, the evaluation of the customer satisfaction, but different ways to act and different instruments.

- Monitoring of website and social network; even in this group online channels are monitored with specific statistics, that help companies to control them; *“We have some indicators about our website and our Facebook page”* was said by a Marketing Manager of a company interviewed.
- Presence in few case of Customer Relationship Management, more precisely 3 companies on 6 have it. It is useful both to have data about the customer and to monitor the interaction with him.

Presence

Even if this group is the one with the higher number of companies, some characteristics are similar:

- The companies evaluate the interaction with the client, by focusing on problem and errors eventually occurred, as it is highlighted by one interviewee *“The Company monitors the responses obtained from the client, especially in negatives cases”*. In this way is possible to evaluate even the customer satisfaction, as was said by the responsible of one of the firm part of the analysis: *“By interacting with the customer we can understand if he is satisfied about our service, or not”*.
- Monitoring of channels made by internal instruments or software, even if in some case these are external. Moreover there is wide use of systems like Google analytics. The group presents the same characteristics of the previous ones, the monitoring of the online channels, but with more specific software or suited instruments. *“We have also a monitoring system of website and social page that allow us to have detailed information about our followers”*, *“The company uses some instruments like Trip Advisor (widely used for the sector of membership, editor's note) and Google Analytics”*, and *“The company uses analysis and monitoring (Analytics)”* are some examples taken from the interviews. In this group this type of data start to cover a higher importance so that one of the people interviewed said that the *“statistic instruments developed internally to monitor website and social network are fundamental”*. So there is a changeover from the little importance that plays the monitoring in the previous groups, and the relevance in this group.
- The CRM is wide spread, with 9 companies that have this system, that represent more of the 70% in the cluster. This helps in evaluating the performance related to some marketing strategies, as reported by one Marketing Manager interviewed *“Marketing activities are difficult to be*

measured, but with the ones associated to telemarketing and advanced system of CRM is possible to compute the ROI of these activities". Again, another interviewee gave some examples of the usefulness of the Customer Relationship Management: *"the CRM give us the possibility to see how many people have received an e-mail, how many of them have read it and data like these"*;

- KPIs are specific for single channels; they are not suited for a Multichannel strategy because they are not cross-channel, even if in few cases companies measure the entire campaigns with the ROI. One of the Marketing Manager interviewed said that *"We have some KPIs related to each channel; we do not have cross-channel ones"* and was supported by another interviewee that explained that they have a lot of metrics, related to the offline, online and mobile channels, but *"without indicators related to a Multichannel strategy"*.

Innovative

The companies in this group have particular interest in the Multichannel and so they try to evaluate the results of these strategies. Seems that the companies present some recurrent patterns, that can be identify in:

- Total monitoring of website and social media as was said *"The website give us the possibility to have information", "The social media and the website are evaluated easily: Google Analytics and Facebook metrics give us information"*; more in detail are monitored data as *"contacts, sources of the visitors, browser, pageview and so on"*;
- Total monitoring of the interaction with the client, as the CEO of a small company said *"We evaluate the relationship with the customer by monitoring the trend during the interaction and the different channels"* and confirmed by another one interviewee *"We have specific measure about the customer interaction, across different channels, and about single channels"*.
- Total visibility of the data inside the company, as for instance was said *"The information is available because the company is structured in levels of production, shipments, billing on both informatics and database level"*. In this data are used only from an internal point of view to have real time information. So they affect only partially performance measurements;
- *"We have also integrated data about promotional campaign across channels"*: KPIs that are cross-channel and so suited for a Multichannel strategy, even if there are indicators that measure single channels. This is the real difference between and the others. Indicators are suited to give information to the firms about campaign, especially across different channels.
- The customer satisfaction that is not measured only through personal interaction with the client but also with specific indicators (NPS and CDI) that can be measured both online and offline, as was said by the marketing manager of a large global company *"The customer satisfaction is measured through interviews, and in more analytical ways with NPS and CDI"*. This is an important difference between this cluster and the other

ones: Customer Satisfaction is considered fundamental, and companies feel the need to have not only classical information with surveys and interviews, but also some specific indicators and that measure it.

Question 8 – Mobile

In this part of the analysis was decided to point out the mobile subject and to dedicate a specific question on it because literature and experience have showed how strong the importance of this medium is becoming. In fact, literature shows that another emerging channel that is increasing interest and importance is the mobile one and marketers around the world are spending increasing amounts of money on marketing activities in mobile media (M Leppäniemi, *Mobile marketing: From Marketing Strategy to Mobile Marketing Campaign Implementation*, 2008); in fact Mobile marketing, intended as the set of marketing initiatives that use mobile devices and media, is gaining importance (Shankar & Balasubramanian, 2009).

The analysis of this question among the group follows three main lines:

- One analyzes the presence or absence of the mobile channel and tries to understand which are the motivations that made the company adopt or not the mobile;
- Another aspect that was touched is the usage companies make of the medium;
- The last one considers the visions companies have in comparison with the topic

Under this perspective, is possible to profile the behaviors of the sample in each cluster.

Why Should We?

It seems that in this group, under the mobile point of view, companies are driven by:

- *Usefulness*: those companies do not see the utility of a mobile strategy, as one of the interviewee said “*we would not take advantage of it, since it will be just a replication of the website*”;
- *Critical mass*: those companies which do not believe the number of customers sufficient in order to justify the presence in this channel, as reported by one interviewee “*We do not have it, we have few customers, not enough to justify the investment*”;
- *It is not strictly required*: those companies which say “the market do not require it”

Generally speaking, it has been noticed a tendency towards the willingness to accept the market the way it is, without trying to make a further step, without trying to understand if mobile could be an opportunity; in this group belong those companies which are waiting for someone who makes the first step towards the topic.

Cautious

This group comprehends those companies that are substantially in the same position and have reached the same results of the firms belonging to the Why Should We? group.

The main difference is that it seems these companies have decided not to adopt the mobile after some reasoned evaluations, and have not acted passively, that is simply adapting to the market characteristics.

In this case, the driving forces of the group are:

- *Vision of the target*: all the companies which had made evaluations and/or have a vision of their target customers and then have decided not to undertake the road of the mobile;
- *Coherence with objectives/strategies*: the difficulties in the adoption of the mobile medium derive from incoherence with the objectives of the company or from a particular evaluation of the positioning of the brand or the values the companies want to associate with it; in fact an interviewee said that “*portable devices are not fit for our objectives*” and that is the same concept that highlighted the responsible of another company, “*it is not in line with our strategy and we do not see the possibility to do it in our business*”

In this case, the companies “look inside themselves” rather than observing the market, in order to understand how they should act and position or to evaluate how they believe to be perceived from the customers.

Presence

Instead, this group contains those companies that have or have not or are about to adopt the mobile medium.

The group can be described under three main directions:

- *Core*: those companies that incorporate mobile in their core activities or as complementary part of their product/service;
- *Adaptation*: it is the prevalent characteristic; this force entails that companies have introduced or are about to introduce the mobile as a matter of adaption towards the evolution of the contest, intended as the behaviors undertaken by the direct competitors in the sector (that is acting as followers), or as a consequence of the evidence given by the increase of the traffic generated by the mobile, that is what one interviewee said about the it “*We want to adapt to the actual technology*”; moreover the concept of the adaptation can be clearly seen but another sentence said by another interviewee “*Mobile is a must have, we check how other companies behave and then we act*”;
- *Support*: this aspect characterizes those companies that use the mobile as a support instrument complementary to the product/service they offer to their customers, as reported by a marketing manager interviewed “*we use it just as a support of our service, for technical motivations*”

In conclusion, this group is identified by “touchpoint”, since it emerges that the mobile channel is viewed as a further touchpoint, which company mainly use as a tool to reinforce their presence and/or brand image.

For what concerns the *core* part, instead, companies with such characteristic have been taken into consideration, since the mobile can be considered as a channel used only on request, as if it were a not owned channel.

Innovative

This group contains those companies exploiting the mobile as a differentiating element.

In fact, there are three principal directions that identify this cluster:

- *Purchase via mobile*: companies allowing mobile purchase are included in this group; some companies give already this possibility to their customers, others are gearing up, as reported by one interviewee “*We are provisioning our existing app with the possibility to make mobile purchases whenever we will retain it necessary*”
- *Better experience*: the mobile is used as a booster for living a better experience with the brand: this also includes complementary activities in store (such as the QR code). “*Yes, we use it to improve and change the shopping experience for our customers*” is only an example of the relation between mobile and experience. This concept is strictly connected with emotions, that is another element quoted and related to the adoption of the mobile; more in detail mobile is considered by one of the CEO interviewed an interesting strategy “*in order to make users live a better experience*”
- *Refresh the brand*: companies use this strategy to revitalize their image across the channels. In this way can show an image more technological to the market. Clear examples are two companies that said respectively that “*We have a branded app and we make use of the QR code in the showroom to make a refresh of our brand*” and “*We use QR codes to try to revitalize our brand, because our product cannot be easily changed*”. As easily to see, QR codes are the main elements to reach this objective.

Annex2 - KPIs

Social Media

Single Visitor	Users or browsers that had access to a site or application obtaining contents and/or advertising, as e-mail, newsletter, pop-up and so on. They can be measured by user registration, cookies, or external services.
Cost per single visitor	Total costs (insertion or application) divided per number of single visitor.
Pages viewed	Times that the user effectively views the page.
Return visit	Times (average) the user comes back on the site or application in a certain period
Interaction percentage	Percentage of user that interacts with an insertion or application. Since some interaction are involuntary (since the element is positioned in different parts of the screen) this metrics is strongly dependent on the position of the insertion or application
Time spent (from the login to the exit)	Time between the login and the exit. It should represent the activity of a certain browser or user during a single connection session to the site, or application. After 30 minutes of inactivity the session is considered finished.
Actions	Examples of action: downloaded/presented coupons, video views, invitation sent, news/note published and so on.
Cost per action	Cost sustained for each one of the previous actions

	Objectives	How to measure
Blog advertisement	<ul style="list-style-type: none"> • Awareness • Call-to-action 	<ul style="list-style-type: none"> • # Of visits • Cost-per-acquisition
Corporate blog	<ul style="list-style-type: none"> • Awareness • Equity 	<ul style="list-style-type: none"> • # Of accesses • # Of comments • # Of links • Sentiment
Corporate social networking	<ul style="list-style-type: none"> • Awareness • Equity 	<ul style="list-style-type: none"> • # Of accesses • # Of comments • # Of links • Sentiment
Digital PR	<ul style="list-style-type: none"> • Awareness 	<ul style="list-style-type: none"> • # Of views • Cost of equivalent advertisement

Blog

Conversation dimension	# of sites related to the conversation
	# of link including phrases of conversation
	Conversation extension
Relevancy with the site	Conversation density of related posts
Credibility of the author	# of post on the site related to the conversation
	Date of the oldest post related to the conversion
	Date of the most recent post related to the conversion
	Interval between the oldest and the most recent post related to the conversion
Freshness and relevance of the contents	Date of the oldest post related to the conversion
	Date of the most recent post related to the conversion
	Average time between posts

AAU Metrics

AAU Metrics are a set of measures that can help the company to understand the behavior of its (potential) customers about three main areas of awareness, attitude and usage of the product/service.

	Topic	How to measure	Meaning
AWARENESS Who knows the brand/product?	General awareness	% Of potential customers who recognize a given brand	It shows how attentive customers are in the brand
	Top of mind	% Of customers for whom the brand is the one named in response to a question about a category	It is about how strong customers' feelings are about the brand/firm
	Ad awareness	% Of customers demonstrating awareness to brand advertising	It shows the possibility to create brand association by the customer
	Brand/product knowledge	% Of customers demonstrating specific beliefs about the brand/product	It is related to the exposition that has the brand, both positive and negative
ATTITUDE What do potential customers think about the brand or product?	Attitude/Linking/Image	Answers to question such as "this is a brand for people like me"	It is useful to understand if the brand can fit for determinate type of customer
	Perceived value for money	Answer to questions such as "this brand usually has a value for me"	It is made possible to understand if the brand has a value for customer
	(Relative) perceived quality/esteem	Answer to comparative questions about the brand and its competitors	It allows to identify if, and why, the brand is perceived superior to others
	Intentions	Answers to question such as "would be willing to switch if your favorite brand were not available"	It shows what are the intentions associated with the brand
USAGE Why, when and where customers purchased/abandoned?	Usage	Measure of customers self-reported behavior	It shows the feelings perceived by the customers by using the product/service

Brand Equity

<i>Y&R Brand Asset Valuator (BAV)</i>	Brand equity depends on 4 aspects: <ul style="list-style-type: none"> • Perceived differentiation • Relevance to customer lifestyle • Customer esteem = positive or negative perception • Perceived degree of knowledge 	<ul style="list-style-type: none"> • Simple • <i>Customer-based</i> 	<ul style="list-style-type: none"> • Qualitative • <i>Relative</i>
<i>Aaker Brand Equity Ten</i>	Definition of 10 unweighted tracking measures to diagnose brand strength	<ul style="list-style-type: none"> • Comprehensive • <i>Customer-based</i> 	<ul style="list-style-type: none"> • Qualitative • <i>Relative</i> • <i>Complex</i>
<i>Moran Brand Equity Methodology</i>	BRAND EQUITY = EMS*RP*D Where EMS = effective market share (share of the market segment targeted*segment's% of brand shares) RP = relative price (brand price /average price) D = durability (%of customers who will repurchase in the next year)	<ul style="list-style-type: none"> • Quantitative • <i>Absolute and objective</i> 	<i>Doubts on the applicability to all the industries</i>

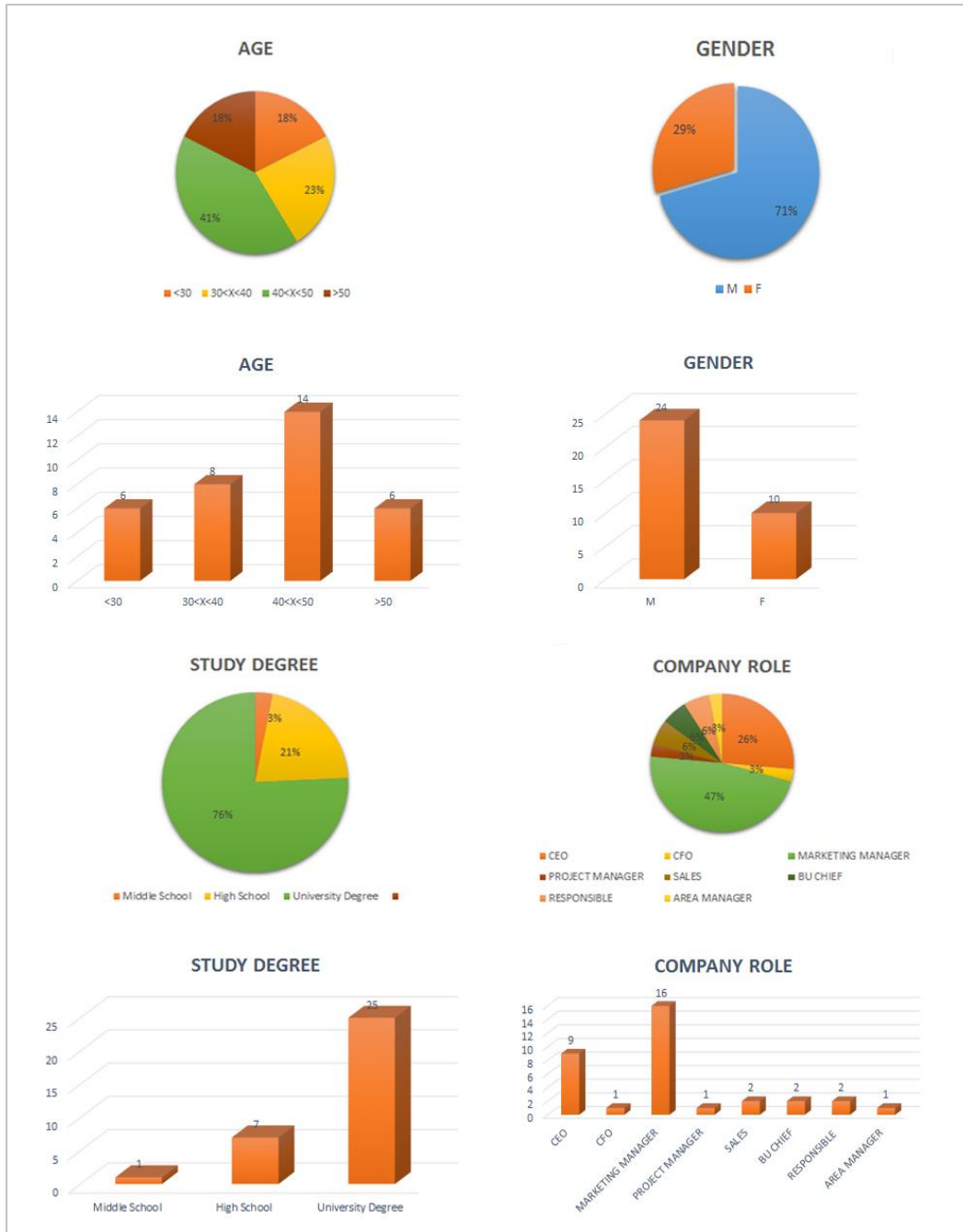
Mobile Marketing

Indicator	How to measure
<u>Push SMS with response message</u>	
Response Rate	$\frac{\text{\# of response SMS received}}{\text{total \# of messages sent}}$
Lead Generation Rate	$\frac{\text{\# of qualified contacts gathered}}{\text{total \# of messages sent}}$
Cost Per Lead	$\frac{\text{total cost of the mobile campaign}}{\text{\# of leads gathered through the mobile}}$
"Adjusted" Click Trough Rate	$\frac{\text{\# of users that clicks on the link in the SMS}}{\text{total \# of messages sent}}$
<u>Push SMS/MMS with drive to store/event mechanism</u>	
Redemption of the campaign	$\frac{\text{\# of participants invited through SMS}}{\text{total \# of messages sent}}$
Cost per useful contact	$\frac{\text{total cost for the sending of SMS}}{\text{total \# of presents invited through SMS}}$
Part of sale due to Mobile Campaign	$\frac{\text{sales to new clients reached through mobile}}{\text{total sales in the period made by the company}}$
Cost for the purchase of the advertising	
Cost for the development and realization of advertising banners	
Cost for the development of the landing page if it is temporary and dedicated	
<u>Estimate reach</u>	
Lead Generation rate	$\frac{\text{\# of profitable contacts gathered}}{\text{total \# of single visitors}}$

Click Through Rate	$\frac{\text{\# of clicks on the interactive banner}}{\text{total \# of impression}}$
Lead Generation Rate	$\frac{\text{\# of qualified contacts gathered}}{\text{\# of received call by inbound call center}}$
Cost per lead	$\frac{\text{total cost of the mobile campaign}}{\text{\# of leads gathered through the mobile}}$
<u>Branded Applications</u>	
Total # of downloads	
Percentage of hot lead generated	$\frac{\text{\# of hot lead}}{\text{total \# of users registred through the application}}$
Cost per lead	$\frac{\text{total cost of the mobile campaign}}{\text{\# of contacts gathered through the application}}$
<u>Lead Generation and Conversion</u>	
Effective reach of the campaign	Total # of messages sent
Response rate	$\frac{\text{\# of response SMS received}}{\text{total \# of messages sent}}$
Conversion Rate	$\frac{\text{\# of users that purchase the product or service promoted}}{\text{total \# of user recalled by the outbound call center}}$
Part of the sales due to mobile campaign	$\frac{\text{sales to new customers acquired through mobile}}{\text{total sales of the produt or service in the periodof the campaign}}$
Incremental sale rate due to Mobile Campaign	$\frac{\text{sales to new clients reached through mobile}}{\text{total sales in the period – sale to new "mobile" clients}}$
Average cost for each new customer	$\frac{\text{total cost of the mobile campaign}}{\text{\# of new clients acquiret through mobile campaign}}$
<u>Mobile browsing</u>	
Click Through Rate	$\frac{\text{\# of clicks on the interactive banner}}{\text{total \# of impression}}$
Conversion rate	$\frac{\text{\# of clients that make a purchase}}{\text{total \# of clicks}}$
Part of sales due to clients acquired with mobile campaign	$\frac{\text{sales to new customers acquired with mobile}}{\text{total sales of the product or service in the period of the campaign}}$
Average cost for each useful new customer	$\frac{\text{total cost of the mobile campaign}}{\text{\# of clients exposed to the campaign that makes a purchase through mo}}$
First Level Redemption	$\frac{\text{\# of users that accept to download the contents}}{\text{\# of users contacted in push modality}}$
Conversion rate	$\frac{\text{\# of new clients that make a purchase}}{\text{\# of users that have downloaded the contents with Bluetooth}}$
Cost per useful contact	$\frac{\text{total cost of the campaign of proximity marketing}}{\text{\# of users exposed to the campaign that make a purchase}}$
<u>Loyalty of the client</u>	
Up selling/Cross selling rate	$\frac{\text{\# of clients exposet to the campaign that join the promotion}}{\text{total \# of SMS sent}}$
<u>Branded Applications</u>	
Click Through Rate	$\frac{\text{\# of clients that clicks on the banner or on the link in the message}}{\text{total \# of messages sent or total \# of impression}}$
<u>Multichannel Metrics</u>	
Cross-over Rate	$\frac{\text{\# of clients that responds in a channel different from mobile}}{\text{\# of user exposed to the mobile campaign}}$

Annex 3 – People and companies interviewed data





Annex 4 – Respondents answers separated for reference question and grouped for final cluster belonging

Question 4 – Multichannel: the starting point

#1	WHY SHOULD WE?
<i>Company</i>	<i>Motivation</i>
1	It is not required in our business and market, maybe it could be useful if considering emerging markets such as India or China
5	We recognize its importance but we cannot afford to manage it, we are scarce in time and resources to be effective with multichannel
9	It is important but not fundamental for us. What matters is the quality of service in our store, and that's it
10	It could be useful for reaching new customers, but we do not care of it for our business
19	Our Market does not require Multichannel Marketing

#2	CAUTIOUS
<i>Company</i>	<i>Motivation</i>
8	We've been the first who had introduced the tracking online for our sector but we are not exploiting multichannel because our target does not need it
17	Multichannel could be a risk for our brand image
20	We do not use channel just because we must be present, we must evaluate if they can give reasonable returns, either for what concerns our image
26	Traditional company and we want to maintain these values avoiding the possibility of being too innovative; each channel pursues the same objective in a personal way, depending on its characteristics
29	It is important but many channels cannot be used
32	We do not want to be invasive and we take care of our luxury image, we do not want to seem reachable, we want to maintain exclusiveness

#3	PRESENCE
<i>Company</i>	<i>Motivation</i>
2	We have a strong technologic component, so we must be Multichannel
4	We are Multichannel, even if our strategic plan does not imply it, the presence is a fundamental aspect
6	It is a fundamental strategy, it must be supported by the marketing mix, we must be present
13	Multichannel is very important for us, it gives more touchpoints with the customer
15	We want to be visible and try to instil our brand into customers' mind; we want to make them loyal. We want to use the most channels available to communicate
18	What matters now is the e-presence: we use the internet but we give much importance to the sales agent as well
21	It is totally useful, you cannot avoid thinking of not being Multichannel, and you cannot survive being single channel. We use as many channels as possible, we do not use mobile because we do not want to look invasive; we make webinar; one problem is to understand when and how to make a channel intervene in a campaign
22	We need to reach our customers, we have a widespread distribution, we must be multichannel, even if we are more physically than virtually multichannel
23	Digital competition forces companies to adapt to the new environment
24	Multichannel is a strength; if you want to be present and communicate you must be multichannel. We believe that connections between the employees be fundamental, so we have an internal social network and we use online sharing software, we are Multichannel internally as well.
25	We have made a joint venture and so added the offline channel to our business, the presence is important
27	We monitor how other companies behave and then we act. We have introduced the Italian online store since almost a year, we have created an iPhone app
30	You must be present in all the contact points with customers

#4	INNOVATIVE
Company	Motivation
3	We are changing under a Multichannel point of view, we are introducing an online store (first in the sector) and we provide courses into school and we are introducing online courses; a mobile app already exists but we are upgrading it with new functionalities
7	We provide our courses either online than offline, we use the internet channel to promote us or to communicate. We are moving to an online platform for exchanging and storing documents, but we will keep on maintain the offline documental exchange
11	I use multichannel to communicate emotions, we organize fairs to promote and educate the theme of wood, on the website you can have a real time chat with me
12	Multichannel is vital, especially nowadays when the marginality is lowering and so we need to boost the volumes. So we have introduced the QR code on our product, because we needed to revitalize our product
14	Multichannel allows companies to reach inconceivable targets with limited if not absent costs; I would introduce a sort of "Farmville" for my restaurant. I use all the possibilities technology offers to reach the most customers (Foursquare=2 yogurts free if check in)
16	We have introduced a free WI-FI connection in the stadium and we want to introduce some real time games during matches, we sell tickets either online than offline, we have a roadshow project involving twitter, Facebook
28	It is unavoidable to make communication in a multilayer manner. The objective is the same but the means to reach it change depending on the channel, they are independently monitored. We have introduced the mobile purchase to boost the purchase experience
31	We use all the touchpoints available; the call center operator receives cross channel info; we give total channel freedom when making a campaign

Question 5 – Integration

#1	WHY SHOULD WE?
<i>Company</i>	<i>Motivation</i>
1	We do not take care much of the website or to provide effective information because it is all in our agents' hands
5	The website is static, our communication is mainly face-to-face
9	What is needed is in the store
10	Our communication is limited. All the information the customer needs are in the shop
19	The website is static and have a base level. Sales agents and project developer have the task to manage the whole business

#2	CAUTIOUS
<i>Company</i>	<i>Motivation</i>
8	The company gives information required using different channels, even if these information are limited
17	Our physical channels have most of the information that we give, the website and the social media page are only a showcase for our business
20	Physical channels are independent but the online ones are suited to give integrated information
26	Physical channels are severely integrated, there are also channel specific products and the promotion activities are absolutely inconsistent; on the other side the information that we give are totally integrated
29	If a customer comes to the office he can have any information he wants. The online channel send back the user to the office, or give the possibility have a phone call with the company
32	With the offline channels we give all the information needed, especially by using press; online we are limited

#3	PRESENCE
<i>Company</i>	<i>Motivation</i>
2	We provide more data than necessary (e.g.: info about partnerships), but everything is made in order to refer to our sales agents; we give much importance to the contacts, since the final contract must be signed physically
4	We have a common strategy for all the channels, the website is not only a showcase of the company but also we provide some information with a blog on the website.

6	We provide integrated information among the various channels and we have a social presence in which we just show who we are
13	Customers can use the classic methods for reserving their entrances and to communicate with us. Furthermore, we try to reinforce our presence as far as possible: in fact, customer can directly access to the website by clicking on a link on the Facebook page, which is just the replication of the website; you cannot make reservation using socials.
15	The physical channel is more static than the online one, social networks are more immediate instead. The amount of information is the same substantially, we try to integrate the socials with the website. We also have a store on line, which is managed by external sources and reachable by a link on our website.
18	We make a limited use of the various channels since we mainly rely on our salesforce; channels are, let's say, expositive; they give all the information but not as complete as the salesforce can; we refer to sales agents.
21	Our core is online; we use all the Cloud structures. We have a structured database internally. We use external instruments for the integrate customer management. As regards customers, they can interface with us by the internet and can communicate and interact when we organize webinars. We provide integrated information on all the channels; we are also active on the online channel because we also provide real time and video information, because the online channel is our core business.
22	We have an integrated orders management system, communication and information are managed in an integrated manner on the various channels, the website and the mobile are just the mirror of our offices but they are not interconnected.
23	The interaction among the channels is integrated and complementary; we try to replicate the same information on all the channels we have, while the socials are more immediate to be used.
24	Channels are independent from each other, sometimes happens that we publish link to the website or to YouTube, the information about the company are integrated and available on all the channels but our online channel is the core one.
25	We have two main channels (the store online and the physical store) on which we substantially provide integrated information, but they are independent one to another. In fact, you cannot know if what you look online is also in our bookstores. We have visibility on the customers who subscribe, we can see which channel they use, whether it is online or offline.
27	We try to use our channel in the most integrated way as possible. During the years we have built a determinate brand image and we promote it in an integrated way on the socials, on YouTube and with events. Our online store has real time visibility on the stocks but it is not linked to physical stores, we are connected to all the socials, which substantially report all the info we give on the website
30	We have an integrated content database that allows us to be present on all the platforms, we also have an "integration office" to make the presence balanced; but the channels work by themselves.

#4	INNOVATIVE (PROACTIVE, EXPERIENTIAL)
<i>Company</i>	<i>Motivation</i>
3	We provide an integrated support by phone, mobile, website and on field. The customer can find the information everywhere. With the mobile we give also the possibility of video support
7	We made online and physical lessons, and we give video support. The information are integrated across channels
11	We provide more informative services through the QR code in the showroom, the customer can contact us in real time with a dedicated format on the website
12	We provide more information through the QR code even if our core business prefer face-to-face interaction
14	The company gives integrated information across all the channels. Moreover we try to push the website by addressing clients to the web site with special promotion, for example, for the ones that make a reservation online
16	We give multilevel information across the different channels, both online and offline. We carry on multichannel campaigns that involve the contemporary use of the different channels. In the building the mobile and the physical channels cooperate
28	The company proposes a shopping made on different level: the customer can buy with the mobile phone and get it in the physical store. The flyers are both physical and virtual, the house organ is connected to the website with a QR code. In this way the customer can have more information about the company and the promotion
31	We manage the data in an integrated way; the client can make the same things online and offline, with mobile and through the call center. We provide the promotion and the information that our software makes across all the channels. The customer can access to the promotion through the channel he wants, even the social media

Question 7 – Performance

#1	WHY SHOULD WE?
<i>Company</i>	<i>Motivation</i>
1	We have only classic measures for our strategies. We obtain positive reaction if the possible customer request the sampling or the evaluation of the pipe
5	We monitor only the website
9	We have information only about the sales. We have base indicators as sales, costs and profits
10	The company does not have any metrics of measurements. There are only indicators about sales and costs
19	The specific measurement of the results is not needed, but there are indicators about the offers made. Is important to understand how many offer requests become in effective orders

#2	CAUTIOUS
<i>Company</i>	<i>Motivation</i>
8	We do not measure multichannel strategies, we consider only people that contact us
17	Every two years we outsource a survey about clients. These can be done in different ways, face to face, with predefined formats or by phone
20	Generally, we evaluate sales; the customer satisfaction is measured through call-center calls and requests from the website. The social are measured through an external company that works on this field
26	Yes we have some indicators about our website and our Facebook page. We have verified that the best measure for a campaign is sampling, that help us even to evaluate the customer satisfaction
29	We ask which is the source of contact. Most of the times it is Word of Mouth. The only indicator that we have is the one of the complaints; even if in some cases it is not our fault. Moreover we measure also how many phone calls enter in the system, because we need to have a minimum for a certain period
32	We use Opera to have all the data about our website and the interaction with the clients (mail sent, mail read..). We do not have specific measurements, except the ones about the customer satisfaction

#3	PRESENCE
Company	Motivation
2	Marketing activities are difficult to be measured, but with the ones associated to telemarketing and advanced system of CRM is possible to compute the ROI of these activities. This is the main indicator that we use to evaluate the multichannel strategy. Moreover, we have monitoring systems of the company website and social media pages
4	We evaluate the customer satisfaction about our products. Moreover we have standard indicators about the company's situation and detailed information about our website
6	The company monitors the responses obtained from the client especially in negative cases. We have also a monitoring system of website and social page that allow us to have detailed information about our followers
13	There are some statistics on both website and Facebook page. We have a specific software that monitor the website in real time. For Facebook there is a similar process that is automatic. It gives us some statistics about the time slot, the age, the gender of the followers. By interacting with the customer we can understand if he's satisfied about our service, or not
15	No, there is not an indicator. We see the feedback that we receive from the user because we developed a horizontal communication. We see that users participate to our campaigns. We consider the participation a fundamental value because in this way we make the client more loyal. The management of the store is external, so we do not have metrics, but we have only aggregate data about it. On the other side, the CRM give us the possibility to see how many people have received an e-mail, how many of them have read it, and data like these
18	The company uses measurements about the accesses, and classical indicators about the whole company and its strategies
21	We have some KPIs related to each channel; we do not have cross-channel ones. We follow the campaign across the channels, but carry out metrics is very difficult. For this purpose we compute the ROI for each campaign, and not for each single activity. Thus, in this way we can understand how is efficient the campaign, not the single channel
22	We verify them; we know the number of downloads, the number of person that used a system instead of another, but without indicators related to a multichannel strategy. On the web we have indicators about the number of booking, the number of tracking, number of shipments that are made through web on total shipments of the company
23	The company monitors many different channels. More in detail, there are weekly reports made by the social manager to highlight the data traffic generated by social channels (increase? Decrease?). For this purpose the company uses also some instruments like Trip Advisor (positive reviews? negative?) and Google Analytics
24	We do not have a general instrument, but different parameters based on which channel we used are available. We believe that statistic instruments developed internally to monitor website and social media are fundamental
25	The company used analysis and monitoring (Analytics) in addition to the classical indicators related to sales and profits

27	There is low interest in measure the performance. In Italy there is not a person that has this mansion. The part related to the multichannel and web is directly managed by the headquarter, where there is an office dedicated to the multichannel marketing. They do not develop local initiatives, only general ones, and European level. When we need something we call them and ask for help or advice
30	We have some KPIs, all the channels are monitored with internal instruments. We evaluate the customer satisfaction mainly with the NPS

#4	INNOVATIVE (PROACTIVE, EXPERIENTIAL)
<i>Company</i>	<i>Motivation</i>
3	The website give us the possibility to have information, for instance about how many accesses it had in a particular period, the mean, the time spent by the user and so on
7	We evaluate the system errors. We do not have specific metrics, we evaluate the relationship with the customer by monitoring the trend during the interaction and the different channels
11	We have specific measure about the contact interaction, across different channels, and about single channels
12	The company has information about the purchases. The information is available because the company is structured in levels of production, shipments, billing on both informatics and database level. However we have statistics about sales and aggregate data about market that give us a possible return rate
14	The social media and the website are evaluated easily: Google analytics and Facebook metrics give us information about the mean time that a user spends on them (that I believe is important) end the pages viewed. Even if we monitor all these aspects, for us is not fundamental because our company is small and local.
16	For the website we have the classical statistic service, where are shown general data, contacts, sources of the visitors, browser, pages viewed and so on. Regarding the ticketing we can see where the customer have made the purchase. We have also integrated data about promotional campaign across channels
28	It is easy to monitor the online because we have a lot of data about it, both about the application and the mailing, and about the website. It is our choice to select the best measurement system, because the data are managed internally. For cross-channel campaigns the efficiency can be seen with the comeback of the clients; there are no important system that can give information about the efficiency of the campaign
31	We have a lot of indicators: Revenues, Margin, EBITDA, and comparison with competitors. The communication with daily interviews, the marketing size that help us to identify how the client uses our services, a sample divided by area and segment, information about market share. We also have indicators about the campaign that we make. The customer satisfaction is measured through interviews, and in more analytical ways with NPS and CDI

Question 8 – Mobile

#1	WHY SHOULD WE?
<i>Company</i>	<i>Motivation</i>
1	Our market of reference does not require it
5	We do not have it, we have few customers, not enough to justify the investment
9	It is not required and we would not take advantage of it, since it will be just a replication of the website
10	Our target customer does not require it and they are not enough to justify such an investment
19	No, it is not required by the market

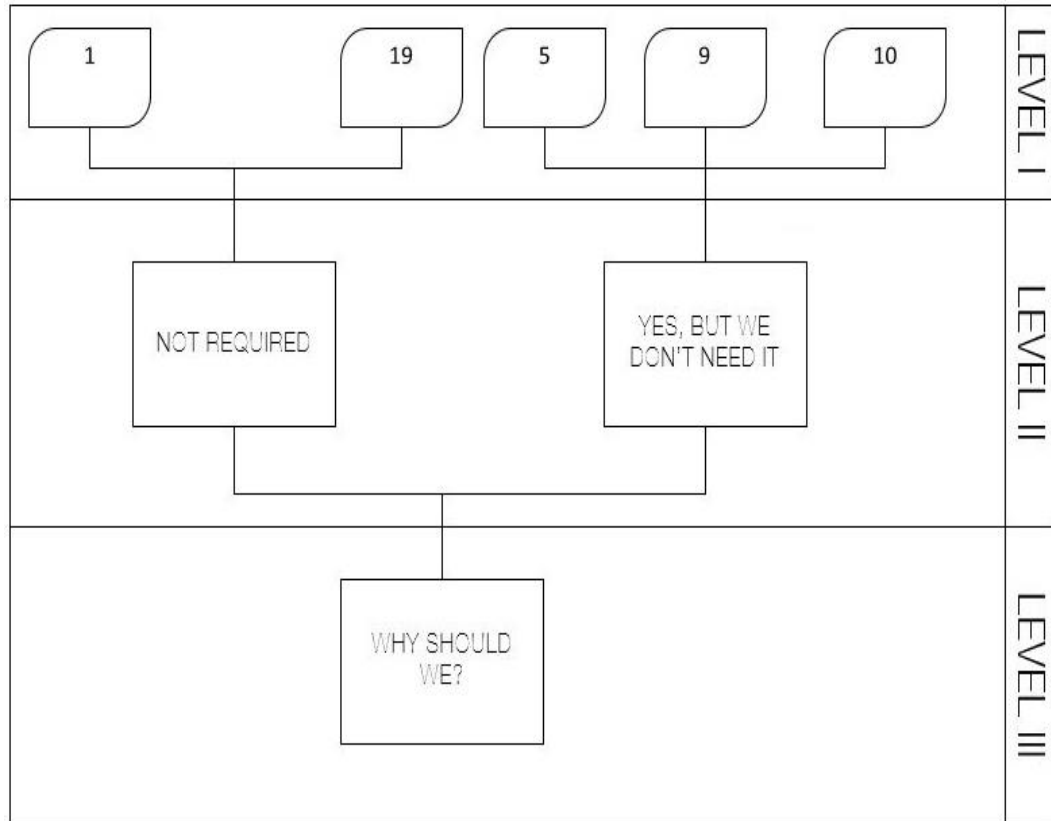
#2	CAUTIOUS
<i>Company</i>	<i>Motivation</i>
8	We do not have it because the target customer works in a office and we believe that portable devices are not fit for our objectives
17	We have created some branded applications as a support for our services but we are not exploiting the channel as we could because our brand is so strong that we do not need to be proactive for reinforce our image
20	No, it is not in line with our strategy and we do not see this possibility in our business
26	No, we prefer to focus on a more physical approach, we believe in the importance of the "on hand experience"; we do not use mobile also for our traditional values and image
29	We do not have it even if we could, our target still prefers face to face communication for the information we would provide with mobile
32	No, we must maintain our sense of exclusiveness, we barely introduced the mobile version of the site, we struggled a lot for it, we had to win many resistances because most of us believed this channel could be a potential threat for maintaining our sense of exclusiveness

#3	PRESENCE
Company	Motivation
2	We use it just as a support of our service, for technical motivations
4	We are a company which always monitors market evolutions so it is obvious that we make use of the mobile channel
6	We create ad hoc mobile applications for our customers
13	We would use it but we are not technologically feasible so far
15	We are about to release an app, because we want to adapt to the actual technology
18	We have created some branded applications as a support for our services and they also include a mobile catalog
21	It is too much invasive for our target
22	It is a further touchpoint for us, it is for an additional service, because we replicate what we have online on a portable device
23	We are about to introduce it to enlarge our service
24	We use the mobile primarily for internal communications, but we provide apps ad hoc since it is our business to create ad hoc services
25	We replicate the website on the mobile channel. We have introduced it as a natural consequence of the huge increase of the traffic on these devices
27	Mobile is a must have, we check how other companies behave and then we act
30	It is very coherent with our business model, we use it as an additional service, you cannot coexist without it

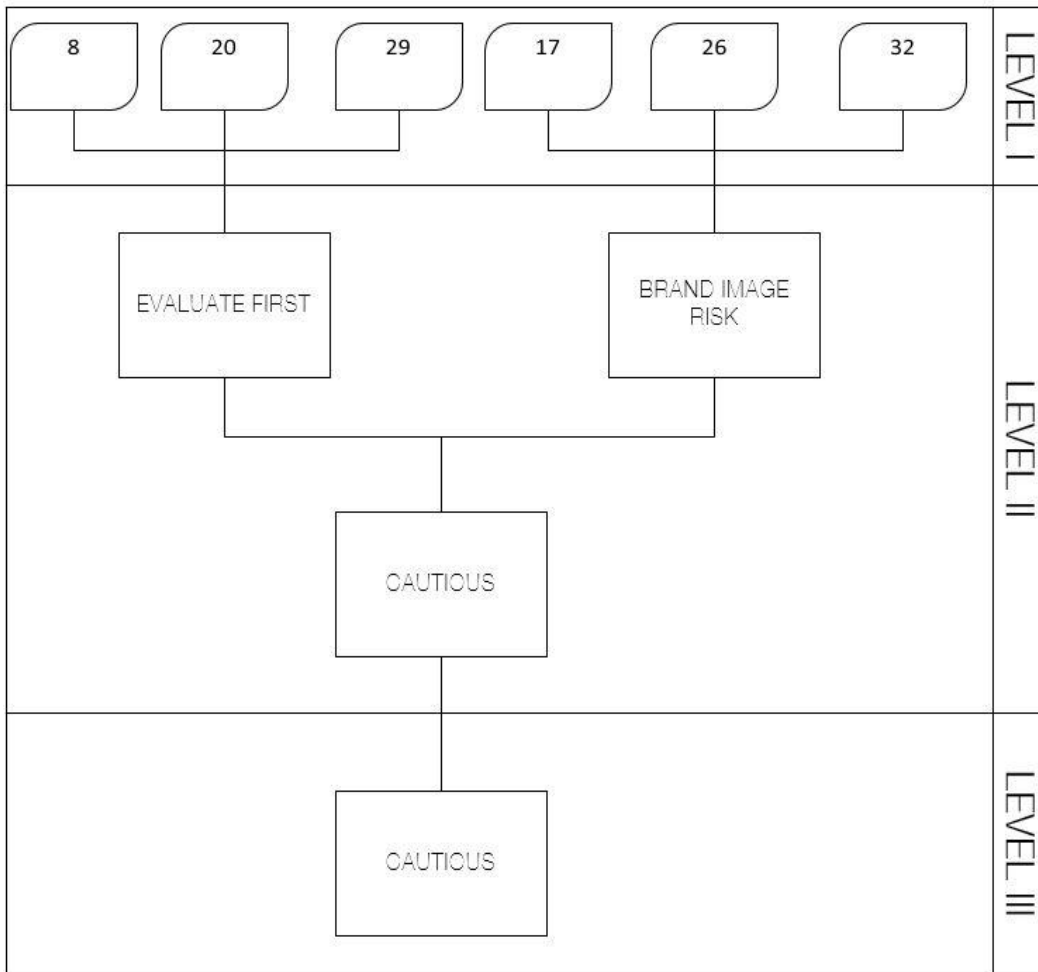
#4	INNOVATIVE (PROACTIVE, EXPERIENTIAL)
<i>Company</i>	<i>Motivation</i>
3	We are provisioning our existing app with the possibility to make mobile purchases whenever we will retain it necessary; we are using it as a communication and direct interaction device
7	It is not required so far because the market is not ready for this issue
11	We have a branded app and we make use of the QR code in the showroom to make a refresh of our brand
12	We use QR codes to try to revitalize our brand, because our product cannot be easily changed.
14	We are about to release a branded applications, I believe it would be a sort of branded Farmville, in order to make users live a better experience. Also, we use geolocalization (foursquare) for communication purposes.
16	We have introduced free Wi-Fi access in the stadium; we cannot afford to develop a branded app so far but we make use of all the social network on portable devices for ad hoc campaigns, in order to make the customer more loyal
28	Yes, we use it to improve and change the shopping experience for our customers
31	It is our core business; we have just introduced a special app including a live chat with the operator, especially for a new call rate.

Annex 5 - Tree diagram: question 4

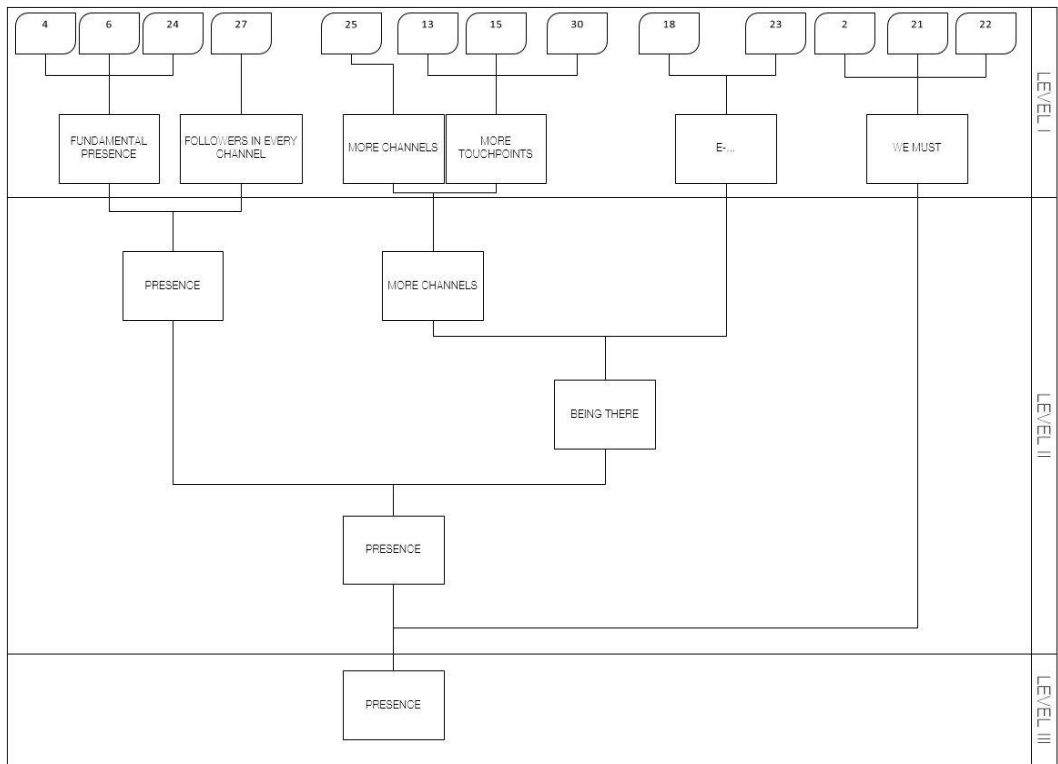
Why should we?



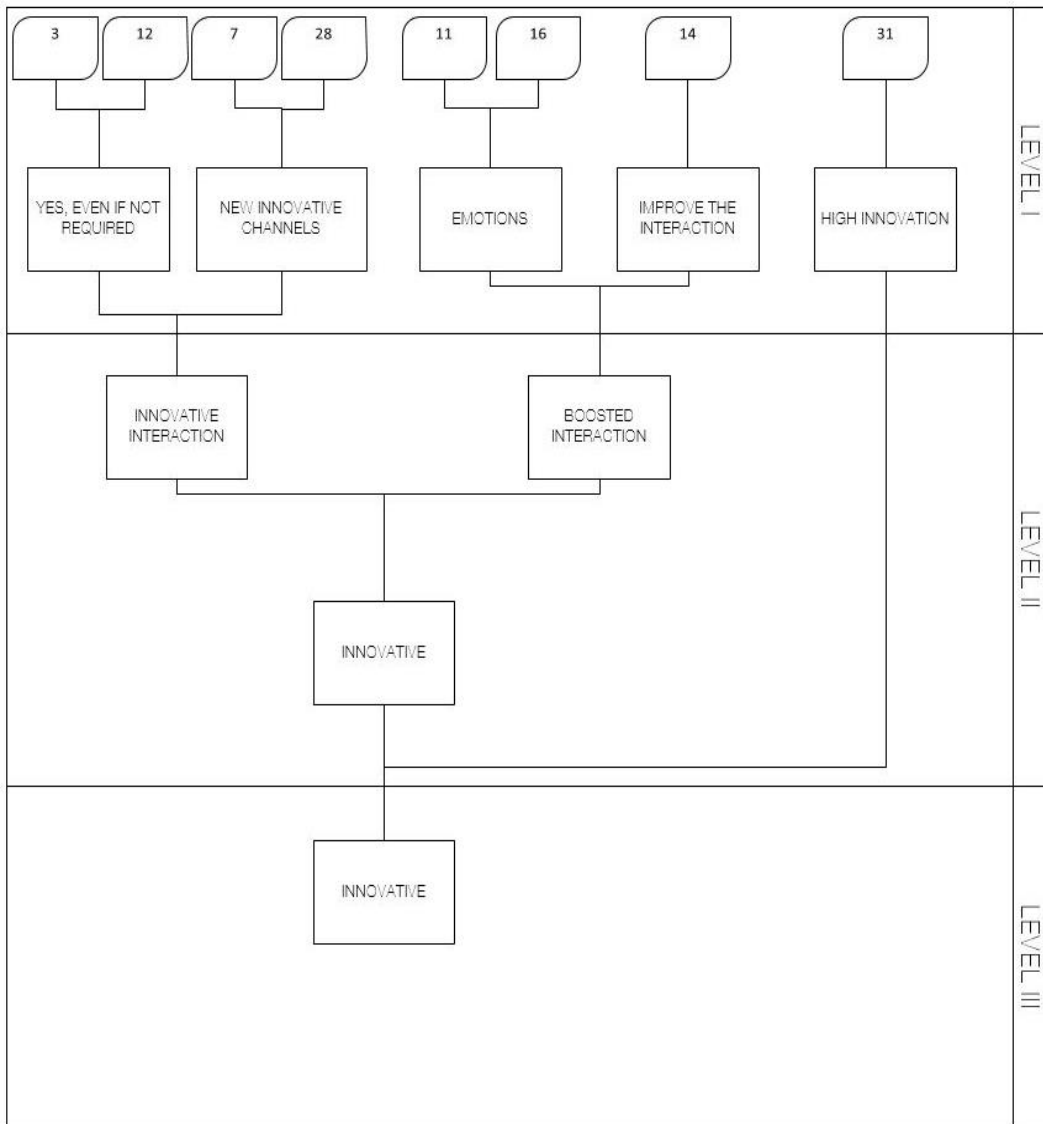
Cautiuos



Presence



Innovative



Annex 6 – Questionnaire and useful table to gather data for the interviews

Struttura aziendale

- 1) Quali sono gli obiettivi della vostra azienda?
- 2) Come è strutturata la vostra azienda? Come siete organizzati e quali sono i canali che utilizzate?
- 3) Quali sono, a vostro avviso, i punti di forza e i punti di debolezza in una struttura organizzativa come la vostra?

Approccio alla Multicanalità

- 4) La vostra strategia aziendale prevede un approccio multicanale? Quanto è importante per voi la Multicanalità e qual è il ruolo che riveste nella vostra organizzazione?
Se NO: Quali sono i vincoli nell'adozione di strategie multicanale?
- 5) Come avviene l'interazione tra i diversi canali ? Le iniziative implementate prevedono un approccio strutturato ed integrato tra i vari canali?
- 6) Come cambia l'utilizzo dei vari canali a seconda di obiettivi e target?
- 7) Come misurate l'apporto di strategie multicanali nella vostra azienda?

Ruolo del Mobile

- 8) Qual è, se previsto, il ruolo del canale mobile all'interno dell'approccio multicanale dell'azienda? Per quali peculiarità è stato introdotto?
Se NO: Quali sono i vincoli nell'adozione di strategie mobile?
- 9) A quali obiettivi specifici risponde l'adozione del canale mobile (*obiettivi di advertising, obiettivi di promotion, obiettivi di loyalty*)?
- 10) Che iniziative sono state sviluppate o che iniziative state sviluppando in merito? Che cosa determina la scelta dei formati paid media (es. display

advertising, keyword advertising, Sms inviati a database terzi) o owned media (Sms inviati a database proprietari, Mobile site, applicazioni)?

II) Come misurate l'apporto di strategie mobile nella vostra azienda?

Azienda	
Ragione sociale	
Tipo output	<input type="checkbox"/> Prodotto <input type="checkbox"/> Servizio
Tipologia cliente	<input type="checkbox"/> B2B <input type="checkbox"/> B2C
Settore	
Fatturato 2011	
Numero dipendenti	
Persona intervistata	
Nome e cognome	
Ruolo aziendale	
Contatto e-mail	
Contatto telefonico	
Titolo di studio	
Nome BU	Fatturato BU