



POLITECNICO DI MILANO

**MULTICHANNEL MARKETING:
A GENERALIZED FRAMEWORK, AND THE ANTECEDENTS AND
CONSEQUENCES OF ITS IMPLEMENTATION**

A dissertation presented by

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To the Department of Management, Economics and Industrial Engineering

in partial fulfillment of the requirements for the degree of

Doctor of Philosophy

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Milan, Italy

March 2015

INTRODUCTION

From 1997 to 2014, the worldwide internet users are estimated to have grown nearly 20 times; in developed countries, the internet penetration rate is estimated to be 77% in 2014. Mobile internet, from 2007 to 2013, has grown seven times worldwide; especially in developed countries, mobile internet users have reached about 75% of the population¹. Businesses spotted the potential and opportunities amid the rapid diffusion of Information Communication Technology (ICT). In EU-28, there are nearly 40% consumers who actively make purchases through internet by 2013; also nearly 40% of the enterprises make purchases online; 40%, 25% and 5% large enterprises, medium-sized enterprises and small enterprises respectively are making turnovers through internet commerce². Internet has made some spectacular successes, for example, most recently, the Chinese e-commerce company Alibaba which operates a wide range of internet-based services, has made the world's biggest ever IPO in September 2014³. However, it is not only about commerce. Empowered by ICT, businesses create new customer touchpoints which influence and transform consumer behaviors, which in turn set new expectation and demands to all the businesses competing in a market. For example, consumers nowadays have access to larger than ever before amount of information through internet from official, third-party, or even user-generated sources; and the web indeed has become one of the most important touchpoints that consumers rely on to search for information⁴.

As such, since the late 90s, we see the approach of “multichannel marketing” emerged and rapidly gained importance in both marketing practice and marketing research. As ICT has potential impacts on a wide range of marketing activities, a large amount of multichannel marketing research has sprung up and has provided a great deal of knowledge in this area. However, ICT is still evolving in fast pace. For example, while internet had been the one of the hottest innovations in the 90s, it has become almost a standard and given the spotlight to mobile technologies just a decade later. While marketing research in this area is always tempted to keep up with the pace of technological evolution, it inevitably leaves the current knowledge fragmented and un-generalized. In a quick glance of the extant research, we find a lack of comprehensive understanding of multichannel marketing framework that is

¹ International Telecommunications Union

² European Commission, Eurostat

³ Bloomberg, “Alibaba’s banks boost IPO size to record of \$25 billion”

⁴ Nielsen, Osservatorio Multicanalità, 2013

generalizable and applicable to different types of businesses. Thus, the objectives of this research which is composed by three consecutive studies are:

1. With the first study, we review the state-of-the-art literature in multichannel marketing in order to systemize the current knowledge, to build theoretical foundation for the following studies, and to refine the research question for the empirical studies.
2. With the second study, we propose a multichannel marketing framework, integrating the knowledge from current research and the marketing practitioners' viewpoints, which is comprehensive, generalizable and applicable to any type of businesses.
3. With the third study, we investigate the antecedents and consequences of implementing multichannel marketing, which provides firms practical implications.

In the first study, throughout the whole period of this research being conducted (2012-2014), we reviewed some 130 papers published between 1996 and 2014 on peer-reviewed and reputable journals; the results are discussed in two broad themes: consumers' behavior in multichannel environment, and firms' behavior in multichannel environment. Based on the literature review, we conclude that the future research in multichannel marketing lies in several areas. First of all, as technology development continues unravelling, new marketing channels or new applications in current marketing channels will keep emerging; so will the research opportunities on these subjects. Second of all, among the most influential papers in multichannel marketing, a substantial amount are theoretical studies which have played important roles in building the conceptual foundation of research in this field. However, as multichannel marketing becomes commonly adopted by firms, there is a need for stronger empirical evidences. Last but not least, a more global perspective on multichannel marketing is needed in order to benefit firms of different characteristics and objectives. In fact, at the very end of this research period, we see a couple of freshly published studies addressing the issue of strategic alignment of multichannel marketing. A combination of the latter two areas for future research is where we set the context for our following empirical studies.

The second study started in the late 2012. It has taken a qualitative approach, where we conducted in-depth interviews with marketing and/or general managers from 32 Italian firms of diverse characteristics (in terms of size, type of products, type of customers, and industries) in order to tap a wide range of experiences in implementing multichannel marketing. The interviews are analyzed against the literature. This study has two main contributes: firstly it proposes a multichannel marketing framework composed by three dimensions: channel

variety where individual channels are aggregated into nine types; channel usage intensity for distribution, information provision and/or relational communication; and channel integration perceived by customers and perceived within the firm. Secondly it reveals the firms' motivations of adopting multichannel marketing, which are summarized in three types: economic-driven, customer-driven, and compelled by competition.

The third study started in the late 2013. Building upon the framework proposed by the second study, it investigates the relationships between multichannel marketing practice and its antecedents and consequences in a quantitative approach. The results suggest that different motivations of firms in implementing multichannel marketing influence the multichannel configuration; and the influence from firms' motivation is much more significant than the influence from environmental forces. The results also suggest multichannel marketing's short-term performance dip may even be expected due to investments and extra costs associated with implementing multichannel marketing; however, empirical evidence also suggests that firms active in multichannel marketing show stronger improvement in effectiveness of utilization of their assets. To our knowledge, it is among the first times such relationships being investigated.

In this dissertation, these three studies will be presented in the following as full-length research papers, with respectively introduction to areas of investigation, description of methodologies applied and data collection, description of data analysis, then presentation and discussion of results, research and managerial implications if any. After the three papers are presented, we will conclude the whole research.

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STUDY ONE

MULTICHANNEL MARKETING RESEARCH: THE STATE-OF-THE-ART

Abstract

Research in multichannel marketing proliferates along with the rapid diffusion and continuous evolution of Information Communication Technology. Although rich knowledge has been uncovered by the extant study, due to the relative novelty of the field and the fast-changing environment, the current knowledge is fragmented and poorly generalized. In this paper, we analyzed some 130 research papers published between 1996 and 2014 on peer-reviewed and reputable journals, providing a, even if not exhaustive, comprehensive and representative overview of the extant literature on multichannel marketing. We then present our views on the future research opportunities in the field of multichannel marketing.

Key words

Multichannel marketing, consumer behavior, strategy, literature review

1.1 Introduction

To reach the market and consumers through more than one marketing channel has almost become a standard in today's market place. Driven by the development and diffusion of Information Communication Technology, internet started to play an active role in marketing since the late 90s. The continuous evolution also brought mobile technology into the portfolio of marketing channels about a decade later. Since then, numerous marketing applications based on these technologies have been developed; and they will continue to be developed in the foreseeable future. On one hand, firms could actively exploit the new channels to better conduct their marketing activities. On the other hand, they could also face challenges raised by the implementation of multiple channels, the changing dynamics in competitions, and changing needs and behaviors of the customers. As such, we see the emergence of multichannel marketing research since the late 90s. Until today, a great deal of knowledge in this field has been uncovered, while the practitioners and researchers still face the new challenges from the continuously evolving technology and competitive environment.

As research in multichannel marketing covers a wide range of subjects, the knowledge could be scattered and fragmented. The objective of this paper is to provide a, even if not exhaustive, comprehensive and representative review of the state-of-the-art literature on multichannel marketing, in order to systemize the current knowledge on multichannel marketing and to identify areas for future research efforts. In the rest of the paper, we first describe the methodology adopted for the review. Then we present the analysis of the literature. At last, we propose several areas for future research opportunities.

1.2 Methodology

A literature search is conducted on peer-reviewed journals through several reputable scientific databases: ScienceDirect, Emerald Insight, Springer, Wiley Online Library, and the journals of AMA publications. As Information Communication Technology plays an essential, enabling, and encouraging role in the evolution of multichannel marketing, we take into consideration "internet" and "mobile" in the search keywords which are two broad categories of the "new channels" for multichannel marketing research. The search keywords used include: "multichannel marketing", "marketing channels", "internet marketing", and "mobile marketing", in the field of article title, or keywords, or abstract. The publication's time range is set from 1995 till now (2014).

In order to obtain a comprehensive set of articles, the keywords defined for search are fairly general; thus the articles associated with these keywords but of limited relevance to our area of investigation are detected. After preliminary screening of the initial search results, several kinds of articles were excluded from the subsequent review because of three main reasons. First of all, the articles which study exclusively a traditional marketing channel (e.g. Reimers & Chao, 2014) are clearly not in a multichannel context. However, on the contrary, the articles exclusively studying any format of internet or mobile marketing channels are included for two main reasons: firstly the “new channels” are often addition to a firm’s existing traditional marketing channel(s); secondly much less is known about various aspects of the “new channels” which could be more insightful for the objectives of our review. Then, the articles which study multiple traditional channels are excluded (e.g. Kumar, et al., 2014) because of the difference between multichannel marketing and multiple channel marketing, which has been stated in Rangaswamy & van Bruggen (2005). At last, some articles although contain the searched keywords, the actual discussion regarding multichannel marketing has rather minor importance in the article and little relevance to the objectives of our review (e.g. Sarin, et al., 2012). Eventually, 130 articles published from 1996 (no search result for publication in 1995) to 2014, on 35 peer-reviewed and reputable journals, are analyzed.

The articles in this review include theoretical works which conceptualize and propose research questions in the field of multichannel marketing and empirical studies in both qualitative and quantitative approaches. After thorough analysis, we summarize them according to the subjects and main findings, into categories and sub-categories described in Figure 1.1. The two first-level categories are: studies about consumers in multichannel environment, and studies about firms in multichannel environment.

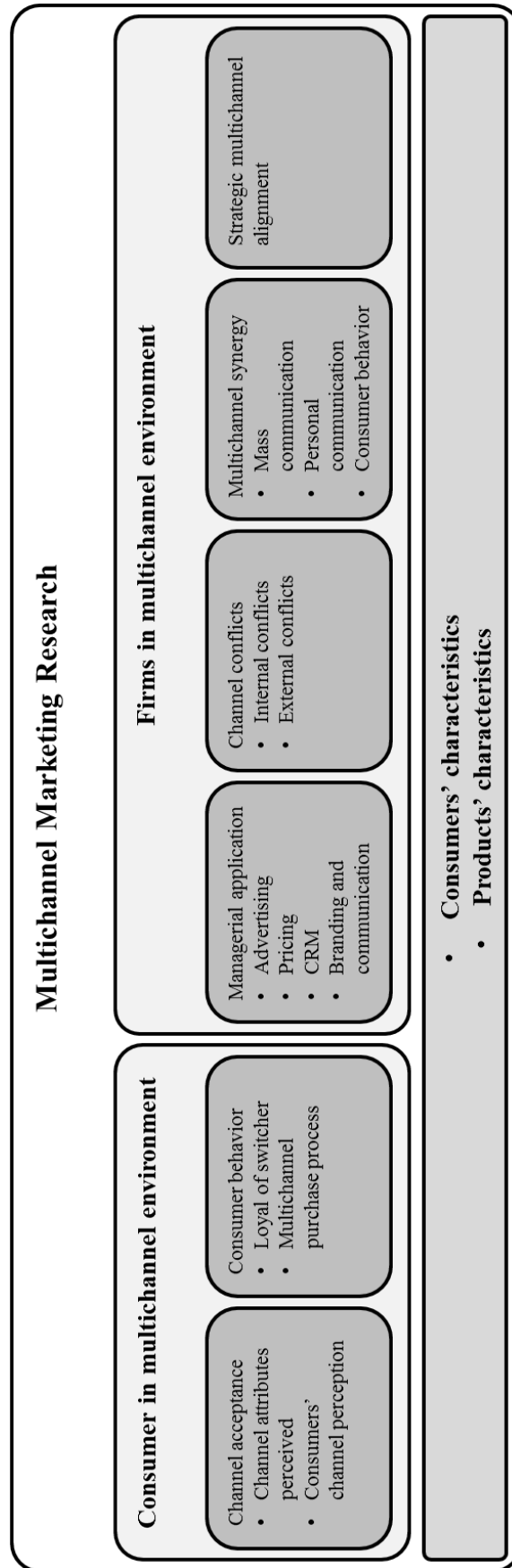


Figure 1.1 Framework of discussion – Multichannel marketing research

We further summarize the studies about consumers in multichannel environment from two aspects. First is the consumers' acceptance of new channels (mostly, internet channels and mobile channels) when they would be introduced. Most of the studies in this area set the context of study on a single channel level; however, the understanding of consumers' acceptance of new channels provide important foundation for both multichannel marketing practice and research. The second aspect is consumer behavior in multichannel environment. Most of the studies in this area are set in actual multichannel context, investigating consumers' behavior when they are facing more channel options along the purchase process. The category of studies about firms in multichannel environment has four sub-categories. Firstly, adopting multichannel has impacts on firms' marketing activities and the marketplace where the firms compete; we review the studies regarding the managerial applications of multichannel marketing and the potential consequence in the marketplace. Secondly, channel conflict, although is not a new issue, is more pronounced in multichannel context. We review the source, the consequence, and potential solutions of channel conflicts. Furthermore, when a higher number of channels are deployed simultaneously, the interaction among them could create disproportionate positive effects (synergy) or negative effects (dis-synergy). Understanding the condition for exploiting potential synergies and for avoiding dis-synergies has important implications for multichannel marketing practice and research. Last but not least, during more recent years, there are increasing attention to associate multichannel marketing and firm strategies. We finally review the studies on strategic alignment of multichannel marketing. In the end, we also find that in the papers reviewed, consumers' characteristics and products' characteristics are often found influencing to the consumers' and/or firms' behaviors, which will be summarized too.

1.3 Consumers in multichannel environment

The study of consumers in multichannel context is one of the most dynamic areas in multichannel marketing research. If we have had ample understanding of consumers in the traditional marketing environment, facing the evolution of multichannel, the firms and the researchers need to re-evaluate our knowledge about consumers. It is intuitive to expect that consumers' needs would undergo changes under the influence of various forces. However, so far no research has really claimed that the new technologies are completely disruptive for the existing modes of marketing. While some needs formerly latent or unable to be met by traditional marketing emerge such as being entertained and socializing while obtaining utilitarian information (Rust & Varki, 1996), the consumers are not completely changed by

new technologies. The consumers still value, if not prefer at times, the basics in traditional marketing; thus to understand how does marketing with new technologies create real value is fundamental (Burke, 2002). Consumers' needs may further diversify in a multichannel context because of different levels of acceptance of new marketing channels (Wind & Mahajan, 2002). However, with a wider range of marketing channels available and the increasing technological capabilities, heterogeneity in consumers' needs could be addressed better (Rust & Varki, 1996).

We are going to discuss the research on consumers in multichannel context in two broad areas. The first broad area regards in general the consumers' acceptance of and reaction to new marketing channels and multichannel marketing; and the second is consumers' behavior in multichannel environment. As "acceptance" has a key role in this area, a substantial proportion of the works in this area was conducted in the context of internet channel or mobile channel on a single channel level. However, as we have discussed in the section of Methodology, these are the channels enabled by more advanced technologies, which are been integrated into a firm's traditional marketing channel portfolio more recently. Thus understanding consumers' acceptance of these new channels on a single channel level would build important foundation for multichannel marketing research and practice.

1.3.1 Consumers' channel acceptance

Marketing channels are among the most important touchpoints between a firm and its customers. Various attributes of the marketing channels perceived by the consumers affect how they form their perceptions, and subsequently their attitudes and intention towards these channels. In this section, we first discuss several particular attributes pertaining to the new marketing channels and how these attributes are perceived by the consumers; we then discuss as a consequence of the channel attributes, what the consumers' perceptions about the new marketing channels are and what their intentions of adopting the new channels are.

Attributes perceived by consumers

Privacy and security become pressing issues when Information Communication Technology gets involved and a large amount of digitalized information could be easily stored and spread. Privacy and security are often treated together as an essential attribute for consumers' trust on the internet channel. Several research suggest that the attribute of privacy and security on internet channel contribute to desirable response from the consumers in terms of the

perception of trust (e.g. Urban, et al., 2009; Toufaily, et al., 2013) as well as behavioral response such as loyalty (e.g. Ha & Stoel, 2012). Some other research further investigates the nuance between privacy and security. Privacy refers to the protection of the personal identities in a digital environment through the implementation of privacy policy, notice, consent options, and so on. Security refers to the safety of the computer and financial information such as credit card in a digital environment (Bart, et al., 2005). Being perceived by the consumers, Schlosser et al. (2006) suggest that privacy reflects a firm's benevolence while security reflects its integrity. When treated apart, results against the conventional wisdom emerge. Bart et al. (2005) suggest that privacy attribute has positive effect on consumers' trust but security attribute does not; furthermore both of them do not affect consumers' intention to use online channel. Product categories may play a role in the effects of privacy and security on consumer perception and behavior, which will be discussed in more detail in a latter section.

Web design encompasses a wide range of elements such as the textual and multimedia content, layout, appearance, quality of navigation, and so on. It is the most immediate and direct contact the consumers have with a firm's internet channel. Basic and proper functioning of the websites is a prerequisite for consumers' trust (Bart, et al., 2005). Then beyond the basic functions, Schlosser et al. (2006) also suggest that the quality of web design is a reflection of firm's investment on the internet channel, which signals the firm's ability and contributes to consumers' trust. Various research find that the quality of web design indeed positively influences consumers' trust on the online channel (e.g. Bart, et al., 2005; Schlosser, et al., 2006; Urban, et al., 2009). It could also directly influence the consumers intention to use the online channel (e.g. Bart, et al., 2005); in the case of Schlosser et al. (2005), firm's ability signaled by the web design attribute is suggested more effective than privacy and security in increasing consumers' intention to use online channel; Urban et al. (2009)'s review specifically on online trust arrives in the same suggestion. However, among the aspects of web design, the more fundamental aspects such as navigation and content are more important to consumers' perception of the channel's service quality than appearance, which significantly impact the consumers' intention to use online channel (Montoya-Weiss, et al., 2003; Ashworth, et al., 2006). Not only that a good web design positively contributes to consumers' perception and behavior, the attribute is critical as consumers' concerns over the quality and capability of the online channel could actually decrease their intention to use it (Teerling & Pieterse, 2010).

Service on internet channel is challenging on some aspects. For example, comparing to traditional stores, internet channels lack direct contact between a firm's salesperson and its customers; the responsiveness may lag; the order and delivery could not be completed simultaneously; and so on. Thus the services consumers particularly look for on online channels include shipping options, assistance options, responsiveness, and so on. Previous research suggests that negative perception about online service level is probably more significant than positive ones in influencing consumers' behavior. Although Ha & Stoel (2012) find good online service keeps customers loyal, Vellido et al. (1999) find that service is among the least important factors contributing to consumers' intention to use online channel. Furthermore, Kollmann et al. (2012) suggest that concerns and uncertainty perceived by consumers over online service level is more important than concerns over risks in inhibiting consumers' intention to use online channels. On the other hand, the technological features provide opportunities for enhancing online service as well. For example, large amount of information about the consumers and the products/services, and the enhanced capability of information processing, provide the online channels the possibility of recommending appropriate solutions for the consumers, which is found a positive contributor to consumers' trust and intention over online channel (Bart, et al., 2005).

Community and social feature is an attribute virtually absent in a traditional marketing environment. On the online channels, firms could setup a section or participate in other online platforms where the consumers could exchange information, share knowledge, and interact with other consumers in a supportive environment. The findings on the effects of community feature on consumers' perception and behavior are mixed though. For example, Toufaily et al. (2013) finds that social presence increases the consumers' trust on the firm's credibility and benevolence especially for a firm with no physical presence. On the other hand, Bart et al. (2005) finds effects on neither consumers' trust nor intention to use online channel. Such effects, however, could be mediated by product categories, which will be discussed in a latter section.

Credibility, informativeness, and entertainment are a set of attributes especially associated with mobile marketing channel in previous research. Although mobile phones have existed for quite a long time, the latest generations of mobile technologies empower the mobile devices with multi-media, ubiquitous internet access, and instant connection to potentially vast network, making it even more attempting for marketers. However, consumers have been showing negative attitudes toward receiving marketing communications through mobile

because of higher intrusiveness to personal space; and this attitude persists despite of increasing usage of functionality of mobile phones (Watson, et al., 2013). Previous research finds that the credibility, informativeness, and entertainment value of mobile marketing communications could help to enhance consumers' acceptance of mobile marketing channel. Credibility could be perceived in two ways. One is that the consumers trust the firm which sends the mobile marketing communication; therefore marketing communications upon consumers' consent could increase the acceptance mobile marketing channel (e.g. Kaplan 2012; Watson, et al., 2013). The other aspect of credibility is that the consumers trust the communication message itself. Liu et al. (2012) find that convincing and believable mobile marketing communications increase the perceived value of the content on mobile channel which in turn enhances consumers' attitudes toward mobile marketing. Informativeness indicates the usefulness and relevance of the marketing communication to the consumers. Entertainment value indicates the enjoyment that the consumers have while reading/viewing the marketing communication. Both Liu et al. (2012) and Watson, et al. (2013) find informativeness and entertainment increase the perceived value and the acceptance of mobile marketing. Pescher et al. (2014) investigate further the process from consumers being aware to react to marketing communication through mobile channel. They find that the entertainment value increases the chance of the communication being noticed among a large amount of information passing through the mobile device. Then both informativeness and entertainment value are important for the message to interest the consumer and to convince them forwarding the message to the peers in their networks.

Consumers' perceptions

Trust is a much discussed issue. On a new marketing channel, different technical format and lack of familiarity could challenge the building of trust relationship between the firm and its customers. As discussed in the previous section, there are various channel attributes which contribute to consumers' trust toward a firm on the new channels, such as privacy and security features, channel design, service, social presence, and so on. Although in some cases trust is treated as a uni-dimensional perception (e.g. Vellido, et al., 1999; Bart, et al., 2005; Merrilees & Fenech, 2007), other studies suggest that there are different facets of consumers' trust. As Schlosser et al. (2006) argue there are three dimensions of consumer trust that could be manifested in a marketing channel through channel attributes: ability, benevolence, and integrity. Ability reflects consumers' belief that the firm is capable of performing a job properly, such as providing the right information and handling properly the transactions.

Benevolence focuses on the consumers' welfare and suggests that the firm actually cares about its customers. Integrity focuses on firm's compliance to objective standards and professional code of conduct. Moreover, besides trust toward a particular channel, consumers' trust toward the firm or the brand could also play an active role, as brand is a symbol of quality and assurance (e.g. Bart, et al., 2005; Kim, et al., 2009); in uncertain situation, consumers may choose the brand names that they trust in order to avoid risks and uncertainties (Biswas & Burman, 2009). Intuitively we could expect that consumers' trust should be an enabler to their adoption of new marketing channels. While majority of previous research have confirmed the positive effect of consumers' trust on their intention to use online channels (e.g. Vellido, et al., 1999; Kim, et al., 2009) and some of them stressed its stronger influence than other factors (e.g. Bart, et al., 2005; Merrilees & Fenech, 2007), some studies find that such effect is also subject to specific conditions, such as the characteristics of consumers, characteristics of products, task to be performed on the channel, and so on. For example, Schlosser et al. (2006) find that the performance-related trust, firm's "ability", is more effective in convincing the task-oriented consumers to use online channel. More on the contingent factors will be discussed in latter sections.

Perceived risk is a perception potentially more pronounced in online marketing environment than in the offline environment. The perceived risk in online channels could come from various sources. For example, consumers are not able to inspect and compare product quality online; consumers have to reveal to certain extent their personal and/or financial information; and so on (D'Alessandro, et al., 2012). A negative effect of perceived risk on consumers' intention to use online channels is naturally expected; the exact mechanism however could be conditional. If the consumers are performing only research activities on the online channels, there is limited information which the consumers share with the website; in this case, perceived risk does not have any significant effects on consumers' intention to use online channels (Kollmann, et al., 2012). However, when it comes to purchase activities on the online channels, the negative effects that perceived risk has on consumers' intention could surpass the positive effects that the perception of trust has (D'Alessandro, et al., 2012). Perceived risk may mediate the effect of trust on consumers' intention as well: trust is more important when perceived risk is high (Schlosser, et al., 2006).

Perceived ease of use and perceived usefulness are the elements from the classic Technology Acceptance Model (TAM) developed by Davis et al. (1989) for investigating the user's acceptance of computer technology. Although the original technology applied in this model

has become standard today, the general principle of TAM could be inspiring in the context of consumers' acceptance of new marketing channels (Taylor & Strutton, 2010). In the context of new marketing channel, the ease of use could reflect the efforts that consumers perceive are required to find their way on the new channel and to familiarize themselves with the usages of the new channel in order to successfully perform tasks (e.g. Vellido, et al., 1999; Kim, et al., 2009). The perceived usefulness describes how well the consumers perceive the new channel's task-related performance is. Specific features of new channels such as easy accessibility and easy comparability of information could enhance the perceived usefulness of the new channels (e.g. Kim, et al., 2009; Kollmann, et al., 2012). These studies in general find that perceived ease of use and perceived usefulness of the new marketing channels have positive effects on consumers' intention to use.

Perceived value of a channel is consumers' overall judgment about it after contrasting costs and benefits. The factors which could represent a cost for the consumers include price of the product/service, time required to perform the tasks, effort needed, and so on. The benefits include level of service received, reliability of service, and so on (e.g. Fernandez-Sabiote & Roman, 2012). If more than one channel is considered, the costs/benefits could also include the switching costs across channels, information consistency, channel accessibility, and so on (e.g. Hsieh, et al., 2012). As value is perceived only after the adoption of a channel or a set of channels, instead of intention, its impact on consumers' evaluation and reaction could be assessed. Consumers' evaluation and reaction to a new channel or multichannel in reality have made successful cases as well as bankrupted ones. The difference between the success and failure could be caused by the understanding of consumers' perception about costs and benefits, for example, reduction on search costs could deprives consumers from shopping enjoyment (Chircu & Mahajan, 2006).

1.3.2 Consumer behavior in multichannel environment

Undoubtedly the technology development and the springing-up of new channels have created some fundamental changes to the marketing practice and to the consumers' behaviors. However, it is also fairly safe to say that these developments have not been disruptive to all the traditional practices in marketing. Instead of replacing the traditional channel, they rather converge and integrate in all aspects of marketing: advertising and communication, information, distribution, after-sale services, and so on (Rust & Varki, 1996; Wind & Mahajan, 2002). Consumers in this changing environment also show interests in having the

different options provided by the technology evolution, instead of replacing the channels they are used to with the new ones (Burke, 2002).

We organize the discussion of consumer behavior in multichannel environment in two broad categories. First, we talk about the loyal versus switching behaviors toward channel use detected in the previous studies. Second, we talk about the simultaneous use of multichannel by the same consumers across their purchase process.

Loyals or switchers

When consumers are facing additional choices of marketing channel, research often find certain level of loyalty toward the previous channels. For example, Dholakia et al. (2005) find that the majority of the customers are loyal to the channel where they started the relationship with the firm, especially the channels which are established earlier (in this case, brick-and-mortar store and catalog); whereas the newly acquired customers through internet channel show higher propensity to use multichannel. This finding is similar to the study of Valentini et al. (2011) that it is less effective to introduce the new channels to firm's long-term customers with marketing activities because they are more set in the way they have been interacting with the firm. In this respect, the evolution of consumer generations should be taken into consideration as well. The more mature generations who are still active consumers have established their routines and preference. The new channels may have a positive impact on their routines, but it is much more likely for the younger generations to embrace the technologically more advanced new channels. Multichannel marketing is essential to manage this transition between generations (Wind & Mahajan, 2002; Zheng, et al., 2014). However this finding is not unchallenged, for example, Kumar & Venkatesan (2005) find that established customers are more likely to be multichannel customers. Besides the contexts of the studies should be taken into consideration for interpreting the difference, the possibility that the established customers are simply loyal to the firm could also be considered. Moreover, being multichannel is not only about managing different consumers; it could also be an effective way of managing different needs of the same consumers. Previous studies find that interacting with the firms through multichannel increase the consumers' perceived quality of service, contributed by the complementary effects of different channels (Wallace, et al., 2004; dalla Pozza, 2014).

Despite some consumers showing loyalty to their habitual channel, research still suggests that there are significant amount of consumers shift across channels. Dholakia et al. 2005 find that

the channel switching more often happens between similar channels; while Valentini et al. 2011 suggest that channel switching happens as consumers' channel choice decision evolves over time. Firms could also use marketing activities to influence the consumers' channel choice (e.g. Venkatesan, et al., 2007; Ansari, et al., 2008; van de Wijngaert, et al., 2011). However, careful consideration should be given to the consequence of manipulating consumers' channel choice. For example, Ansari et al. (2008) find that consumers switched to internet channel, contrary to expectation, are not necessarily heavily users. Not only that they do not increase the firms' sales volume, there is actually negative impact on the future sales and loyalty potentially because of low switching costs across the internet channels. Similarly, Gensler et al. (2007) find that customers on a firm's internet channel are less loyal than those on call center channel; and in time customer loyalty on both channels is eroding, raising a doubt to the desirable belief (as well as some research findings) that multichannel customers are more profitable and more loyal (e.g. Wallace, et al., 2004; Venkatesan, et al., 2007). Moreover, while appropriate marketing communication could influence consumers' channel choice, over-communication could diminish the effectiveness or even create negative impact (Venkatesan et al., 2007; Ansari, et al., 2008).

Purchase process in multichannel environment

The "loyals and switchers" discussed in the previous section studied the consumers' whether stay on a particular channel or switch to another to make purchases. However, most consumers, while make their purchase on one channel, are actively using other channels for other activities along the purchase process, such as gathering and processing information and after-sales purposes. In this process, channels play different roles in each stage and consumer appreciate the possibility of moving across channels to perform tasks for different stage (Katrof, 2000; Unni, et al., 2010; Shankar, et al., 2011). Purchase process in multichannel environment most broadly could be described in three stages: pre-purchase, purchase, and post-purchase. Activities during pre-purchase stage include discovering new products, gathering information and forming consideration set, comparing information, and so on. During the purchase stage, consumers decide which product/service to acquire and through which channel. Then consumers may require maintenance, technical assistance, on-going services, etc. during the post-purchase stage. Multichannel provides a wide range of flexible tools for marketing to walk through this process with the consumers (Dholakia, et al., 2010).

The research on consumer behavior along the purchase process in multichannel environment could be explained in two perspectives: the first is an attribute-based approach with Verhoef et al. (2007) as representative where consumers choose a channel for a given stage of purchase process by evaluating the channel utility based on a set of attributes for this particular stage; the second is a more consumer-oriented view with Balasubramanian et al. (2005) as representative where consumers have their objective(s) in different stages of purchase process for a particular purchase task and they choose to channel(s) which could best achieve these objectives. We are going to deepen the discussion from these two perspectives.

Verhoef et al. (2007) describe a channel on two dimensions: search attractiveness and purchase attractiveness, which are determined by three sets of attributes respectively: search attributes include comparing information, convenience, and search effort; purchase attributes include service, negotiation possibility, quick obtain, risk, and effort; and search-and-purchase attributes: assortment, promotion, clientele, enjoyment. Based on the principle of theory of reasoned action, consumers' beliefs regarding these attributes eventually determine their channel choice. The results show strong search attractiveness in online channel, and strong purchase attractiveness (as well as a preferred choice for after-sales) in brick-and-mortar stores; and search-on-internet-and-purchase-in-store is observed as the most common multichannel behavior. Similarly, Gensler et al. (2012) propose to assess a channel's utility in search, purchase, and after-sales with attributes including convenience, quality, risk, and price. However, besides attribute-based choice, Gensler et al. (2012) also assess another mechanism of channel choice across stage and find that there could be a "spillover" effect which increases chance of a channel being chosen because it is chosen for another stage. The spillover effect is found more relevant for closely related stages in the purchase process and is the most pronounced between search-purchase stage. The different industries under study should be taken into consideration in interpreting the differences of findings on cross-stage channel choices in these two studies. Consumers shifting from one channel to another in different stages of purchase process could be viewed either negatively or positively by the firms in multichannel environment. When the consumers become more experienced in different channels, they tend to combine different channels for search and purchase to maximize their benefits. Chiu et al. (2011) suggest that negative research-shopping behavior could be avoided by multichannel firms through channel integration and (by pure internet players as well) implementing tactics to increase switching costs.

Balasubramanian et al. (2005) on the other hand described consumers' channel choices along the purchase process from the perspective of their goals in these purchase. Driven by economic goals, internet could be a preferred channel because of its low search costs, easily comparable and large amount of detail information, which allow the consumers to make informed decision with reasonable cost. For the stage of purchase, consumers driven by economic goals would choose a channel considering factors such as the price of the product/service, shipping/transportation cost, time cost, and potential risk and so on. The occasion of the purchase may play a role in the channel choice as well. For example, if the purpose of the purchase is gift-giving, the value of the gift could be reflected in its price as well as the effort and involvement that the gift giver puts in the purchase process. Thus traditional channels could be preferred because of the greater personal involvement required. Other goals which may influence consumers' channel choice include: the need of affirming certain self-image, conforming to social influence, respecting established routines, and so on. Burke (2002) also takes a consumers' perspective, suggesting that the consumers do not want the same experience at different channels. They want friendly and knowledgeable personal assistance, competent and attractive facilities, competitive price, fast and convenient payment solutions in traditional channels; instead they want accurate information, convenient and secure ordering, reliable delivery and tracking options, and accessible service in online channels.

In both approaches, consumers' channel choices in a purchase process could be greatly influenced by the situation of this specific purchase. For example, when the purchase involves high financial stake and the consumers are not experienced because such purchase is usually infrequent, in all stages channels which could provide detailed information from qualified personnel in direct contact is appreciated by the consumers (e.g. Burke, 2002; Frambach, et al., 2007). When the purchase involves highly experiential products, traditional channels which are more competent in providing rich sensorial experiences are preferred by the consumers (e.g. Burke, 2002; Balasubramanian, et al., 2005). When the consumers perceive high price dispersion in the market, it may actually unexpectedly shorten their search stage online because they may choose to rely on well-known retailers for the purchase stage (e.g. Biswas & Burman, 2009). Moreover, although multichannel could provide the consumers convenience along their purchase process, it could at the same time create complexity and negatively affect consumers' multichannel experience (Neslin, et al., 2014). In this environment, technology on one hand is an important enabler; on the other hand,

consumers do not use multichannel for the technologies per se. Technology implementation is appreciated by consumers when it adds real convenience (Burke, 2002). Over complexity may create anxiety and intimidation for the consumers to feel free crossing multichannel (e.g. Teerling & Pieterse, 2010; Hsieh et al., 2012).

1.4 Firms in multichannel environment

In this section, we discuss the firms' behavior in multichannel environment. When the firms start to adopt multichannel marketing, they are facing a process of learning and adaptation, and challenges posed by the new environment, where enormous research opportunities emerge. The discussion is divided in four parts. First of all, as marketing research in general has sub-areas, in the multichannel context, each of these areas opens up new research avenues. We are going to discuss several most researched areas of managerial applications of marketing in multichannel environment. Second of all, when new channels are introduced, on one hand, the new channels and the existing channels may have conflicting interests; on the other hand, they may produce positive (or negative) interactive effects. We are going to discuss the potential conflicts and the interactive effects (i.e. synergies and/or dis-synergies) respectively. Last but not least, we discuss the guiding force for a firm's multichannel marketing implementation, where strategic alignment is found more important than any standard form of channel configuration.

1.4.1 Multichannel managerial applications

Sultan & Rohm (2004) find that in early stage of multichannel marketing adoption, firms intend to use internet as revenue generating medium. The sophistication of multichannel application evolves and in addition to a revenue generating medium. We observe a wide range of marketing activities becoming associated with multichannel in practice and in marketing research. In this section, we discuss some of the most researched managerial applications of multichannel marketing: advertising and promotion, pricing, customer relationship management, and branding and communication. One of the major subjects, multichannel distribution, is not specifically discussed in this section because various aspects of this subject have been and are going to be discussed throughout the paper in other sections.

Advertising and promotion

The rise and diffusion of Information Communication Technology, the new marketing channels capable of real-time interactions are changing the way firms advertise to their

customers. During the early booming of internet in the late 90s, such interactive marketing channels have been thought superior than the traditional channels because they are able to serve better the individual consumers' needs for information, entertainment, and socialization; some have even boldly anticipated the replacement of traditional media by the new media (e.g. Rust & Varki, 1996; Tiwana, 1998). However, almost two decades later, such total substitution has not taken place yet. In fact, although the limitations of traditional media have been noted (e.g. Prins & Verhoef, 2007), like the convergence of channels that is taking place in marketing in general (Wind & Mahajan, 2002), traditional and new media are often incorporated together in firms' campaigns. They play different roles: for example, communication through mass media such as television, radio, and outdoor are still strong at reaching high number of audience and raising awareness; channels with selected audience such as special-interest magazine and internet are stronger at generating interests; direct marketing which identifies customers as individuals and creates personalized offerings is more effective in influencing consumers' behaviors (Briggs, 2005; Prins & Verhoef, 2007). Moreover, advertising through multimedia could further increase audiences' attention and enhances recollection and attitude (Naik & Raman, 2003; Naik & Peters, 2009).

In more recent years, along with the rapid adoption of more advanced mobile devices and technologies, mobile as an advertising channel has attracted much attention in marketing research. Some of mobile's specific characteristics provide firms opportunities of fresh approaches to advertising. For example, easy and fast forwarding from mobile devices creates chances for firms to engage consumers in viral marketing (e.g. Shankar & Balasubramanian, 2009; Perscher, et al., 2014); capability of location-based-service allows firms to tailor real-time offerings easily accessible by the consumers (e.g. Okazaki & Taylor, 2008). On the other hand, mobile as an advertising channel could also face skepticism and resistance from consumers more than other channels do. Because of mobile device's personal nature, commercial communications are more likely to be perceived as an invasion to personal space; high amount of information received on a mobile device makes it more challenging to attract consumer's attention. Thus, if a firm attempts to adopt mobile advertising, attention needs to be paid to the design of the mobile message. Previous research suggest that informative, entertaining, and credibility are important factors for mobile marketing communication to be well-received (Liu, et al., 2012; Pescher, et al., 2014).

Pricing

Impact on market price is one of the major concerns of traditional businesses when e-commerce is becoming serious players. Naturally it was expected in the earlier years that since e-commerce had considerably lower costs, it would lead to a no-frills marketplace where price would continue to decrease; and higher transparency on price information in online environment would lead price to eventually converge (Pan, et al., 2002; Ancarani & Shankar, 2004). However, this is hardly being observed in reality.

The pricing dynamics in multichannel environment are generally researched from two aspects: price level and price dispersion. The results on price level are mixed. The earlier studies find that the lowest prices (listed price as well as full price including shipping charges) are obtained at pure online retailers or online channel of multichannel retailers (e.g. Pan, et al., 2002; Ancarani & Shankar, 2004). However, more recent studies find differently, that when the full prices are considered, the prices obtained online are higher than those in offline channels (Ancarani, et al., 2009). Also Xing et al. (2006) find that the overall market price, especially the online price, was going up. Similarly, the results on price dispersion are changing over the years. Earlier results show that although the pure online retailers have wide price range, the price dispersion in terms of standard deviation is the lowest (Ancarani & Shankar 2004); then Xing et al. (2006) find that multichannel retailers have higher price dispersion than pure online retailers but the difference is declining. More recently, however, Ancarani et al. (2009) find that online price has higher dispersion than offline price. Although the contexts of study, for example the product categories, must be taken into consideration while interpreting these results, in general we could see that price dispersion is persistent across industry and geographic markets. Nonetheless, the empirical results are pointing to the opposite of convergence of price in a multichannel environment. There are many potential factors which could be investigated for the evolution of pricing dynamics in the multichannel marketplace. For example, firm's competence in logistics could play an important role in how it positions the list/full price (Ancarani & Shankar 2004; Ancarani, et al., 2009); maturing online competitors and changing economic situation may change the "low-price" strategy adopted before to a higher-priced one relying on the reputation that is being gradually established (Xing, et al., 2006). Jeffers & Nault (2011) also suggest that the competition between multichannel and internet players does not always result in lower total costs for consumers.

As pricing could still be a means of differentiation, different pricing approaches have been made easier with the information processing capability of online channels and have been observed with increasing popularity for different purposes. For example, “group-buying” which uses a pre-determined quantity discount could be deployed to generate interest, increase traffic, and induce trials; “yield management” adjusts price based on current demand and the time of service reception to maximize revenue; and so on. These pricing approaches or tactics create considerable price variation especially in the online channels, which could impact on consumers’ in either ways. For example, Huang et al. (2005) find that when consumers are more likely to perceive and obtain lower price, they perceive such pricing methods to be fair (e.g. auction, group-buying discount, etc.); on the other hand, they consider it unfair when they could easily perceive that they get a higher price (e.g. discounts for new customers only, geographic discrimination, yield management, etc.). Price variation in a multichannel firm could come from negotiation between the customer and salepeople as well. Zeng et al. (2014) find that when a firm is dealing with customers with substantially different attitudes toward price bargaining, operating a fixed-price online channel and a physical channel allowing bargaining could be an optimal strategy.

Customer Relationship Management

Customer relationship management (CRM) seeks to create, develop, and enhance relationships with selected customers in order to maximize customer value and thus firm profitability and shareholder value. It has always a strong association with information technology; thus it has attracted many interests in multichannel environment (Payne & Frow, 2005). The increasing availability of database and processing capability provide the firms opportunity to better understand consumer needs and to individualize their offerings (Mulhern, 1997). Especially in multichannel environment, more contact points between the firm and its customers generate large amounts of information; effective utilization of such information could in turn guide channel design and interaction with customers (Neslin & Shankar, 2009; Sa Vinhas, 2010; Verhoef, et al., 2010).

However, despite promising data availability and ample conceptual development, we do not see as much empirical evidences and application as we may expect, with a couple of exceptions worth mentioning. Thomas & Sullivan (2005) demonstrated the process in which they propose that a firm could manage marketing communication in a multichannel environment using enterprise-level data. They first estimate a segment-level channel choice

model, using recent transaction data such as number of purchase occasions, number of categories purchase, number of items purchase, and total spending. They then assign the existing customers to a segment and profile the segments. In the third step they predict the probability of channel choice over time given the current knowledge, identifying a catalog and/or internet segment, and a brick-and-mortar store loyal segment. At last, they provide suggestions based on the data insights for the two segments on the marketing communication strategy that the firm could adopt to contact the two segments respectively. In another study, Sharma & Mehrotra (2006) utilizing the principles of CRM, propose a process to design an optimal channel mix in B2B context. They pointed out that in non-CRM system firms could favor large accounts and lack knowledge on the performance detail of each channel member. They propose that a firm's channel strategy can and should be empirically driven by data available within the organization.

Branding and communication

Sultan & Rohm (2004) suggest that when firms are more experienced with internet channels, they extend the use beyond revenue generation. For example, they become more sophisticated in using internet channels for branding and communication. The most recent emerging channel, mobile, is also found attractive for marketing practitioners for the purpose of brand building (Okazaki & Taylor, 2008). Keller (2010) suggest that in today's multichannel and multimedia environment, successful branding needs to integrate direct and indirect channels, incorporate mass and personal communications, and applying both push and pull forces in order to maximize the efficiency and effectiveness and to exploit potential synergies across the channels and media.

Despite branding might often be considered a B2C issue (Andersen, 2005), there are several interesting studies analyzing the use of multichannel for branding in B2B context. For example, Andersen (2005) suggest that B2B market especially could benefit from customers' valuable input in developing business ideas through brand communities, which could be enhanced and empowered by internet. Michaelidou et al. (2011) suggest that besides the joint learning opportunity in such community, B2B firms also use social media communities to attract new customers, cultivating customer relationships, and increase brand awareness.

1.4.2 Channel conflict

Channel conflict is an issue often faced by B2B firms or firms distributing through intermediaries when they add or remove channel members and to start operating an online channel directly in touch with the final customers. Such conflicts could come from both within the firm and between the firm and its external channel partners. In this section, we discuss conflicts from these two sources respectively and their managerial implications.

Internal conflict

Multiple channels inevitably present conflicting demands on the firms' resource allocation in terms of capital, personnel, and so on. Valos (2009)'s study indicates that the firms find several organizational issues challenging in implementing multichannel marketing. Firm culture and motivation could be affected; for example, addition of an internet channel which connects directly the firm and the customers could replace part of the responsibility of salespeople and could outperform them, which in turn causes salespeople demotivation and reduced job satisfaction (Johnson & Bharadwaj, 2005; Valos, 2009). The increased complexity of managing multichannel often creates conflicting objectives in different channels and results in non-cohesive and inconsistent services for the customers, which leads to customer confusion and dissatisfaction (Webb, 2002; Valos, 2009).

In order to solve internal conflicts, Webb (2002) suggest that communication overall channel strategy and superordinate goals with the relevant members could improve the internal coordination and integration in multichannel environment. More pragmatically, Johnson & Bharadwaj (2005) find that the negative effects that salespeople experience in the presence of digital channels and tools could be reversed into positive effects by investing in human capital such as training the salespeople exploiting the new channels in order to increase their effectiveness.

External conflict

It is not uncommon for B2B firms and firms which distribute through intermediaries to experience conflict with their external channel partners. Usually, the goals of channel members are not compatible with each other resulting from competition, access to supply, and so on. Such firms are already facing a complex distribution network; when they add, for example, online channels which directly reach the customers, it further intensifies the conflicts in the firm's channel system (Webb, 2002). Firms also find the difficulties in

managing a main challenge while implementing multichannel marketing (Valos, 2009). Sultan & Rohm (2004) detect that in the early years of the development of multichannel marketing, firms showed intention to bypass distributor channels through establishing their own direct online channels. Such approach (and in general, an absence of coordination between traditional and online channels) could lead to an increase of channel conflict (e.g. Yan, et al., 2010). Both in research and in practice, the unique values of different types of channel members are increasingly being recognized and multichannel marketing evolves towards better coordination and partnership (Webb, 2002; Sultan & Rohm, 2004; Yan & Pei, 2009).

In general there are three kinds of coordination mechanisms proposed by research in order to resolve channel conflict and to potentially create mutual benefits. The first one is to protect the interests of the distributors. For example, if a firm operates a direct online channel, it should not price the same product at lower level on the online channel than the price on the distributor channels (Webb, 2002; Yan, et al., 2010). It also could somehow differentiate the offering, such as product collection, brand names, and so on, on the online channel from those on distributor channels (e.g. Webb, 2002). However, the proposition of managing channel conflict through brand differentiation is not supported by Yan et al. (2011), who instead suggest that actively employing cooperative measures such as profit sharing could be effective strategy to solve channel conflict (Yan et al., 2010; Yan, 2011). The second kind of coordination mechanism is to involve the traditional distributors in the direct online channel too. For example, with their logistic advantages, distributors could take the responsibility of fulfilling the orders placed on online direct channel; promotion and communication that benefit the distributors could be placed on the online direct channel; and so on (Webb, 2002). Last but not least is to share resource such as knowledge, human resource training, capital investment, and so on. Investment in relationships rather than tangible assets from the manufacturer to the distributors and from the distributors to the final customers helps to build closer partnership (Chung, et al., 2012). Information sharing has asymmetric benefits toward the manufacturer, potentially because distributors and retailers possess more direct information of the final customers, especially when the product is compatible for online channel. In this case, a profit sharing scheme may motivate the intermediaries to share their consumer knowledge with the manufacturers and to achieve a win-win (Yan & Pei, 2011).

As a final remark, it is interesting to notice that Webb & Lambe (2007) suggest that conflict is not always negative and is not always to be avoided. They find that in early phase of

product lifecycle, firms could benefit from introducing new channels into the distribution system even if it creates conflicts; similarly Yan & Pei (2009) also suggest that competition among the channel may actually encourage and improve channel members' performance. Then in later phase of product lifecycle, Webb & Lambe (2007) suggest that even if resistance would be anticipated, phasing out ineffective channel could benefit the overall wellbeing of the firm.

1.4.3 Multichannel synergy/dis-synergy

If the combined effect of multiple activities is greater than the sum of the individual effects of these activities, there is synergy present in combining these activities (Naik & Raman, 2003). On the other hand, if the combined effect is smaller than the sum, it means that the effect of some activities diminishes the effects of the others; there is dis-synergy present (Godfrey, et al., 2011). In this section we discuss the multichannel synergy/dis-synergy in three aspects: mass communication, personal communication, and consequences in consumer behavior.

Mass communication

Mass communication in multichannel environment is also referred as multimedia advertising. Multimedia includes TV, radio, magazine and print, internet, and so on. Each medium has its characteristics such cost, reach, and target. For example, Briggs (2005) analyzes the media portfolio of a large-scale campaign and finds that, TV generates greatest level of absolute audience reach but its high cost averages down the cost-efficiency; magazine and internet have similar level of impact and they are effective in reaching more selected and high-interest group of audiences. Thus a well-designed combination of these different media should tackle different marketing objectives from creating awareness to entering the consideration set to pushing the purchase intention. Meanwhile, consumers' changing preference in marketing channels, as discussed earlier, should be taken into consideration in order to fine tune the media selection. After the media are chosen, the next fundamental decision needs to be made is the budget allocation for each medium. If synergy between media does not exist, intuitively the budget allocation should be made proportionately to the effectiveness of the media (Naik & Raman, 2003). However, synergies are often detected across diverse types of media (Naik & Peters, 2009), thus budget allocation strategy needs to be reconsidered. Naik & Raman (2003) provide a couple of counter-intuitive proposals for media budget and allocation. First of all, they suggest that in the presence of channel synergy, the optimal budget for advertising should increase. Furthermore, in the presence of synergy, more budgets should be allocated to

the less effective media because the marginal increase it contributes to the others because of synergy would be greater than the proportional increase.

Personal communication

Instead of sending the message to undifferentiated mass audience or segmented audience, personal communication is addressed to audiences who could be identified as individuals. As the consumers' marketing channel preferences become diversified, firms should reach them from different media as well. For example, Barnes & Pressey (2012) investigate the behavior of shopping mavens who possess generalized market information and are keen in sharing with others, and find that mavens' behavior extends across channels. Thus the marketing communication targeted at these consumers could be sent through any channel; they could be synergized when the mavens pick them up from different channels. Similarly, Tsang & Zhou (2005) find that both online and offline channels could be source of information for opinion leaders. However, in the earlier sections we have seen that over communication could have negative consequence in consumers' attitudes and acceptance of multiple marketing channels (e.g. Venkatesan et al., 2007; Ansari, et al., 2008); Godfrey et al. (2011) provide greater details in the perspective of consumer communication and demonstrate dis-synergies in multichannel communication with the consumers. They find that the ideal volumes of the relational communication an individual consumer receives from different channels vary. Individually, consumers have the lowest tolerance to telephone channel, then email, and lastly mail, potentially associated with the level of intrusiveness. However, when communication is sent in a combination of these channels, consumers' resistance grows much faster, and the ideal volume for one channel decreases the ideal volumes for the others.

Consumer behavior

The potential synergies that multichannel marketing may have in the consequence of consumer behaviors are being also discussed indirectly and intermittently in other sections of the paper. For example, synergies in consumer behavior could be reflected in higher satisfaction and loyalty, and higher financial performance among multichannel consumers than single channel consumers (e.g. Wallace, et al., 2004; Kumar & Venkatesan, 2005). Further investigation may reveal that like the cases of communication, specific execution details may influence the synergies/dis-synergies in multichannel marketing's effect on consumer behavior. For example, van Baal (2014) finds that, when a firm keeps the marketing variables consistent across channels, in short term both synergy and dis-synergy

could present. Synergy could be derived from better customer satisfaction and increased customer retention; on the other hand dis-synergy could also be derived from channel cannibalization. However in long term, synergy may prevail because of increase customer loyalty.

1.4.4 Strategic multichannel alignment

The choices and functionalities marketing channels keep proliferating; however a “standard practice” in multichannel marketing has hardly ever emerged. Some most researched multichannel marketing practices such as online transactions, online-order-store-pickup, and so on, are in reality not that commonly adopted by all firms (Muller-Lankenau, et al., 2006). Muller-Lankenau et al. (2006) take a perspective of strategy research and propose that the combination of offline and online channels should be aligned with the firm’s competitive strategy to address the issue of fit. In more recent years, the notion of strategic alignment in multichannel marketing research has received more attention. Chen et al. (2014) propose a set of criteria for evaluating alternative marketing channels: trust, opportunism, perceived unfairness, display, delivery, inventory, acquisition cost, coordination cost, product return cost, existing customer loyalty, and attractiveness to potential customers. These criteria aim to establish a generalized and actionable framework, where a firm could evaluate the alternative marketing channels considering both the channel’s scores on these criteria and the strategic importance that the firm assigns to these criteria. Firms of different overall strategy could assign different ranking of importance to the criteria, and consequently arrive in different channel choices. Then, instead of substituting traditional channels with the new ones, or putting them next to each other, channels need to be combined in the way that most effectively serve the strategic purpose (Wilson & Daniel, 2007; Hsiao & Chen, 2012). For example, Faultrier et al. (2014) identified several patterns of channel configuration that firms in their context of study adopt among channels such as call retail outlet, call center, direct marketing, internet, mobile, and so on; the choice of different channel configuration could be a means of differentiation for the firms. Kauferle & Reinartz (2014) investigate the channel configuration on two dimensions: channel variety and intensity of usage. They find the firms’ business strategy such as customer focus, and product diversity and complexity have significant influence on the channel configuration that they adopt. Multichannel marketing’s strategic alignment is found by the existing studies an important predictor of firms’ performance (Wallace, et al., 2009; Kauferle & Reinartz, 2014).

1.5 Contingencies in multichannel environment

In research of both consumers' behavior and firms' behavior, influences from certain contingent variables are usually found. Among them, consumers' characteristics and products' characteristics are most commonly examined in various studies.

1.5.1 Consumers' characteristics

Some studies find consumers' demographics influence their behaviors in multichannel environment. For example, male consumers are considered more inclined to the use of new channels (Teerling & Pieterse, 2010). While on these channels, male consumers are more interested in their unique features and technical innovation than their female counterparts, who are more attracted to the holistic value offered by the new channels (Burke, 2002; Kim, et al., 2007). Young consumers favor new channels and visual experiences more than mature consumers who hold on more to the traditional values in consumption (Burke, 2002; Win & Mahajan, 2002). Moreover, consumers with higher education are found more inclined to use internet channels (Teerling & Pieterse, 2010). However, the plausible explanations for the mechanisms that consumers' demographics have such influence on their behavior, are actually tightly associated with other consumers characteristics; for example, consumers with higher education are more likely to be experienced skilled in using the new technologies and thus they could more easily adopt marketing channels embedded with new technologies.

Previous research almost unanimously find that consumers' expertise and previous experience of internet use have positive influence on their perceptions and attitudes toward channels characterized with new technologies, or a lack of capability and experience have negative influence (e.g. Bart, et al., 2005; Merrilees & Fenech, 2007; Urban, et al., 2009; Teerling & Pieterse, 2010; Fernandez-Sabiote & Roman, 2012; Hsieh, et al., 2012). However, although consumers more skilled and more experienced with internet and technology use are important targets when firms introduce multichannel marketing, they are not necessarily the best customers for the multichannel firms. Several studies find that more skilled and more experienced consumers are more likely to engage in "free-riding" and less loyal to one firm/brand, potentially because their expertise and experience in online channels allow them to exploit the use of multichannel to maximize their benefits (e.g. Wallace, et al., 2004; Chiu, et al., 2011).

1.5.2 Products' characteristics

Products' characteristics could affect consumers' needs and behaviors during the purchase process, which influences their suitability to certain channels. The most often examined product characteristics include product complexity, risk involved, importance of experience, and so on.

Complexity could refer to the complexity of product itself or complexity of transaction. Products could be considered complex when they involve high level of technical details or large assortment. Especially when the purchase of such products is relatively infrequent, consumers are less familiar with the product details, which could increase the perceived complexity. Examples of such products include appliance, automobile, financial products, and so on. In this case, consumers require detailed information, expert evaluation and personal advices. Consumers could find internet channels useful in this situation because they could access and compare large amount of information from either authorized sources or user-generated communities; they could easily filter the large amount of choices and benefit from recommendations (Kiang, et al., 2000; Burke, 2002; Bart, et al., 2005). On the other hand, physical channels with face-to-face advisory are also valued especially when higher risk is involved (e.g. Frambach, et al., 2007). High transactional complexity could include large amount of information required, or continuous interactions between the customer and the firm are required during the whole process. Online channels could be beneficial for such transactions to reduce errors and transaction time; however, providing the choice of personal interaction in physical channels could be appreciated too (Kiang, et al., 2000; Montoya-Weiss, et al., 2003).

The risks involved in the purchase of a particular product include financial risk and products' performance/quality risk. When high financial risk is involved, while Frambach et al. (2007) suggest that consumers prefer offline channels with personal interactions, D'Alessandro et al. (2012) find that being present on multichannel increase the consumers' trust. When high performance risk is involved, consumers intend to increase information search in both online and offline channels (Biswas & Burmann, 2009); however, possibility of inspecting the product quality in a physical channel could be important for the decision making (Kiang, et al., 2000). However, interestingly it does not mean that online channels are better suited for low risk product categories. In fact, Kushwaha & Shankar (2013) find that for low risk categories of product, the customers from traditional channels have higher monetary value for

the firm, which potentially is because consumers who are more interested in such categories of products are also attracted to traditional channels.

For products where experiential and hedonic values are important (such as apparel, recreational and entertainment products), consumers prefer the channels which provide a pleasant and entertaining environment with extensive selections. Physical channels have advantages in creating hedonic experience because senses such as touch and smell could not be replicated in online environment (Burke, 2002; Balasubramanian, 2005). However, attention could be paid to online channel design in order to enhance the experiential dimension through multi-media; online channels could also have an advantage in terms of product assortment which satisfies the variety seeking and purchase impulses. Thus a combination of multiple channels could maximize the experiential values to be created for consumers (Bart, et al., 2005; Ha & Stoel, 2012; Kushwaha & Shankar, 2013).

1.6 Future research in multichannel marketing

A great deal has been investigated in the field of multichannel marketing. Nonetheless, it is a field undergoing continuous and dynamic changes, and it continues to present new research opportunities. Below we discuss several areas for future research.

1.6.1 Emerging channels

Technology development is one of the major driving forces of multichannel marketing. Thus any emergence in information communication technologies could potentially impact on multichannel marketing. For example, the internet-related marketing research has sprung up since the late 90s; and mobile-related marketing research instead has been attracting attention and interests since the late 00s.

Mobile channels powered by the most recent mobile internet inherit many of the attributes of internet channels. But they are further characterized by mobile-specific features such as the possibility of location-based service, ubiquity, customer intimacy, higher interactivities, mobile device's technical differences (e.g. smartphone vs. tablet); they also facing new challenges or magnified concerns compare to internet, such as compatibility of user interface, greater privacy and security concerns, and so on (Funk, 2005; Okazaki & Taylor, 2008; Shankar & Balasubramanian, 2009; Varnali & Toker 2010; Okazaki & Mendez 2013; Bacile, et al., 2014; Strom, et al., 2014; Tung, et al., 2014). Much is yet to be explored in this field.

Even though internet has almost become a standard, there are novel internet-based applications continuously impacting on business models and practices. Besides operating internet channels for transaction and/or marketing communications by the firms themselves, more and more internet-based third-party services provide firms platforms and opportunities to reform their marketing activities. For example, internet has made auction a viable and far-reaching approach to negotiation and transaction, in both B2B and B2C markets (Sashi & O'Leary, 2002; Berthon, et al., 2003; Vesa & van Heck, 2005; Shim & Lee, 2010). More recently, internet-based social networking services are attracting much attention from both marketing research and practices (Kaplan, 2012; dalla Pozza, 2014; Singh & Sonnenburg, 2012; de Vries, et al., 2012). Due to its novelty, eclectic forms, and unconventional data format, much more is yet to be explored. Furthermore, although social networks are more often a research subject in B2C context, some early studies argue that social networks could play an important role in B2B markets as well, and more studies in this area should follow (Michaelidou, et al., 2011).

1.6.2 Empirical evidence and accountability

Among the papers being reviewed, nearly one thirds are theoretical studies including conceptualization, research proposition, viewpoints, and literature review. They played important roles in setting the theoretical background and inspiring empirical researches. However, we notice that in certain areas, the theoretical developments have not adequately transformed into empirical knowledge. For example, we have seen several interesting conceptual works focused on customer relationship management (Payne & Frow, 2005; Neslin & Shankar, 2009; Verhoef, et al., 2010), which is also one of the most quoted subjects in other more general conceptual studies (e.g. Mulhern, 1997; Sa Vinhas, et al., 2010). Despite CRM is in fact a data-rich practice, there are relatively few empirical-driven research in the area of CRM. Similarly, Kumar (2010) presents a perspective on customer lifetime value (CLV) in multichannel context; Blattberg et al. (2009) also highlight the relevance of CLV in multichannel environment. Empirical studies are not clear on this subject: while some find higher spending among multichannel consumers (e.g. Kumar & Venkatesan, 2005), some find lower loyalty among multichannel consumers (e.g. Gensler, et al., 2007); moreover, these empirical studies are not set in a CLV context. Thus, *ad hoc* empirical evidence on CLV in multichannel environment is still largely missing. In fact, beyond the local investigation on customer- and channel-performance, there is a general lack of empirical knowledge on the global effects of adopting multichannel marketing. Further research

providing such evidence could be valuable for firms to manage the accountability of multichannel marketing.

1.6.3 Global view of multichannel marketing and strategy

Multichannel marketing research is most often focused on the combination or a subset of brick-and-mortar store, internet, and catalog for multichannel distribution, and online-offline media for multichannel communication. Muller-Lankenau et al. (2006) first point out that considerable amount of firms do not practice multichannel marketing in the most researched fashion (such as online-purchase, store-pick-up); instead, they could configure the store-internet channels to suit their own strategies. In the most recent years, we see more studies emphasizing that the firms actually have the freedom of choosing the channels (and which actually have more options than the most studied combination) and configuring them in the way that serves the best in their particular situation (e.g. Faultrier, et al., 2014; Kauferle & Reinartz, 2014). Indeed, a classic argument in business strategy research is that, “fit” among a firm’s activities is the key to the firm’s competitive advantages and the sustainability of these competitive advantages (Porter, 1996). In multichannel environment, with increasing choices of channels and eclectic functionalities of the channels, different approaches naturally should emerge. And it would not be effective that, for example, small firms invest in and operate multichannel marketing the same way that multinationals do. Thus, research which takes a global view on multichannel marketing and strategy could be insightful and valuable for generalizing the guidelines for practicing multichannel marketing in order to benefit a wider range of audiences.

1.7 Conclusion

Research in multichannel marketing covers a wide range of topics. The classic marketing research areas usually find new research opportunities under the multichannel environment. The trend towards multichannel has deep impacts various marketing areas including consumer behaviors, distribution/retail, marketing communication, and marketing strategies. Although vast knowledge has been uncovered in these areas, it is important to realize that, driving by continuously evolving technological possibilities, multichannel marketing is an area which keeps refreshing and presents new research opportunities. Such continuous evolution on one hand requires close attention to the emerging trends and to the novel applications, which is attested by for example, the surge of research on internet-related subjects since the late 90s and then the surge on mobile-related subjects a decade later. On

the other hand, it also requires revisit from time to time the strategic implications of these new trends from holistic perspective, as we have seen some most recent studies investigating strategic alignment of multichannel marketing. Overall, multichannel marketing is a dynamic area of research which continuously creates intriguing research opportunities; we look forward to the future advancements in this area of research.

1.8 References

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STUDY TWO

MULTICHANNEL MARKETING: THE OPERATIONAL FRAMEWORK AND FIRMS' MOTIVATION TO ADOPT

Abstract

Multichannel marketing has been gaining attention to its importance in both practice and research in the recent years with the rapid diffusion of Information Communication Technology. Due to the relative recency and rapid proliferation of research in the subject, the literature lacks a well-defined framework of multichannel marketing generalizable to different types of firms, and lacks understanding of the actual reasons that firms adopt multichannel marketing. Through comparing and complementing the extant literature with practitioners' perspectives from interviews with 32 Italian firms, the authors propose a comprehensive and generalizable framework of the multichannel marketing, and identify and categorize the firms' motivations to adopt the multichannel marketing practice. Furthermore, some unforeseen but interesting factors emerged from the interviews. Future research opportunities and managerial implications of the study are discussed.

Key words

Multichannel marketing, operational framework, motivation, definition

2.1 Introduction

The fast evolving Information Communication Technology (ICT) has brought proliferation of potential marketing channels, which is causing fundamental changes in both traditional marketing practices (e.g. Webb, 2002) and customers behaviors (e.g. Dholakia et al., 2010). Firms must keep up with the changing environment and start operating in a multichannel approach through effectively evaluating and incorporating the new channels. Multichannel has attracted much attention in marketing research. Research has suggested that the firms could offer better customer value through multichannel; and in return, firms could also gain more from satisfied, loyal and profitable customers (Verhoef et al., 2010; Sa Vinhas et al., 2010; Berman & Thelen, 2004; Zhang et al., 2010). Besides the potential benefits of generating more revenue from more distribution channels (for example, integrating retailing with eCommerce), the technology development and channel proliferation also bring great changes to the ways firms manage the relationships with their customers through communication. Although in some research the difference was made between multichannel (for distribution) and multimedia (for communication) (Zhang et al., 2010), in fact a channel's role in distribution and in communication is increasingly blended together and it is increasingly important for firms to focus on both transactions and relationships with customers in the multichannel environment (Keller, 2010). For example, firms who sell online often use their websites to maintain customer relationship through personal communication as well. And there is increasing marketing research focus on the communication between firm and its customers in a "multimedia" context (e.g. de Vries, Gensler, & Leeflang, 2012; van Noort, Voorveld, & van Reijmersdal, 2012).

Current multichannel marketing research generally falls into two types. Firstly, the new channels becoming available to firms bring new dynamics to marketing management; thus there are studies discussing the opportunities and challenges in managing multichannel marketing (e.g. Rangaswamy & Van Bruggen, 2005), and issues regarding multichannel marketing system itself such as its design and development (e.g. Berman & Thelen, 2004; R. Dholakia, Zhao & N. Dholakia, 2005; Sharma & Mehrotra, 2007) and cross-channel effects (e.g. Zhang, et al., 2010; Falk, Schepers, Hammerschmidt, & Bauer, 2007; Naik & Peters, 2009). Secondly, multichannel also brings changes to customer behaviors and other marketing research subjects; thus there is research focused on customer behavior (e.g. U. Dholakia et al., 2010; Ansari, Mela, & Neslin, 2008; Balasubramanian, Raghunathan, &

Vijay, 2005; Frambach, Roest, & Krishnan, 2007), segmentation (e.g. Konus, Verhoef, & Neslin, 2008; Verhoef, Neslin, & Vroomen, 2007), customer lifetime value (e.g. Kumar, 2010), CRM (e.g. Verhoef et al., 2010), and so on, in the multichannel contexts.

The previous research in the area of multichannel marketing has provided us rich insights, however, close inspection reveals several limitations. First of all, as the technology and the practice of multichannel marketing diffuse, marketing research in the area proliferates without a clear and operational definition. The most notable dispute lies in the concepts embedded in extant multichannel marketing research: it concerns distribution only (e.g. Zhang et al., 2010), or communication and relationship management are relevant in multichannel marketing too (e.g. Keller, 2010). Secondly, current empirical knowledge in multichannel marketing mostly comes from large firms in retail industries (e.g. Berger, Lee, & Weinberg, 2006; R. Dholakia et al., 2005; Park & Lennon, 2006; Thomas & Sullivan, 2005). With few exception, we know little about multichannel marketing practice in other types of firms, which raises questions over the comprehensiveness and generalizability of the frameworks applied in extant literature. Last but not least, most extant empirical studies are based on customers, while a wide range of potential research questions from firms' perspective are left virtually untapped (e.g. Rangaswamy & Van Bruggen, 2005; Neslin & Shankar, 2009). For example, Neslin and Shankar (2009) questioned what should be the "guiding vision" for a firm's multichannel strategy which impacts on the implementation and management of multichannel marketing. Surprisingly little attention has been paid to the firms' motivation to be multichannel before proceeding to its implementation issues.

Addressing these limitations in the multichannel marketing literature, our objectives are firstly to elicit an operational, comprehensive and generalizable framework of multichannel marketing, secondly to investigate firms' motivation to implement multichannel marketing, and therefore to propose directions for future research. We follow the methodological approach taken by several cornerstones (e.g. Kohli & Jaworski, 1990; Lytle, Hom, & Mokwa, 1998) and recent (e.g. Lamberti, 2013) marketing research: we review the literature in the defined domain of multichannel marketing, then compare and supplement the current knowledge with the practitioners' perspectives obtained through a series of field interviews covering diverse types of firms. By doing so, we contribute to the current multichannel marketing literature firstly with a framework which operationalizes multichannel marketing on three dimensions: channel types, channel usage, and channel integration, with

comprehensive and generalizable variables defining each dimension. Secondly we identify the motivation of firms to implement multichannel marketing could involve economic benefits, customer benefits, and pressure of competition.

The remainder of the paper is organized as follows. First, we introduce the methodology applied in the study, followed by the results through comparing the literature review and the practitioners' perspectives from the interviews in the two areas (multichannel marketing framework and firms' motivation in its implementation) respectively. We then discuss the results and proposing the future research directions in each area. At last we discuss the managerial implications, and the limitation of this study.

2.2 Methodology

An objective of this paper is to refine the concepts and to elicit an operational, comprehensive and generalizable framework for defining multichannel marketing; such objective in a field which does not lack precedent research is not an isolated occasion in marketing research (Varadarajan, 2010). It has been decades since Churchill (1979) has argued that the operationalization of marketing concepts started with specifying the domain of construct through review of literature, followed by items generation within the defined domain through the literature review as well as investigations of empirical knowledge. Such methodology has been indeed applied to operationalize marketing concepts which were widely discussed yet vaguely defined, most notably including a few cornerstones of marketing research such as the construct development of market orientation by Kohli and Jaworski (1990) and of service orientation by Lytle et al., (1998). It continues to be a valid and effective method in recent years as the concepts in marketing research keep evolving; for example, it was applied most recently in developing constructs of customer centricity by Lamberti (2013). Methodologically drawing on the previous research, we carry out this study in two steps: a literature review of current knowledge regarding the objectives of this paper, and an empirical study consists of field interviews to compare or supplement the current knowledge.

2.2.1 Field interviews

The current empirical knowledge about multichannel marketing mostly comes from large firms in retail industry (e.g. R. Dholakia et al., 2005; Park & Lennon, 2006; Thomas & Sullivan, 2005; Verhoef et al., 2007), which is limitative in three ways. First of all, among these studies, service industries are less represented, even if several contributions highlighted

the deliberate inclusion of service industries for the generalizability of result (e.g. Frambach et al., 2007; Balasubramanian et al., 2005). Second of all, B2B industries are much less represented in multichannel marketing literature with a few exceptions (e.g. Kumar & Venkatesan, 2005; Sharma & Mehrotra, 2007). Last but not least, as attested by previous research, although larger firms usually adopt new technology faster, small firms still follow and may find themselves in different situations in adopting such new technology (e.g. Poon & Swatman, 1999; Walczuch, van Braven, & Lundgren, 2000); however, so far little attention has been paid to small firms in multichannel marketing research. For the objective of eliciting a generalizable framework, it is important to include a wide range of types of firms in order to tap diverse practices in multichannel marketing. On the other hand, since we aim to elicit a generalizable framework rather than to propose best practices, it is not necessary qualifying the sample in terms of their current multichannel marketing practices (see also Kohli & Jaworski, 1990).

So, in order to tackle a broad set of experiences and viewpoints, we purposely look for a diversified sample of firms encompassing the general constitutional characteristics (Lamberti, 2013): firms manufacturing and distributing products or providing services, firms serving consumers customers (B2C) or serving other firms (B2B), and firms of large and of small-medium size⁵. In order to have a reasonable representation, considering the exploratory nature of this study, we aim at obtaining at least four cases for each of the 2x2x2 classes, with a total sample size of 32 firms. Firms are contacted from a list provided by the local Chambers of Commerce in the highly industrialized northern region of Italy, Lombardy. The firms interviewed and their industries are listed in Table 2.1. For confidentiality reasons, the names of the firms are replaced by identification numbers. The interviewees are marketing managers, general managers, or the business owners of the selected firms. The interviews were conducted during September and October 2012; each interview on averages lasted one hour. In order to ensure the completeness and comparability of the information collected from different firms, a list of open-ended questions is used to guide the interviews after a brief description of the research subject; meanwhile in order to generate comprehensive insights from the interviews, the questions are as general as possible to avoid bias the interviewees' answers:

- What are the marketing channels that your firm uses?

⁵ Large firms: >250 employees and/or >€50million annual turnover (European Commission)

- For what activities and to what extent does your firm use these channels respectively? Please describe some examples of your multichannel marketing applications.
- Why does your firm adopt these particular channels?
- In general, what are the reasons that your firm implements (or does not implement) multichannel marketing?

Table 2.1 Sample Firm

		SME		Large	
B2B	Goods	#1	Hardware	#17	Building materials
		#2	IT software	#18	Electric system
		#3	Hydraulic components	#19	Automotive components
		#4	Bottling components	#20	Dietary supplement
	Services	#5	Consulting	#21	Consulting
		#6	Advertising agency	#22	Logistics service
		#7	Consulting	#23	Distributor
		#8	Logistics service	#24	Consulting
B2C	Goods	#9	Jewelry	#25	Book retail
		#10	Leather goods	#26	Food product
		#11	Furniture	#27	Sportswear
		#12	Food product	#28	Supermarket
	Services	#13	Entertainment	#29	Energy
		#14	Tourism	#30	Information
		#15	Recreation	#31	Telecommunication
		#16	Recreation	#32	Tourism

The interviews are fully recorded and transcribed before proceeding to content analysis. The “directed content analysis” approach is undertaken: initial coding categories (e.g. *channel type*, *channel use*, etc.), their definitions and codes are developed based on previous research; subsequently the coding scheme is revised and refined during the data analysis where information could not be coded with predetermined codes are identified and analyzed to determine if they represent new categories or additional codes to existing categories. Such approach is deemed efficient in extending or refining existing theory (Hsieh & Shannon, 2005), which is the very case of this study.

In the following, we present the results in two sections: the framework of multichannel marketing which describes the operational aspects that define multichannel marketing, and the firms’ motivation of implementing multichannel marketing which represents the firms’ strategic intention in their multichannel approach. Within each section, we first present the current knowledge in the area through literature review; we then, with the practitioners’ perspectives, confirm, contrast, or supplement to the current knowledge.

2.3 Framework of Multichannel Marketing

2.3.1 Literature review

There are several descriptive definitions of multichannel marketing in literature, among which considerable differences exist. The most comprehensive definition might be provided by Rangaswamy & van Bruggen (2005): “*simultaneously offering their customers and prospects information, products, services, and support (or any combination of these) through two or more synchronized channels*”. We extract three key components of multichannel marketing from this definition: 1) offer of products, services, as well as support and information, 2) the literal meaning of ‘multichannel’: two or more channels, and 3) the channels being synchronized rather than separate individuals.

The first component, i.e. a channel’s scope of function, is a much-debated issue in literature. Rangaswamy & van Bruggen (2005)’s definition is shared by several conceptual developments in multichannel context. For example, Kumar (2010) proposed customer life-time value based approach to marketing exploiting multichannel to better satisfy customers’ needs and preferences in terms of both transactions and communications. Keller (2010) argued the importance of focusing on both distribution and communication in successfully building a brand’s equity in a multichannel environment. However, such vision is not always shared in literature. Most notably, Zhang et al. (2010) distinguished “*multichannel retailing from multimedia marketing that typically involves use of multiple channels to simply communicate with customers*”; they also suggested that while *multichannel marketing* in general concerned both distribution and communication, their study of multichannel retailing strategy was confined to the distribution only. Several other works published in marketing journals, without explicating their stand on the distinction between distribution and communication, simultaneously assumed the distribution-only multichannel retailing perspective (e.g. Berman & Thelen, 2004; Sa Vinhas et al., 2010; Verhoef et al., 2010).

This fuzzy line between “multichannel marketing” and “multichannel retailing” in conceptual development extends into the empirical research as well. Most marketing literature on multichannel in fact have taken the “multichannel retailing” perspective, examining customers’ behaviors in multichannel environment which in most cases consists of brick-and-mortar store, internet, and catalog. However, it is worth noting that several of these studies recognize that besides the selling activities, transactional channels also carry information

which plays important role in multichannel customers' purchase behavior (Kumar & Venkatesan, 2005; Balasubramanian et al., 2005; Ansari et al., 2008; Konus et al., 2008; Choi & Park, 2006). For example, Verhoef et al. (2007) suggested that customers shifting between internet and stores which were both available for transaction were encouraged by the stronger "search advantage (for information)" of internet channel.

In B2B context where customers are concentrated and assumed to act more rationally and procedurally (Kotler & Keller, 2009), most attention is also paid to transactions in the handful research on multichannel marketing. Different from retailing industries, sales force, distributors, catalog and internet are the common components of multichannel distribution in B2B context (Rosenbloom, 2007; Sharma & Mehrotra, 2007; Merrilees & Fenech, 2007). Nonetheless, Wilson and Daniel (2007) proposed that a firm initiated a dialogue through communication by the means of salesperson prospecting, seminars, specialized journals, PR events, and CRM.

Furthermore, among those who include communication in multichannel marketing, different opinions emerge yet again. For example, Neslin et al. (2006) defined *channel* as a "customer contact point, or a medium through which the firm and the customer interact", consequently excluded one-way communication such as TV advertising. Such decision, however, could be explained by the particular setting of this study, customer management, where the interaction is essential. Whereas Keller (2010) suggested that both interactive communication and mass communication were essential components of a firm's marketing activities. In fact, communication takes various forms, from mass communication such as advertising, events and public relations, to interactive/personal communication such as interactive/direct marketing and personal selling. For example, Verhoef and Donkers (2005) studied together mass media and personal communication as customer acquisition channels.

Although there is no dispute on the second component that multichannel marketing operates on two or more channels, as a consequence of the lack of consensus that multichannel marketing is about distribution only or about both distribution and communication, it might be debated what qualifies such a channel. The ad-hoc research focused on transaction most commonly examine brick-and-mortar store (or sales force in B2B context), catalog and internet (e.g. Verhoef et al., 2007; Rosenbloom, 2007). Research emphasizing communication role of multichannel marketing also include communication means such as advertising, public relations, and so on (Keller, 2010). From a broader perspective, Payne and

Frow (2004) proposed to categorize individual channels and provided six main categories of channels: sales force, outlets, telephony, direct marketing, e-commerce and m-commerce. Categorizing individual channels has the advantage of being comprehensive, flexible yet parsimonious. However, Payne and Frow (2004)'s categorization is not without its limit which mainly lies in the undifferentiated marketing implication between the individual channels within a category. For example, although email and the Internet both belong to e-commerce, their marketing usages and capabilities certainly differ.

The third component in Rangaswamy and van Bruggen (2005)'s definition that multichannel marketing is characterized by synchronized channels (i.e. integrated channels), compare to the other two debated elements, is unanimously agreed upon. However, an operational definition for channel integration is virtually absent and current knowledge presented in the literature is rather fragmented. Most research talks about the data collection from multichannel environment and the utilization of such data to create superior customer value (Payne & Frow, 2004; Zhang et al., 2010; Verhoef et al., 2010; Neslin, Grewal & Leghorn, 2006). Lee and Kim (2010) took a customer-centric perspective and suggested that customers perceive a multichannel retailer's cross-channel integration on five dimensions: information consistency, flexibility in channel selection, email marketing effectiveness, channel reciprocity, and appreciation of store-based customer service. Berman and Thelen (2004) suggested a broader set of characteristics of a well-integrated multichannel strategy: integrated promotions across channels, product consistent across channels, integrated information system, pricing and inventory data across channels, process enabling store pick-up for online/catalog purchases, and searching for multichannel opportunities with appropriate partners. While they provided a more comprehensive overview of channel integration, some of these characteristics appear constrained: for example, *process enabling store pick-up for online/catalog purchases* fits a transaction-oriented retailing environment (e.g. Chatterjee, 2010), but it is poorly generalizable.

In conclusion, the discussion in multichannel marketing literature depicts a definition with three components: functions of multichannel marketing, variety of channels, and channel integration. However, the debated issue in the first component, i.e. multichannel marketing concerns distribution only or it concerns both of distribution and communication, causes diversity and ambiguity in literature regarding the other two components.

2.3.2 Practitioners' perspectives

The interviews with practitioners show consistent results with the three components suggested by literature; moreover, they also bring fresh and operational perspectives to the framework of multichannel marketing.

The first component is multichannel marketing's scope of function. Both the distribution of products and services and the communication between a firm and its customers are spontaneously reported by the interviewees as their firms' marketing activities in the multichannel environment. Besides the traditional channels for transaction such as stores and sales force, some of the firms interviewed have also expanded their distribution to internet. The response however is especially dynamic in the aspect of communication in multichannel environment, where two main streams emerge. First, firms utilize multichannel to deliver practical information to customers, such as product portfolio and specifications, usage instructions, pricing, store location, contacts, booking service, and so on, which in short directly facilitates and fulfills a transaction. Second, firms also exploit multichannel for "relational communication" with their customers, which mainly aims at nurturing customer relationships even if immediate result of transaction is not expected (for example, the regional marketing director of an outdoor gear brand presented to us various mobile apps provided to customers or potential customers to use in outdoor activities such as hiking and skiing, for which the firm provides a wide range of products). Relational communication is particularly active with the use of internet and mobile, and with the surge of social networks.

The second component of multichannel marketing discussed in literature is the presence of multiple channels, which is suggested indisputable in the interviews. Moreover, having identified that the practitioners consider both distribution and communication relevant marketing activities in the multichannel environment, we collect a total of 25 individual channels that are currently deployed by the interviewed firms to perform these activities. The number of individual channels deployed by each firm varies from two individual channels to 13. Moreover, multiplicity of channels is not the only factor that shows large variation; the extent to which these channels are exploited largely varies as well. Low usage could be characterized by outdated information, lack of regular maintenance, and limited function on a particular channel, which mostly concerns the "new" channels, i.e. internet and mobile enabled channels among the interviewed firms. High usage, except standard practices such as regular updates and available functions, could also exhibit proactivity and creativity in

applying a channel. For example, the general manager of a consultancy firm shared with us their experience of having created its own social network starting from common social network services such as LinkedIn, specialized in its industry as a platform for the professionals to keep in touch and to share the latest development.

The third component suggested in literature, channel integration, is also confirmed in the interviews. In particular, the interviews suggest that channel integration is reflected in two aspects. On one hand, from the firm to its customers, a multichannel marketing system could prompt them at any channel the availability and functions of other channels, with examples as simple as store personnel consistently informing customers about what they could do on the firm's website or its mobile app. The multichannel marketing system could allow them the flexibility of selecting the channel at their preference to perform the same task; however it is worth noting that some interviewees suggest that their firms deploy tactics to influence the customers to select the channel which is considered advantageous by the firm. For example, the owner of an agritourism farmhouse said that while they let customer to make bookings through both traditional telephone calls and online tool, they encourage the use of online tool by rewarding online bookings with gifts because it simplifies the operation for the firm. On the other hand, a multichannel marketing system also brings information from the customers to the firm; thus the firm could utilize this information in an integrated manner. The integrated use of information also shows to vary in different levels in the interviews, with certain firms systematically manage their customers in the multichannel system, and some others barely collect information from all channels that they operate in.

Table 2.2 summaries and compares the main points provided by literature and by the practitioners for the three components of multichannel marketing.

Table 2.2 Framework of multichannel marketing: literature review and practitioners' perspectives

Multichannel Marketing	Literature	Practitioners' Perspective
Function of M.M.	<ul style="list-style-type: none"> - Division exists in conceptual works: some studies consider only the distribution function, while others consider both distribution and communication within the scope of multichannel marketing - Most empirical studies took place in a "distribution-only" context; however, attention has been paid to the role of multichannel in consumers' info-search behavior. - Further division exists in the scope of multichannel communication: interactive or one-way mass communication. 	<ul style="list-style-type: none"> - Both distribution and communication are spontaneously considered common functions of the firms' multichannel marketing practices by the interviewees. - Communication function further suggests two purposes: providing practical information and managing customer relationships
Variety of channels	<ul style="list-style-type: none"> - Lack of consensus on multichannel function leads to lack of comprehensive definition of channel varieties - Individual channels could be categorized. 	<ul style="list-style-type: none"> - 25 individual channels were identified, which perform distribution and/or communication tasks for the interviewed firms. - The number of individual channels deployed by each firm varies. - The extent to which a firm uses a channel also varies.
Integration of channels	<ul style="list-style-type: none"> - The idea of integration is agreed upon while an operational definition is absent - One aspect of integration suggests beneficial for the firm, the other aspect suggests beneficial for the customers. 	<ul style="list-style-type: none"> - The two aspects of multichannel integration are confirmed by the interviews

2.4 Motivation of Multichannel Marketing implementation

2.4.1 Literature review

While identifying key issues in multichannel marketing research, Neslin and Shankar (2009) raised the question that "*what should be the guiding 'vision' of the firm's multichannel strategy*", and provided research questions in three directions: efficiency, segmentation, and customer satisfaction. The "efficiency" vision was further elaborated by the question that whether multichannel could increase efficiency and effectiveness through economies of scale, economies of scope, and cross-channel synergies. Authors' view on "segmentation" as a vision of multichannel strategy rather contrasted its essential idea proposed by Rangaswamy and van Bruggen (2005) though, which suggested multichannel marketing as enabling

customers to choose their preferred channels, and from which the third vision, “customer satisfaction”, was suggested to be derived. Langerak and Verhoef (2003) may shed some light on this troubled categorization of firms’ multichannel marketing motives. They identified different objectives corresponding to different CRM implementation strategies: customer-driven (loyalty and customer equity) and economic-driven (cost reduction, marketing efficiency and selling), which could be a reasonable categorization refined based on Neslin and Shankar (2009)’s suggestions as well. In addition, they further questioned whether a firm’s multichannel marketing implementation was compelled by competition or was it an approach to develop competitive advantage.

Empirical knowledge explicitly addressing firms’ motivations of multichannel marketing implementation is virtually nonexistent. Nevertheless we present some insights that we infer from analyzing the focal points of the previous researches. There is a strong focus on transaction-related issues, which suggests two main kinds of economic-driven motives. The first is optimizing customer base where segmentation in fact comes into play: by analyzing customers’ characteristics and purchase behaviors in multichannel environment, firms could segment the customer base and identify the most profitable ones (Ansari et al., 2008; R. Dholakia et al., 2005; Konus et al., 2008; Park & Lennon, 2006; Thomas & Sullivan, 2005; Verhoef et al., 2007). The segment which does multichannel purchases is often suggested to be spending more than non-multichannel consumers (e.g. Kumar & Venkatesan, 2005). The second kind of economic-driven motives is about optimizing firm operation, such as cross-channel synergies or dissynergies (Falk et al., 2007; Naik & Peters, 2009; Berger et al., 2006), maximizing market coverage (Sharma & Mehrotra, 2007; Berger et al., 2006), cost reduction (Sultan & Rohm, 2004), and so on. On the other hand, elements suggesting customer-driven motives are not limited to customer satisfaction (Falk et al., 2007; Montoya-Weiss, Voss, & Grewal, 2003; Sultan & Rohm, 2004); others include the multichannel utility along the purchase process (Balasubramanian et al., 2005; Frambach et al., 2007), customer experience (van Noort et al., 2012), and customer engagement especially when channel such as social media is involved (de Vries et al., 2012; Singh & Sonnenburg, 2012). It is also worth noting that economic-driven motives and customer-driven motives are not necessarily mutually exclusive in the previous research (e.g. Falk, et al., 2007; Sultan & Rohm, 2004).

In short, the extant multichannel marketing literature still largely lacks specific evidence of firms’ motivation of their multichannel marketing practice adoption. Drawing on Langerak

and Verhoef (2003)'s study involving firms' motivation in adopting CRM and the focal points of an extensive series of multichannel marketing studies, two kinds of motivations could explain firms' adoption of multichannel marketing: economic-driven and customer-driven.

2.4.2 Practitioners' perspectives

The practitioners during the interviews revealed a large variety of reasons motivating them to implement and/or to continue implementing multichannel marketing, with examples abundant in both economic-driven and customer-driven nature. In addition, we detect that being compelled by competition is indeed a relevant reason of implementation as well.

In practice, economic-driven motivations are naturally grouped into two kinds: increasing Top Line and lowering costs. The interviews suggest that the increase of top line is generally achieved through increased number of POS in the current market, or through market expansion. For example, as the owner of a small producer of traditional Italian food products told us, a QR-code to be read by smartphones printed on the product packaging successfully helped them to educate customers in its exporting markets and to differentiate its products from the local generic products. Meanwhile, many interviewed firms also reportedly achieved cost-saving through multichannel marketing even without experiencing or planning significant expansion. The cost-saving occurs in operation process in terms of reduced errors, reduced time of communication, and so on. It could also be a result from intrinsic advantages of certain channels, for example, electronically distributed promotional materials save the cost of printing and manual distribution. The other aspect of cost-saving is the more efficient reach to the market in terms of wider dispersion, deeper penetration, or higher diversity, depending on the individual firm's market context.

The customer-driven motivations are reflected by a variety of customer values that the interviewed firms believed multichannel marketing could offer. More specifically, the firms interviewed believe that multichannel marketing's information capacity, ubiquitousness, and complementary strengths allow them to deliver better utilities and to be potentially perceived more favorably over competitors in terms of price/quality ratio, overall competence, and so on. Information capacity of multichannel enables content-rich communication which is exploited by some of the firms to provide, for example, the marketing manager of a hydraulic products manufacturer talked about their multi-media training programs which allowed its

customers to visually access complex technical information at any time and any place. It also enables bilateral communication which not only provides more alternatives for the customers to get in touch with the firms, but also allows them to be more involved in the process, for example, the CEO of a bottle cap manufacturer said that his firm was continuously seeking input information from the market for its product development process through multichannel marketing. Ubiquity characterizes internet-enabled and even more so, mobile-enabled channels, in terms of both location and time of access. Some of the interviewed firms believe that the ubiquity is giving them a competitive edge over the competitors who are less present in the multichannel environment. Last but not least, different channels have their respective strengths on which firms could leverage to meet customers' preference. For example, the marketing manager of a chocolate producer explain us how they apply multichannel for distribution: the standard products packaged in larger quantities are sold on its web-store taking advantage of its convenience and price-competitiveness to reach potentially the global market, while the flag-ship stores or specialty pastry shops are used for its artisan and specialty lines targeting the enthusiasts in selected local markets.

In addition to the practical utilities, multichannel marketing is also considered by many of the interviewed firms a resourceful approach to enhance customers' hedonic experience. Being most commonly cited, the interviewed firms exploit the specific characteristics of different channels to create various sensorial stimulations. While senses such as taste, smell and touch are by nature limited to physical channels, digital contents such as images, videos and animations stimulating sight and sound suggest to have become popular with the interviewed firms. Besides create such sensory stimulation, digital contents often carry rich information such as brand history, brand philosophy, "behind-the-scenes" stories, and social initiatives and so on. By doing so, some of the interviewed firms said that they intended to create emotion and a sense of intimacy with their customers. Furthermore, the cases of enhancing customers' hedonic experience are mostly observed in B2C firms.

Although we see in the interviews abundant applications which proactively pursue certain advantages from multichannel marketing, the favorable attitude is not shared by every single firm. Some described the adoption of multichannel marketing as "*we have to because it is what people expect nowadays*" or being compelled by "*industry standard*".

Table 2.3 summaries and compares the main points provided by literature and by the practitioners for the motivations of firms to adopt multichannel marketing.

Table 2.3 Motivations of multichannel marketing implementation: literature review and practitioners' perspectives

Motivations	Literature	Practitioners' Perspectives
Economic-driven	- Most previous research took place in transactional context implies strong focus on economic-driven motivation, including segmenting more profitable customers, exploiting synergies, maximizing market coverage, and so on.	- The first kind of economic benefits are achieved by increasing revenue through increased number of POS or through market expansion. - The second kind of economic benefits are achieved by reducing costs through exploiting particular advantages of certain channel and increasing marketing efficiency.
Customer-driven	- Customer benefits in multichannel context, besides increased satisfaction in general, include enhanced utility, greater experience and engagement.	- A variety of greater utility value for customer is suggested to be provided by multichannel marketing's information capacity, ubiquitousness and complementary strengths. - Multichannel marketing is also considered a resourceful approach to enhance customers' hedonic experience through sensory and emotional stimulation.
Compelled by competition	- Suggested by Neslin and Shankar (2009) as a potential motivation; however it is barely discussed in other studies	- Some interviewees suggest that they are rather compelled by the competition or industry standards in adopting multichannel marketing.

2.5 Discussion and Future Research Directions

By comparing and contrasting the state-of-the-art literature and perspectives on multichannel marketing of practitioners from a wide range of firms, we clarify and refine the definition of multichannel marketing, and provide an operational, more comprehensive and more generalizable framework of multichannel marketing. In addition, to our best knowledge, we unprecedentedly provide some empirical evidence regarding the firms' motivations to implement multichannel marketing. Furthermore, several factors emerged from the interviews, which potentially mediate the firms' motivation and their multichannel marketing implementation. A brief summary of the factors in these aspects and the relationship among them are presented in Figure 2.1. In the following, we discuss first our results regarding the proposed framework of multichannel marketing, then the firms' motivation to implement it, and last but not least the emergence of unexpected factors. We would also suggest future research directions in these three areas respectively.

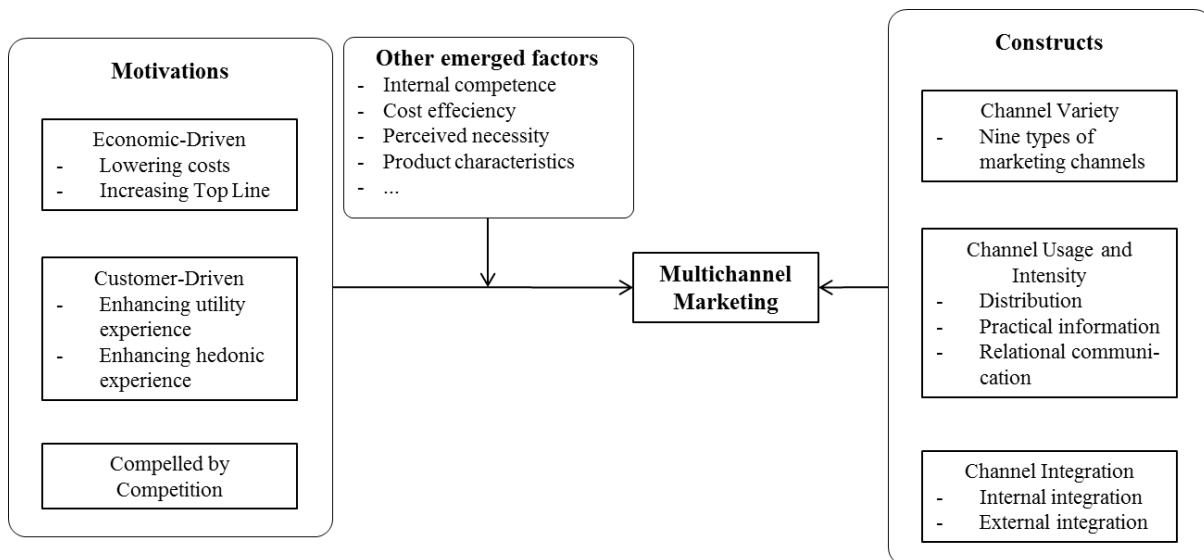


Figure 2.1 Overall proposed framework

2.5.1 Framework of Multichannel Marketing

Definition of multichannel marketing is ambiguous mainly because of the disputed definition of the scope of its functions. As the first component of multichannel marketing, while we confirm distribution a relevant function, more dynamic reporting emerge in using multichannel marketing for communication. This difference from literature's dominating interest in multichannel distribution could be the consequence of the higher diversity of industries in our sample. Furthermore, the practitioners' perspectives suggest that communication in multichannel marketing could be further divided into practical information which directly facilitates and fulfills transactions, and relational communication which develops customer relationships. The distinct identification of relational communication in fact responds to various customer-based marketing approaches which advocate that the firms need to look beyond purchase and repurchase, and to sustain a beneficial relationship with their customers, including customer relationship management (Payne & Frow, 2005), customer experience management (Schmitt, 1999; Brakus, Schmitt, & Zarantonello, 2009), customer engagement (van Doorn et al., 2010), customer lifetime value management (Venkatesan & Kumar, 2004), and so on.

Thanks to this clarification, as the second component of multichannel marketing, we identify 25 individual marketing channels which are currently deployed by the firms. Similar to the idea of Payne and Frow (2005) which categorized individual marketing channels, we subsequently categorized the 25 channels into nine types taking into consideration various

marketing implications of each channel such as function, audience, nature of content, etc., and technology involved, as summarized in Table 2.4. We further summarize the capability of these nine types of channels to carry out transaction, practical communication, and relational communication. To do so, we not only refer to the usage of these channel types reported by the interviewed firms, but also refer to literature and market observation in order to avoid sample bias.

- Mass media is most often being used for providing practical information. Some forms of mass media could on some occasion perform part of the transaction tasks such as catalog ordering and TV shopping (e.g. Kwon & Jain, 2009). Due to its one-to-many nature, it is hardly used for relational communication with selected customers.
- Outlets' primary task is to fulfil transactions. They are also one of the main sources of product information because of the stock availability and/or the presence of sales personnel. Certain forms of outlets (such as sales force for B2B firms, sales personnel for small and local firms) are important channel for maintaining customer relationship as well; the outlets that deal with mass market are experiencing change of role in customer relationship as well since they have first-hand access to consumers and their information.
- Call center usually handles practical communication such as customer inquiries, technical support, service appointments, and so on. In some cases, call center complements channels such as catalog to complete transactions, and conducts telemarketing. Although call center is an interactive channel, such interaction however is mostly oriented to problem-solving instead of relationship building.
- Industry specific initiatives are mostly not intended for transactions. They provide the platforms for the firms in the given industry to showcase their products, technical details and advancement, and so on. Through such platforms, firms also have the opportunities to interact with their extant and/or potential customers in order to reinforce or establish relationships.
- Website is fully capable of performing transactions; however, not all firms decide to do so with the firm-operated website for various reasons (such as compatibility between product type and eCommerce, firm's capability of handling related activities,

and so on). Website's technical properties make it an excellent channel for information provision and customer interactions.

- Social network is intuitively intended as the main channel for establishing and maintaining customer relationship. Some practical information, although subject to the constraints of the characteristics of each social network platform, could be obtained on social network as well. It however is rarely observed to play a direct role in transaction process.
- SMS and Email are in general not able to conduct transactions, but most often used to deliver practical information such as order status, promotion news, and so on. Since the recipient of SMS and Email could be identified as individuals by the firm, it gives the firm opportunities to tailor the information for relationship management.
- Web applications are various web-based services which are continuously being developed. Virtually infinite possibilities could be exploited by the firms for all three kinds of activities.
- Mobile channel which is internet-enabled has the same possibility and constraint in conducting transactions. It has advantages in providing practical information because of the technical possibilities such as mobility, location-based-service, barcode-scan, and so on; on the other hand it has the constraints such as the display size of the device, which requires ad hoc design to optimize the information provision. It is most often applied for relational purposes thanks to characteristics such as user-intimacy, multi-media, geo-positioning, and so on.

This channel categorization is advantageous compare to the only precedent by Payne and Frow (2005) in two ways. First of all, our collection of individual channels is grounded on empirical evidence from diverse industries, thus the categorization should be more comprehensive and generalizable. Second of all, by categorizing according to marketing implication, it improves further the generalizability and provides richer operational insights. That is, operating on different channels of similar marketing implication implies a mere quantitative multiplication of a firm's reach to the market; while operating on channels of different marketing implication implies innovating the ways a firm interacts with its customers in addition to quantity expansion.

Table 2.4 Channel Categorization

Technology involved	Channel Type	Marketing Implication	Individual Channel	Transaction*	Practical Information*	Relational Communication*
Traditional	Mass media	Communicating practical information from the firms to undifferentiated audiences	Catalog Press Billboard Brochure/leaflet Trade magazines Newsletter	Partly	Yes	No
	Outlets	Main task is the transaction of the firms' products/services with direct contact with customers, thus they are able to provide practical information and potentially relational information as well	Sales force Store/front office Distributor	Yes	Yes	Yes
	Call center	Receive orders or proactively sell through telephone, and/or handle incoming inquiries/complaints from customers	Call center	Partly	Yes	Partly
	Industry specific initiatives	Communicating practical and/or relational information with precisely targeted groups of customers	Trade show Industry event Professionals PR events Business partner	No	Yes	Yes
Internet-enabled	Website	The firm's proprietary website which is potentially capable of transaction, and both practical and relational communication	Website	Partly	Yes	Yes
	Social Network	Firm-controlled presence on social network which mainly facilitates relational communication, or in cases, practical information as well, in a highly interactive environment	Social network	Partly	Partly	Yes

	Email/SMS	One-way communication with identified individual customer with potentially tailored information	SMS Email	No	Yes	Partly
	Web application	Depending on other internet-based services, mostly facilitating practical communication.	Web app Blog Web-cast Web-share Web-retailer	Yes	Yes	Yes
Mobile-internet-enabled	Mobile	Mobile channel could be the most intimate to customers. Technical features of mobile devices enable a wide range of communication possibilities	Mobile	Partly	Yes	Yes

In addition, as noted in literature that the line between transaction and communication is blurring (Keller, 2010), the interviews suggest that the same applies to the line between the communication of practical information and relational communication. The interviews suggest that an individual channel although subject to certain constraints in its capacity, usually performs, to more or less extent, all or a subset of these three activities. Therefore, instead of a dichotomous variable indicating a channel is used for transaction, providing practical information, relational communication, or any combination of them, we rather observe degrees of intensity that the firms utilize a given channel to perform these activities. Previous research suggests that while some channels are capable of both facilitating information search and fulfilling transactions, their competence of performing these two activities could differ, which impacts the customers' behavior in multichannel environment, such as the "research-shopping behavior" (e.g. Verhoef et al., 2007). Our result provides a direction to deepen and to broaden this point through the identification of relational communication as an important marketing activities in the multichannel environment.

The third component of multichannel marketing, channel integration is a characteristic undisputedly agreed in literature, and is confirmed in our interviews. Previous studies usually either discussed integration from the firms' perspective such as data collection, sharing, and utilization across channels (e.g. Payne & Frow 2004; Verhoef et al., 2010), or from customers' perspective such as information consistency across channels and flexibility of channel choice (e.g. Lee & Kim, 2010). Our result suggests that both perspectives should be considered in assessing a firm's multichannel marketing practice. Furthermore, as some previous study has considered "partial integration" and "full integration" (Berger et al., 2006), our result confirms the notion that channel integration is a matter of different levels.

Summing up the discussion regarding respectively the three components of multichannel marketing, our results suggest that instead of a dichotomy determining a firm either practices multichannel marketing or does not, which is usually implied in extant literature, it is rather different extent to which a firm practices multichannel marketing. In particular, we propose that the level of "multichannel-ness" is a product of the variety of channel types involved, the intensity of the different activities being performed on different types of channels, and the level at which these channels are integrated. Due to the qualitative nature of this study, most of these variables are not able to be quantified. We warmly welcome future studies

undertaking quantitative approach to operationalize the measurements in this framework and to carry out empirical test on the framework.

Although beyond the scope for this paper to provide empirical proof, the level of a firm's "multichannel-ness" has important implication. Albeit potential economic benefits in future operation, both our interviews and the literature suggest that substantial investment could be implied in multichannel marketing in terms of infrastructure, competence acquisition, and so on (e.g. F. Coelho, Easingwood, & A. Coelho, 2003). On the other hand, the interviewed firms approaching multichannel marketing actively and displaying higher level of multichannel-ness appear to be more satisfied with their multichannel adoption; the literature as well suggests practices such as higher level of integration make a firm's multichannel marketing more effective (e.g. Lee & Kim, 2010). Thus the level of "multichannel-ness" may have an impact on both firms' investments and performance. A performance outcome worthy the corresponding investment is essential for the success of a firm's multichannel marketing strategy. However we have little knowledge on such relationships which thus represent interesting research opportunities for the future.

2.5.2 Motivations of Multichannel Marketing implementation

The importance of the alignment between strategy and its implementation is not new to marketing research and management research in general (e.g. Noble, 1999; Slater & Olson, 2001; Langerak & Verhoef, 2003). However, we observe that, as discussed in the literature review, extant multichannel marketing research mostly jumped on the part where multichannel marketing had already been implemented without investigating the reasons that firms decide to adopt such strategy. To our best knowledge, we among the firsts provide empirical insights explicitly on the firms' motivations to implement multichannel marketing, which reflect the objectives and value disciplines of the firms' strategy. We found three main types of reasons motivate the firms to implement multichannel marketing: economic benefits, customer benefits, and compelled by competition. We have presented in the results that the economic benefits sought by firms implementing multichannel marketing could be cost saving or revenue increasing through various means. As for the customer benefits, we suggest that customer satisfaction (Neslin & Shankar, 2009), loyalty and customer equity (Langerak & Verhoef, 2003) are rather to be considered higher level objectives which are achieved through various means at each individual firm's discretion in the multichannel environment. These various means to enhance customer value come down to two aspects: utility experience

and hedonic experience, resounding previous research of (Mathwick, Malhotra, & Rigdon, 2001) on customer's experience in multichannel environment.

The firms interviewed show a diversity of motivations when it comes to multichannel marketing, which are not necessarily limited to economic- or customer-driven. They also show different traits in their implementation of multichannel marketing. Naturally, the firms mainly compelled by competition reportedly adopt new channels which have already emerged as "industry standard" or have widely diffused, with rather superficial presences. On the other hand, when the firms actively seek economic benefits and/or customer benefits through multichannel marketing, they display higher level of proactiveness in their approach and higher level of activity utilizing multichannel marketing manifested in several ways, for example, continuously updates on various channels, creative usage, dedicated resource, perceived usefulness, and so on. These relationships, due to the exploratory and qualitative nature of this study, are still mainly descriptive and could not be concluded with statistical significance. However, this study suggests that the firms' motivation to implement multichannel marketing plays a relevant role in their actual implementation, which is an area that we know little so far.

The inclusion of firms' motives of multichannel marketing implementation in the framework opens up vast fields for future research. First of all, as discussed in the last paragraph, the interviews suggest a positive relationship between the level of firms' motivation to multichannel marketing implementation and the level of their "multichannel-ness". Such relationship could be verified and its magnitude could be further investigated in a quantitative approach. Secondly, in this paper we proposed that, the motivation to implement multichannel marketing is multi-faceted, the construct of multichannel marketing practice is multi-dimensional, and the different channel types have different marketing implications. Thus beyond a relationship between the motivation and implementation in terms of level of intensity, we may find meaningful relationships between the two on the specific variables as well. It has also been suggested in some previous research that different channels' characteristics imply different marketing opportunities on these channels. For example, physical stores are able to provide richer sensorial experience (Balasubramanian et al., 2005); internet has greater capacity for information provision and gathering (Verhoef et al., 2007); social network could more easily engage the customers (Singh & Sonnenburg, 2012); and so on. Thus we may assume that a firm's choice of a particular channel mix should be driven by

the objectives motivating it to implement multichannel marketing; and in general, the implementation of multichannel marketing considering the three dimensions should be driven by the firm's motivation as well. Since the alignment between strategy and implementation is considered critical to its success (e.g. Noble, 1999; Slater & Olson, 2001; Langerak & Verhoef, 2003), further researches on establishing the link between firms' motivations and their multichannel marketing implementation could be valuable guidelines for firms which are new to multichannel to design their multichannel marketing strategy, or for multichannel firms to keep their implementation aligned with their strategy. Furthermore, as Porter (1996) suggested that the competitive advantages were derived from the "fit" of activities, further research on such alignment may eventually provide some answer to the question of Neslin and Shankar (2009), that whether multichannel marketing is a potential source of competitive advantage.

2.5.3 Other emerged factors

Because of the exploratory nature and qualitative methodology of this study, besides the pre-defined objectives which are systematically fulfilled with the information generated by the interviews, we also discovered some elements which we believe, although do not directly address the objectives, are interesting factors in the context and represent future research opportunities.

First of all, some previous research have shown that new technologies were not always accepted without reservation (e.g., Walczuch et al., 2000; Valos et al., 2010), which however has hardly been recognized in multichannel marketing literature, with an exception of Valos et al. (2010). They identified three themes of difficulties that marketers perceive in implementing multichannel marketing: strategic implementation, tactical implementation, and measurement; however, they only went on to discuss three sub-themes within strategic implementation: understanding multichannel customer behavior, delivering sales, services and information, and dealing with organizational conflict and politics. In our interviews some new elements emerge in mainly three aspects: lack of internal competence to set up multichannel marketing and to manage the operation, concerns over the cost efficiency of initial investment and maintaining multichannel marketing operation, and doubt of multichannel marketing's necessity in the firm's specific situation. In fact, literature in some other fields may also shed light on the adoption barrier in the field of multichannel marketing. For example, multichannel marketing involves inevitably the adoption of internet and even

more advanced forms of internet, the concerns and barriers for firms to adopt internet into their operation discussed in studies such as Walczuch et al. (2000) could be renewed and/or reinforced. Implementing multichannel marketing also represents changes both within the firm (organizational changes) and outside the firm (relationship change with supply chain partners), thus literature of change management in comparable contexts (e.g. Aladwani, 2001) could be insightful.

Furthermore, as discussed in the section of Methodology, the extant multichannel marketing literature is limited in terms of variance in firm size, product/service type, and targeting consumer/business customer. We purposely mixed firms with different characteristics in our sample design. The interviews suggest that these characteristics could actually play a role in firms' decision to implement multichannel marketing. For example, it is mostly SMEs perceived the adoption barriers discussed in the last paragraph; however, not all interviewed SMEs have experienced such difficulty to implement multichannel marketing and on contrary, some find multichannel marketing a valuable tool for their operation. Product category appears to be influential as well: IT firms consider multichannel marketing an inevitable choice as it is consistent with their product/service and brand image, while a traditional food product firm considers its products lack potentials to fully exploit multichannel marketing. Because of the diversity that we specifically designed for our sample, we observed these different patterns in multichannel marketing implementation; however it is not clear yet that whether these obstacles or attitudes are a matter of subjective perception or objective consequences from specific contingencies. Future research clarifying these issues would greatly contribute to marketing practices in various industries seizing the opportunities in multichannel marketing.

2.6 Conclusion

In this paper, building on current literature and practitioners' perspectives, we firstly proposed an operational framework describing multichannel marketing in three dimensions: channel variety which are categorized into nine types according to their marketing implication, channel usage which is described as three kinds of marketing activities (namely, distribution, practical information provision, and relational communication) and the intensity the channels are used to perform these activities, and channel integration which is described both in terms of the integration perceivable by customers and integration within the firm itself. By clarifying the ambiguity and limitation in literature regarding the functional scope

of multichannel marketing, this framework improves the comprehensiveness of our knowledge on the subject. By integrating perspectives from diverse types of firms, it also improves the generalizability of our multichannel marketing knowledge. Secondly, to our best knowledge, we unprecedentedly provided empirical insights on firms' motivations to implement multichannel marketing, which suggest three main types: economic benefits, customer benefits and pressure of competition. Economic benefits could be realized through saving costs and/or increasing Top Line; customer benefits could be delivered through utility experience and/or hedonic experience. Firms could be motivated simultaneously by different reasons; and their motivation could impact on the implementation of multichannel marketing. Finally, several other factors emerged during the field interviews, indicating potential influence on firms' adoption of multichannel marketing, such as internal capability, cost efficiency, product characteristics, and so on.

2.6.1 Managerial implication

Our study suggests several managerial implications. First of all, by considering the practice of multichannel marketing a matter of different levels instead of dichotomously yes or no, a simply dismissive approach to multichannel marketing may render loss of opportunities. We summarized diverse types of channels and their respective marketing opportunities which are much more than simply selling in a multichannel environment. The eclectic capability of different channels makes multichannel a more powerful way to distribute, to manage information flow, and to manage the increasingly important relationships with customers. There is not one single best way to implement multichannel marketing; firms have the possibility to choose the channel mix and the marketing activities to be carried out on these channels in ways which are suitable for their specific situations. Secondly, given such flexibility in implementing multichannel marketing, firms need to first define the objectives that they would like to achieve through multichannel marketing. Since implementing multichannel marketing implies investment and impacts on organizational structure, operational process, customer perception, and so on, planning and execution need to be guided by clear objectives in order to achieve desired outcomes.

2.6.2 Limitation

The exploratory nature and qualitative methodology of this study imply some structural limitations. It is an effective way for variable generation thus to elicit the framework as stated

in the research objectives. Nonetheless, the results could not be concluded with generalization and representativeness in terms of statistical significance. The proposed framework yet requires to be tested with further studies, especially in a quantitative approach.

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STUDY THREE

ANTECEDENTS AND CONSEQUENCES OF FIRMS' MULTICHANNEL MARKETING PRACTICES

Abstract

Multichannel has diffused in firms' marketing practices. Among a wide range of available channels, firms could freely choose the ones that they implement and decide to what extent the channels being used and integrated. The actual implementation of multichannel marketing could be influenced by a number of antecedents such as the firms' motivation and factors of the environment where they operate. However, the current knowledge on multichannel marketing lacks empirical evidence on how these antecedents affect a firm's multichannel marketing practice, as well as how does the overall multichannel marketing practice affect firm's performance. With an empirical survey, we found that a firm's multichannel marketing practice is more influenced by its motivations than by environmental factors; different dimensions of the multichannel marketing practice have different effects on firm's performance. Managerial implications are discussed.

Key words

Multichannel marketing, motivation, environmental factors, performance

3.1 Introduction

The increasing accessibility to Information and Communication Technologies is enabling more and more firms to go multichannel in their marketing activities, which present them both opportunities and challenges at the same time (Neslin, et al., 2006). Multichannel marketing provides more choices and potentially more suitable alternatives to reach the customers (Rangaswamy & van Bruggen, 2005). Firms could try to win the competition or to proactively deal with the constantly changing market through the advantages of multichannel marketing (Payne & Frow, 2004); or the diffusion of such technologies and their application could elevate the competition and prompt the changes in the market, which in turn force the firms to adopt multichannel marketing (Neslin & Shankar, 2009). Despite the proliferation of research on multichannel marketing in the recent years, little attention has been paid to these antecedents to firms' multichannel adoption with few exceptions, for example, Chen & Lamberti (2014) suggested two main categories of firms' motivation to adopt multichannel marketing, namely economic benefits and customer benefits, each of which consists of different dimensions.

It is recognized in different fields of marketing as well as managerial research that a managerial practice's implementation and execution is affected by the objectives that a firm has regarding such practice; and the alignment between the strategy and implementation is key to its success (e.g. Noble, 1999; Slater & Olson, 2001; Langerak & Verhoef, 2003; Muller-Lankenau, et al., 2006). However, little is known in extant multichannel marketing literature regarding firms' motivations to implement multichannel marketing and how are they related to the actual multichannel practice. Moreover, being part of a broader market environment, firms' strategic approach and tactic operation could be influenced by certain factors of the environment where they operate (e.g. Sheth, et al., 2000; Zhou, et al., 2005). Thus, the first objective of this paper is to examine the internal antecedent, i.e. firm's motivations, and the external antecedent, i.e. the environmental factors, to multichannel marketing implementation.

Assessing how does multichannel marketing perform is essential for firms to evaluate their endeavor and/or to assist decision making for the future. Much multichannel marketing research has involved performance in the studies, most of which however were channel-level performances (e.g. Gensler, et al., 2007; van Birgelen, et al., 2006). However, across channels there could be both synergies and conflicts (e.g. Webb & Hogan, 2002; Naik &

Peters, 2009). Moreover, since there is not a standard practice for multichannel marketing and a firm is free to choose from a wide range of channels to compose its multichannel practice (Chen & Lamberti, 2014), the extant research on multichannel performance could not be generalized. Instead, investigating a firm's overall performance in relation to its multichannel marketing practice may provide practical insights. Thus, the second objective of this paper is to examine the effect that implementing multichannel marketing may have on the firm's performance.

In this paper, we address these two objectives with an empirical study of over a hundred Italian firms of diverse characteristics. We contribute to the research in multichannel marketing in two ways. First of all, to our best knowledge we first identified how internal antecedent (i.e. firm's motivation) and external antecedent (i.e. environmental factors) influence the overall configuration of a firm's multichannel marketing practice. Second, we identified how the dimensions of multichannel marketing configuration affect a firm's performance.

The remainder of the paper is organized in the following way: we first review the theoretical background of the area of investigation and develop the conceptual framework; then we describe the methodologies applied in the study; then we introduce the results of the empirical study; then we discuss the results and the research implications; at last, we provide the managerial implication of the study.

3.2 Background and Framework Development

3.2.1 Multichannel Marketing

Most of the literature studied multichannel marketing on the level of individual channels, and many differentiated the transactions and communications in their context of study. For example, most commonly studied multichannel in transactional context involves physical stores, internet, catalog, and sales force (e.g. Ansari, et al., 2008; Choi & Park, 2006; Sharma & Mehrotra, 2007; Merrilees & Fenech, 2007); in communicational context channels being studied include television, print, radio, telephone, email, internet, social media, and so on (e.g. Naik & Peters, 2009; Godfrey, et al., 2011; de Vries, et al., 2012). As the line between transactional and communicational activities are becoming blurred (Keller, 2002), and the need to sustain a beneficial customer relationship is becoming increasingly important (e.g. Payne & Frow, 2005; Venkatesan & Kumar, 2004), for the objective of our study, we

examine both transactional and communicational channels. Instead of individual channels, Chen & Lamberti (2014) proposed nine types of channels, which group together the individual channels with similar marketing implications, providing a more generalizable and parsimonious framework. The nine types are: mass media, outlets (physical point-of-sales), call center, industry events, website, social networks, emails, web-services, and mobile. It is also suggested that a firm's multichannel marketing practice does not depend only on the number of channels they have, but also to what extent a firm applies the channels and to what extent the channels are integrated. Thus, as Figure 3.1 illustrates, we describe multichannel marketing practice in the conceptual framework in three dimensions: number of channels, intensity of use, and channel integration.

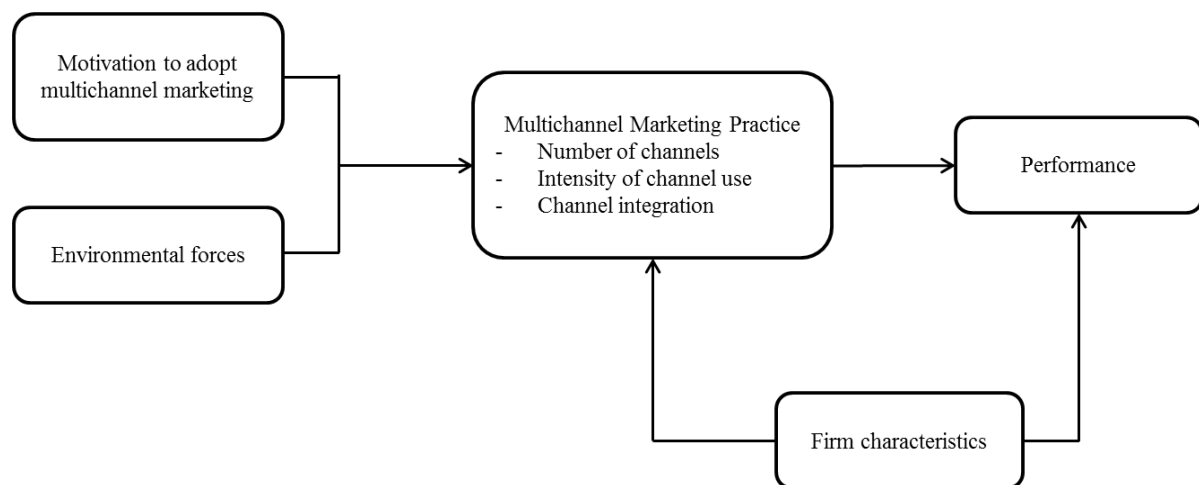


Figure 3.1 Conceptual framework

3.2.2 Motivation of multichannel marketing adoption

Chen and Lamberti (2014) summarized the motivations of firms adopting multichannel marketing into three broad categories: economic-driven, customer-driven, and compelled by competition. We review in this section the economic-driven and customer-driven factors as they are endogenous to the firm itself; and we review the exogenous factor, competition, in the next section as environmental forces.

Economic-driven motivations mainly directly benefit the firms and could be further grouped in two kinds. First of all, firms could attempt to increase their revenue through multichannel marketing. Having more transactional channels could increase the market coverage (e.g. Wallace, et al., 2009; Sharma & Mehrotra, 2007) and the frequency of customers' purchases (e.g. Venkatesan, et al., 2007). Studies on consumer behavior also suggest that customers

using multiple channels purchase more than the ones using single channel, and operating on multichannel provides firms an opportunity to segment the customers and to better focus on the more profitable segments (e.g. Thomas & Sullivan, 2005; Konus, et al., 2008). Secondly, instead of direct boost the top line, multichannel marketing may benefit the firms economically through higher efficiency and effectiveness (e.g. Naik & Peters, 2009; Berger, et al., 2006; Sultan & Rohm, 2004).

Customer-driven motivations are focused on the direct benefits derived from multichannel marketing for the customer, although they eventually are expected to benefit the firms through more satisfied customers (e.g. Montoya-Weiss, et al., 2003). In multichannel environment, customers could enjoy better utility such as flexibility and accessibility compare to the traditional channels (e.g. Balasubramanian, et al., 2005; Frambach, et al., 2007). Hedonic experience could be enriched as well in multichannel environment thanks to different technological characteristics and capacities of diverse channels (Chen & Lamberti, 2014). As a consequence, firms may build through multichannel marketing lasting customer relationships and thus benefit from greater customer lifetime value (e.g. Kumar 2010; Payne & Frow, 2004; Verhoef, et al., 2007).

Firms motivated by revenue growth may adopt a high number of channels in order to intensify POS and/or to expand market; while the ones motivated by higher efficiency and effectiveness may try to exploit the potential of each channel and the cross-channel synergies to the fullest, thus increase the intensity of channel usage and the level of channel integration. Firms which seek to deliver better customer value in multichannel environment may adopt higher number of channels in order to provide customers the flexibility of channel choice; they may actively utilize the channels so that the customers' expectation would be met; and they may tightly integrate different channels in order to create seamless experience. However, adopting multichannel marketing represents investments that the firms have to make in terms of finance, human resource, competences, time, and so on which prohibit firms from infinitely increasing the level of multichannel marketing (e.g. Chen & Lamberti, 2014; Valos, et al., 2010). Thus the firms may choose a multichannel marketing configuration that is deemed most efficient in the given circumstance (Muller-Lankenau, et al., 2006). It brings us to our first research question:

Research Question 1: How does firm's motivation to adopt multichannel marketing affect its actual multichannel marketing practice?

3.2.3 Environment forces and multichannel marketing practice

Chen & Lamberti (2014) also suggested that some firms were compelled by competition to adopt multichannel marketing. In fact, firms operate in an environment with various interacting forces. Various previous studies have considered such environment forces more broadly on three dimensions: demand uncertainty, technological turbulence, and competitive intensity (e.g. Jaworski & Kohli, 1993; Voss & Voss, 2000; Zhou, et al., 2005).

Demand uncertainty refers to the change of composition of customers and their preferences. Jaworski & Kohli (1993) hypothesized that higher demand uncertainty may push firms to be more market-oriented and in turn, more market-oriented firms should outperform in an environment characterized by high demand uncertainty. The empirical result did not support such hypothesis, however, Zhou, et al., 2005 did find that demand uncertainty stimulate (especially market-based) innovation. Literature in multichannel marketing often suggest that customers' changing needs and preferences are important factors driving the adoption of multichannel marketing (e.g. Webb, 2002; Payne & Frow, 2004). Multichannel marketing research has been investigating the customers' characteristics in multichannel context; however, most of these studies are in a *post hoc* manner which examines differences in customers' characteristics when different behavior in multichannel environment is already emerged (e.g. Kumar & Venkatesan, 2005; Konus, et al., 2008). There is little evidence whether differences in customers' characteristics and preferences actually drive the firms to adopt multichannel marketing in order to better meet their needs.

Competitive intensity refers to the degree of competition that a firm faces in the given industry. Both Jaworski & Kohli (1993) and Zhou, et al. (2005) argued that high competition could push firms towards more market-oriented approach, however only Zhou, et al. (2005)'s hypothesis was supported by empirical result. To sustain the competition is always a relevant issue in multichannel marketing. It could have two facets. One is to keep up with the competition as certain multichannel marketing practices become the industrial norm (Chen & Lamberti, 2014), which does not necessarily lead to a higher level of multichannel marketing practice as a firm tries to merely match up with the minimum. The other is to actively face the competition through multichannel marketing (e.g. Coelho, et al., 2003, Ofek, et al., 2011), which could drive a firm to adopt higher level of multichannel marketing.

Technological turbulence refers to the rate of technological advances within an industry (Jaworski & Kohli, 1993; Zhou, et al., 2005). The arguments around technology in the

context of our study are rather different from the studies where it was applied before. The issue of technology is nonetheless relevant and important in multichannel marketing. The development and diffusion of Information Communication Technologies (ICT) are the main enablers to multichannel marketing (Kumar, 2010; Verhoef, et al., 2010). The firms' capabilities of managing such technologies could be derived from the compatibility of ICT and the firms' intrinsic competences; and their willingness to develop or to invest in such capability could be influenced by the perceived relevance of ICT to the marketing practices of the given industry (Chen & Lamberti, 2014).

Research Question 2: does the environment where the firm operates affect its multichannel marketing practice, and how?

3.2.4 Multichannel marketing and firm performance

Knowing how multichannel marketing is performing is essential for firms' decision making. While the general expectation is that multichannel marketing should be able to enhance firm's performance (e.g. Rangaswamy & van Bruggen, 2005), its actual performance is conditioned on various factors as shown by studies investigating multichannel marketing performance from different angles. For example, Gensler, et al. (2007) found that internet channel's performance increased over time; van Birgelen, et al. (2006) suggested that channel level performance was subject to the type of task to be performed comparing channels with human interaction and phone/internet channels; Deleersnyder, et al. (2002) found that in newspaper industry internet channel was able to attract customer and advertisers with new demographic profile when it is positioned with appropriate distance from the traditional channel; Wolk & Skiera (2009) suggested that internet channel increases more strategic performance than financial performance.

However, assessing performance of a single channel appears limitative since there could be either positive or negative interactions among the channels (e.g. Webb & Hogan, 2002; Naik & Peters, 2009). Thus besides evaluating the performance of a particular channel, some studies also examined from a broader perspective, the configuration of the whole multichannel marketing system and the firm's performance. For example, interpreting firms' marketing and/or online strategy and their respective general infrastructure and processes, and online-channel infrastructure and processes, Muller-Lankenau, et al. (2006) suggested that there was not a standard configuration delivering superior performance, rather the alignment between strategy and configuration was the key. Similar to the form of channel

configuration in our framework, Coelho, et al. (2003) investigated the performance of multichannel system in terms of number of channels and the extent to which the channels were used, and found that the significance of better performance resulted from increasing number of channels depended on the extent of channel usage.

Chen & Lamberti (2014) described that among the firms which deployed the same type of channel, large variance was observed in the intensity that they exploit such type of channel. Thus we may argue that the mere measure of number of channels could be rather ineffective in enhancing a firm's performance in the multichannel environment. Thus:

Research Question 3: how does a firm's multichannel marketing practice, in terms of number of channel types deployed, the intensity of channel usage, and channel integration, impact its performance?

3.3 Methodology

3.3.1 Measurements

Multichannel marketing practice

The measurements for multichannel marketing practice are developed based on the proposal of Chen & Lamberti (2014), which consists of nine types of marketing channels, and which describes multichannel marketing practice on three dimensions: number of channels types adopted, intensity of channel usage, and channel integration. An example of the question is: "how much does your firm use the following channels for marketing purposes: mass media, including advertisement on TV/radio/billboard/magazine/press, marketing materials distributed to mass audience such as leaflets, and so on?" The answer is in five-point Likert scale with "1" being "rarely use it" to "5" being "systematically use it"; the answer also has the option "0" if the surveyed firm does not apply the given type of channels. Channel integration is measured by five items, two of which measure how much the firm presents its multichannel practice to customers and encourages the customers to use multichannel, the other three measure that within the firm, how much does it synchronize and update the channels, to serve each individual customers consistently across channel, and to share the information obtained from different channels. The answer is in five-point Likert scale with "1" being the lowest level and "5" being the highest.

Motivation of multichannel marketing adoption

Based on the discussion in Chen & Lamberti (2014), a total of 11 items are developed to measure the firms' motivation to adopt multichannel marketing. Four of them describe the benefits for firms, among which two indicate improving utility, and the other two indicate increasing revenue. The other seven describe benefits for customers, among which three indicate improving customer utility, and the rest indicating enhancing hedonic experience which refers to the experiential dimensions of sensory, emotion, action, and relation, adopted from Schmitt (1999). The answers are in five-point Likert scale.

Environmental forces

Adapted from Jaworski & Kohli (1993), six items are developed to measure environmental forces. However, adjustments have been made especially to the items describing "technological turbulence" to refer it to the technology application in marketing practices in a given industry, instead of product-related technologies. The answers are in five-point Likert scale.

Performance

Performance is measured in two parts. First of all, we measure the firms' performance with four objective indicators. The first two are each firm's ROS and ROA standardized within its peer group in 2013 (hereafter ROS/ROA competitive position). Since we have a sample across a wide range of industries, by this standardization we remove industry-specific effects on the magnitude of ROS and ROA (Homburg, Artz, & Wieseke, 2012). The ROS/ROA competitive position indicates how well a firm performs relative to its peers in the same industry and of comparable size. The other two are the change of ROS and ROA (hereafter ROS/ROA change) each firm has experienced from 2011 to 2013 standardized within the sample, indicating the firm's performance has been improving or regressing. Furthermore, five questions are asked in the questionnaire, measuring the level of satisfaction of the surveyed firms in terms of market share, sales, market positioning, customer satisfaction, and innovativeness. Questions are answered in five-point Likert scale, with "1" being the least satisfactory, and "5" being the highest satisfactory.

3.3.2 Sample and data collection

Collaborating with *l'Osservatorio Multicanalità*, we obtained a list of contacts, the majority of which are marketing managers or responsible, communication managers or responsible, and/or top management of firms (or business units) from various industries operating in Italy.

A total of 1385 internet surveys were sent out; 151 were returned to us, among which 104 were complete (an overall response rate of 7.5%). The profile of the 104 firms is described in Table 3.1. As it shows, among the respondents there are much higher percentages of large, as well as medium-sized firms than the country-level statistics⁶. The higher presence of larger firms in the sample could be caused by higher level of formalization and specialization in personnel and functions within larger organizations, and their stronger interest and past experience in the participation of the activities of *l'Osservatorio Multicanalità*. Since sample's representativeness of the population is not critical to the objectives of this study, we proceed with the data analysis.

Among the sample, we obtained the data of ROS/ROA between 2011 to 2013 of the individual firms and their respective classified peer groups, from database AIDA (Analisi Informatizzata Delle Aziende Italiane) for a subset of 73 firms. Table 1 also describes the profile of the firms in the subset.

Table 3.1 Sample profile

Surveyed firm characteristics		% of sample	% of AIDA subset
Size of the firm	Small (<50 employees)	10%	8%
	Medium (51-250 employees)	17%	18%
	Large (>250 employees)	73%	74%
Product type of the firm	Goods	22%	25%
	Services	49%	38%
	Both	29%	37%
Customer type of the firm	Consumer customers	34%	33%
	Business customers	29%	27%
	Both	38%	40%
Intermediaries	Use intermediaries	51%	47%
	Do not use intermediaries	49%	53%

3.3.3 Measurement validation and reduction of data dimension

First of all, we performed a series of analyses to validate the measurements and to reduce the dimension of the data for subsequent analysis. Three exploratory factor analyses were performed using Stata 12 on motivation of multichannel marketing adoption, environmental variables, and satisfaction of the outcomes, as summarized in Table 3.2.

Three factors are identified for the firms' motivation to adopt multichannel marketing. Multichannel utility for the firms' operation and for the customer emerge as one factor; to

⁶ European Commission, 2013: large enterprises compose 0.2% of the total number of enterprises, medium-sized 1.1%, and small-micro enterprises 98.7%.

create hedonic experience for customers emerges as the second factor and to drive revenue as the third. The alpha indicators for factor's internal consistency and the KMO indicator for sampling adequacy are all satisfactory.

The three factors extracted from the environmental variables are technology relevance, demand uncertainty, and competition. The competition factor shows a relatively weak alpha indicator, and the KMO indicator is slightly low. However, the result is consistent with previous studies using comparable variables (e.g. Jaworski & Kohli, 1993; Zhou, Yim, & Tse, 2005), thus we proceed to the next steps of the data analysis with this result.

Two factors are formed in the satisfaction of outcomes, one concerning sales outcomes and the second other general outcomes. Both alpha indicators and the KMO indicator are satisfactory.

Table 3.2 Factor analysis

Factor	Variable	Factor Loading	Cronbach Alpha	KMO
<i>Motivation of Multichannel Marketing Adoption</i>				
Utility Enhancement	To improve operation process	0.49	0.84	0.82
	To reach market more efficiently	0.54		
	To better serve the customers	0.66		
	To increase accessibility for customers	0.76		
	To satisfy different customer needs	0.78		
Customer Experience	To create various sensorial appeals	0.72	0.86	
	To create emotions in customers	0.83		
	To encourage customer engagement	0.82		
	To foster intimate customer relationship	0.56		
Drive Revenue	To increase sales	0.59	0.67	
	To expand into new markets	0.65		
<i>Environment Variables</i>				
Technology relevance	New technologies as marketing tools	0.86	0.76	0.61
	Successful examples of using technology	0.91		
Demand uncertainty	Change in customers' purchase behavior	0.77	0.65	
	Customers seeking new experience	0.89		
Competition	Difficult to differentiate	0.91	0.50	
	Fierce competition	0.65		
<i>Performance Measurement</i>				
Sales	Market share	0.80	0.87	0.76
	Revenue	0.78		
General	Market positioning	0.57	0.78	
	Customer satisfaction	0.66		
	Innovativeness/success rate	0.64		

Factor scores are calculated following the EFAs described above. Another three variables representing multichannel marketing practice are generated from the original dataset. First of all, the “number of channel types” that each surveyed firm has is the sum of questions regarding the usage of channel types that they did not answer with “0”. Second of all, “intensity of channel use” is created by standardizing the sum of answers to the nine questions regarding the usage of channel types. At last, “channel integration” is created by standardizing the sum of answers to the five questions regarding channel integration. Furthermore, dummy variables are coded based on firm characteristics as control variables.

3.3.4 Data analysis

First, we performed a cluster analysis on the variables describing multichannel marketing practice and other descriptive statistics in order to give an overview of how multichannel marketing is currently implemented by firms. Then, to address the three research questions, we performed two sets of regression analyses.

3.4 Results

In this section, we first present the descriptive statistics and the result of the cluster analysis on the multichannel marketing currently implemented by the surveyed firms. Then, we present the results of the empirical tests for the research questions.

3.4.1 Multichannel Marketing Practice

Figure 3.2 summarizes the percentage of the sample firms that have adopted each type of channels. It shows that all the nine types of the channels are fairly diffused among the surveyed firms, with website being the most adopted, and call centers, web-services and mobile among the least.

We further describe the use of the channels types in firms with different characteristics, as illustrated by Figure 3.3 to Figure 3.6. Considering the size of firms, it shows that while the level of adoption of most channel types does not differ greatly across small, medium, and large firms, a much lower level of use is observed in small firms with call centers; and considerably higher percentage of large firms have adopted mobile channel compare to the rest. Considering the firm’s product type, the service providers depend less on POS and call centers compare to the others. The firm’s client type is associated with higher variation in the

channel types adopted: POS, web-services and mobile channel are more commonly adopted when the firm has consumer customers, while call center is more adopted by firms which have business customers. Finally, firms depending more on intermediaries have higher percentage that use call center, mobile and POS.

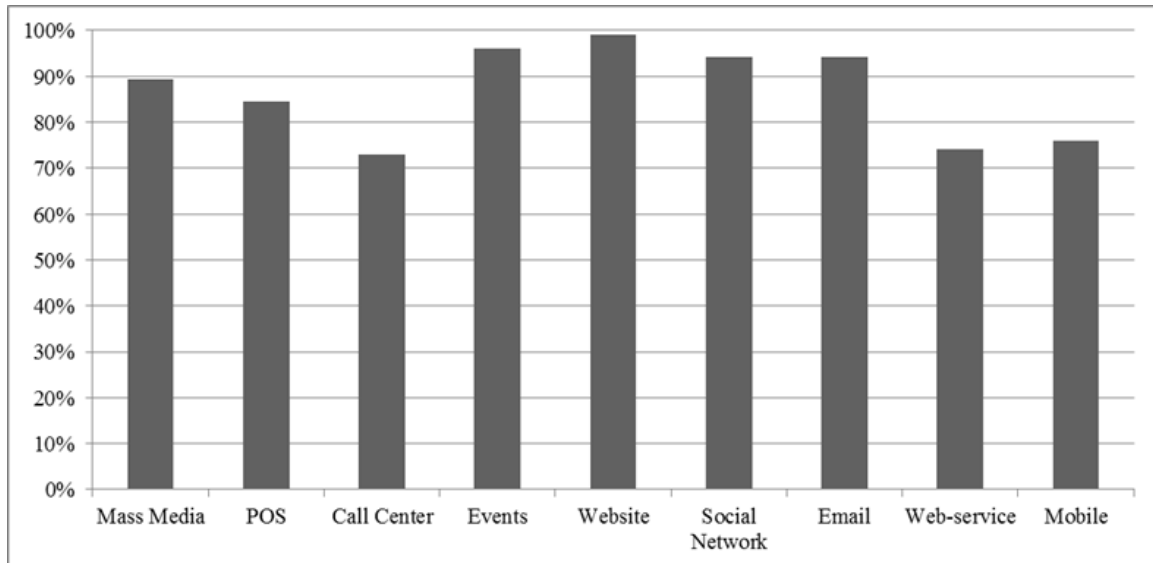


Figure 3.2 Channel types deployed by the percentage of surveyed firms

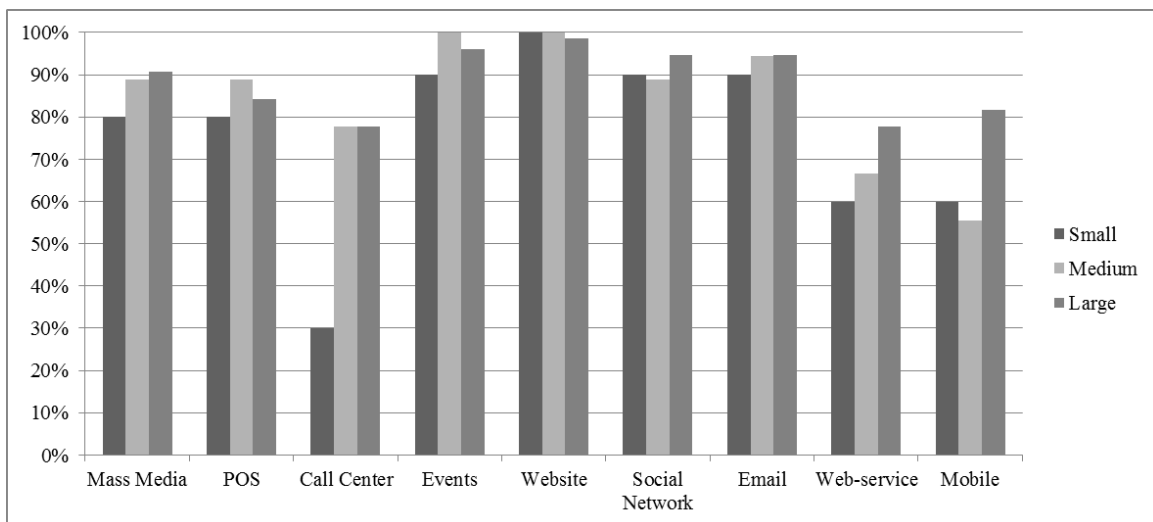


Figure 3.3 Channel type by percentage of firm of each size category

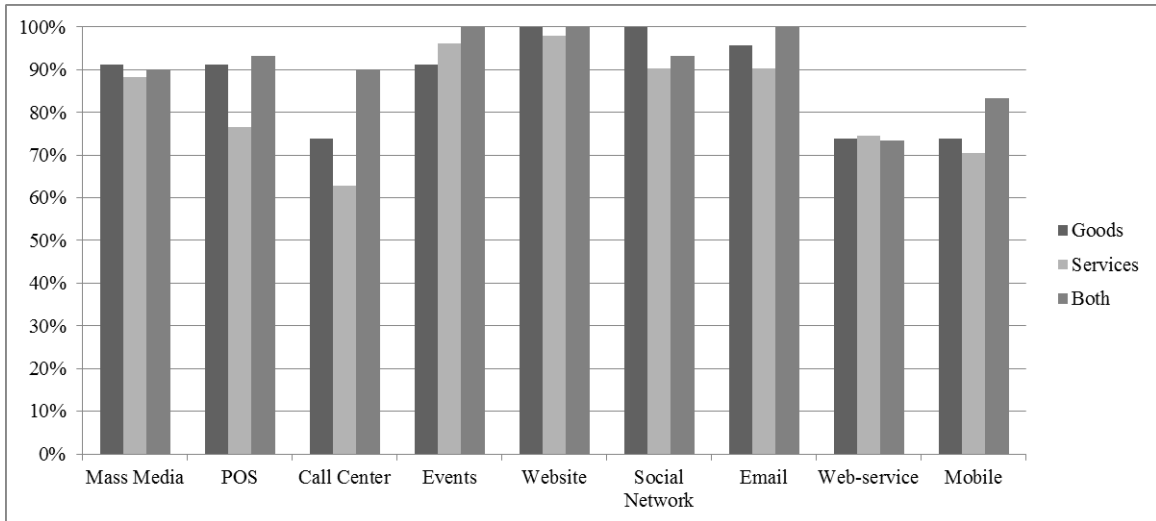


Figure 3.4 Channel types by percentage of firm of each product category

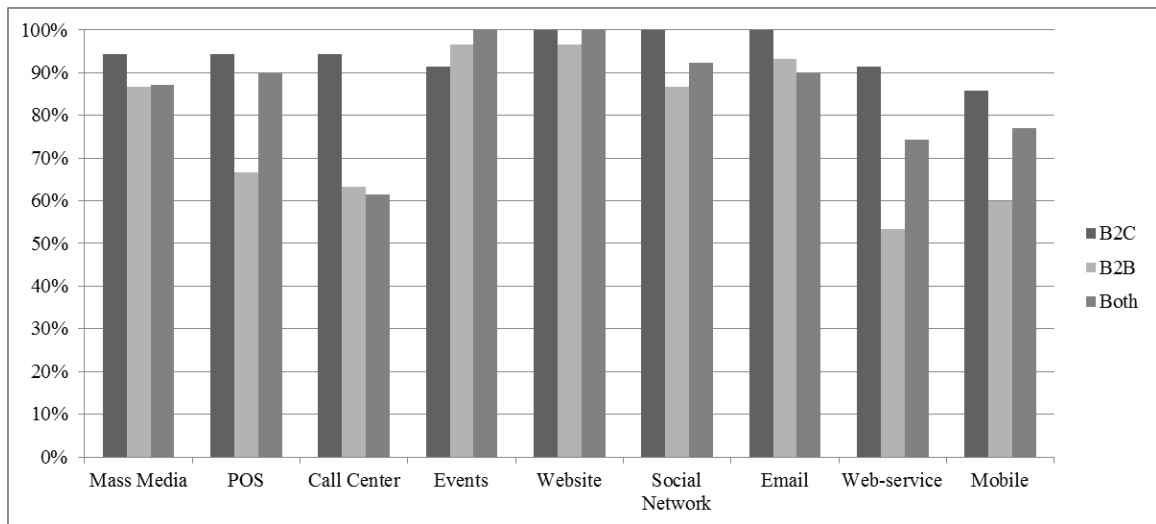


Figure 3.5 Channel type by percentage of firm of each customer type

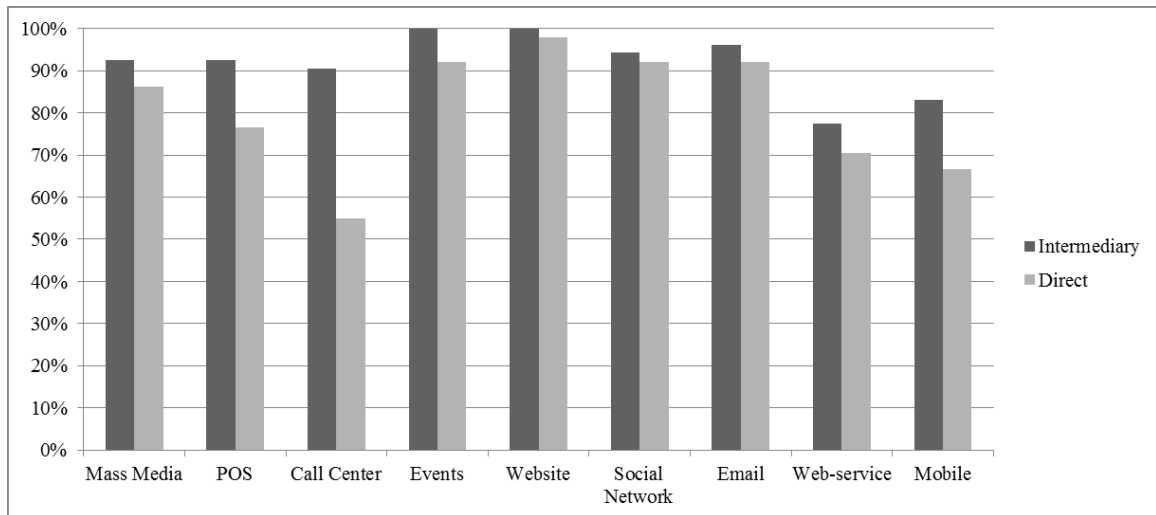


Figure 3.6 Channel type by percentage of firm using or not using intermediaries

A cluster analysis is performed on the types of channels implemented by the surveyed firms. Using Stata 12, we first performed four cluster analyses with K-means method, producing 2-, 3-, 4-, and 5-cluster solutions respectively. The Calinski-Harabasz index suggests that the 2-cluster solution renders most distinctive clusters, followed by the 3-cluster solution. Examining the 2-cluster solution, it describes two groups with either low or high level of activities on the nine types of channels. Further examining the 3-cluster solution, we discover more differentiation across clusters as summarized in Table 3.3. The “conservative” cluster shows relatively low level of usage intensity on various types of channels. The “active” cluster and the “innovative” cluster show in general higher level of usage intensity of individual channel types. However, comparing the two, while the “active” cluster has quite balanced uses of different types of channels with more focus on POS and website, the “innovative” cluster puts relatively more importance on the “new” channels, namely, the internet-enabled and mobile-enabled channels. Most notably, the “innovative” cluster assigns the lowest importance to traditional POS among the three clusters, but the highest to website, social network, web-services, and mobile channels. Unsurprisingly, the “conservative” cluster has the lowest intensity of channel usage and the “active” cluster has the highest. The level of integration however, varies less; especially between the “active” and “innovative” clusters, same level of channel integration is detected.

Table 3.3 Clusters of multichannel marketing practice

Channel Type	Average level of usage intensity		
	<i>Conservative</i>	<i>Active</i>	<i>Innovative</i>
Mass media	1.8	4.0	3.5
POS	2.3	4.6	1.0
Call center	0.9	3.9	3.2
Events	2.8	3.2	3.2
Website	3.8	4.8	5.0
Social Network	2.3	3.8	4.3
Email	2.9	4.1	3.7
Web-services	0.7	3.0	3.4
Mobile	0.6	3.5	3.9
Intensity of use (std)	-1.24	0.66	0.21
Integration (std)	-0.41	0.15	0.15
Total cases	32	51	21

As Figure 3.7 shows, higher percentage of small firms fall in “conservative” cluster; most medium and large firms belong to the “active” cluster; and “innovative” firms are most likely to be large firms. Firms offering primarily goods as products are rarely innovative in channel usage; firms offering services appear to be quite evenly distributed across three clusters; and

firms offering both goods and services are the most active on multichannel marketing. Most B2C firms fall in the “active” cluster while most B2B firms fall in “conservative” cluster; firms with both consumer and business customers are more likely to belong to “innovative” cluster. Finally, firms having strong reliance on intermediaries are mostly either active or innovative in multichannel marketing, while the firms operating direct distribution are mostly either active or conservative.

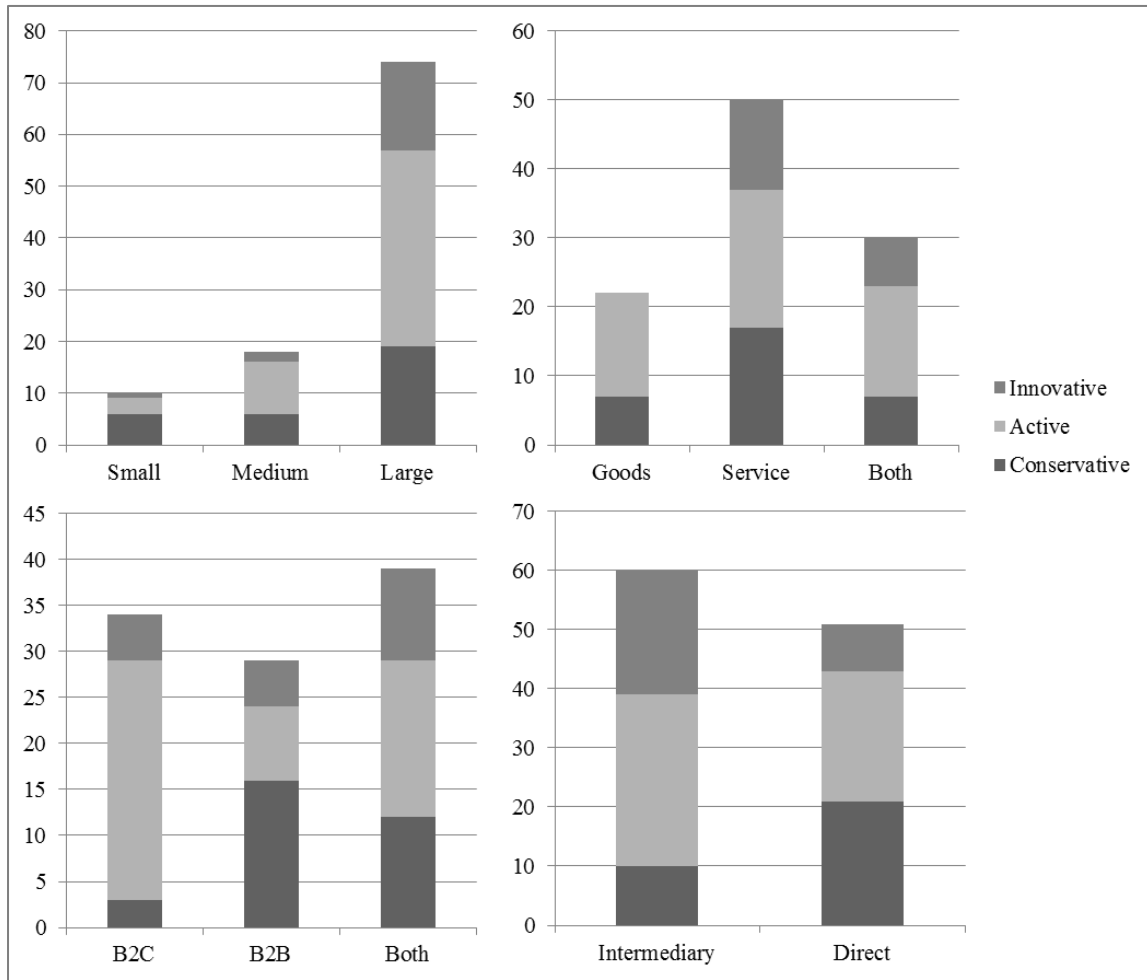


Figure 3.7 The clusters and firms’ characteristics

3.4.2 Motivation, Environmental Forces, and Multichannel Marketing Practice

The first set of three multiple regression analyses are performed based on the conceptual framework, investigating the relationship between firms' motivation and their multichannel marketing practice, as presented in Table 3.4.

Table 3.4 Regression analysis: motivation, environmental forces, and multichannel marketing

Dependent variable	Number of channels	Intensity of use	Channel integration
Independent variable			
Utility enhancement	-0.10	0.27***	0.36***
Customer experience	0.31***	0.28***	0.39***
Drive revenue	0.27**	0.17	0.09
Technology relevance	0.17*	0.17*	-0.06
Demand uncertainty	-0.11	-0.02	0.23**
Competition	0.09	0.05	-0.08
Control Variable			
Small firm	-0.22	-0.61**	-0.20
Medium firm	0.22	0.26	0.21
Goods	-0.40	0.04	-0.06
Service	-0.63***	-0.38**	0.16
B2C	0.44**	0.49**	0.25
B2B	-0.46**	-0.63***	-0.09
Intermediary	0.37**	0.02	-0.50***
R²	0.39	0.56	0.41

*: $p < 0.1$; **: $p < 0.05$; ***: $p < 0.01$

Research question 1, how does motivation of adopting multichannel marketing affects the three dimensions of multichannel marketing practice, could be divided further into the three aspects of motivation. As Table 3.4 shows, motivation in enhancing utility through multichannel marketing significantly increases the firms' intensity of channel usage and the channel integration. Motivation to deliver better customer experience significantly increases all three dimensions: number of channel types used, the usage intensity, and the channel integration. Motivation of driving revenue growth through multichannel marketing increases only the number of channel types being deployed.

Research question 2, do environmental forces affect the multichannel marketing practice, could also be further divided into three aspects. Results show that the market force's influence on firms' multichannel marketing practice is not so strong. Technology relevance to marketing practice in the given industry slightly increases the number of channel types deployed and the intensity of use. Demand uncertainty moderately increases the level of

channel integration. Competition in a given industry however does not appear to have any significant influence on firm's multichannel marketing practice.

Then, we controlled for firm characteristics in the regression analyses. While the size of the a firm does not significantly affect the number of channel types being used nor the level of channel integration, small firms show lower intensity of channel usage compare to the larger counterparts. Firms which offer primarily service have significantly less number of channels and lower level of usage intensity compare to the firms which have goods in product portfolio. The type of clients has several important effects on firms' multichannel marketing practice. B2C firms have highest number of channel types, B2B firms have the lowest and firms with both consumer and business clients stay in the middle. Similarly, B2C firms have the most intensive activities on their marketing channels, B2B firms have the least and firms with both kinds of clients stay again in the middle. Last but not least, the firms with intermediaries have higher number of channel types but lower level of integration.

3.4.3 Multichannel Marketing Practice and Performance

For the second set of multiple regression analysis, there is a concern for possible collinearity between independent variable "number of channels" and "intensity of channel usage", alerted by a correlation of 0.78. Although they are conceptually different, the overall intensity is likely to increase with the number of channels used. Therefore following the regression we also checked the "variance inflation factor" (VIF), which are 3.54 and 2.29 respectively, below the recommended cutoff threshold of 10 (Hair, et al., 1995). Thus the regression analyses are accepted for further interpretation. Research question 3, how does multichannel marketing affects firm's performance, shows rather different effects across the three dimensions as Table 5 shows. The coefficients of number of channel types deployed by a firm mainly have negative signs. The level of integration shows strong negative impacts on firm performance. The intensity of use is the only dimension positively affects the performance.

We also controlled for the clusters in the regression analyses. The three clusters show little difference in their ROS competitive position. The Active cluster is the most competitive in ROA and the Innovative cluster the least. The conservative cluster shows strongest improvements in ROS from 2011 to 2013; yet meanwhile it has the least improvement in ROA. The results are presented in Table 3.5

Table 3.5 Regression analysis: multichannel marketing and performance

Dependent variable	ROS competitive position	ROA competitive position	ROS change	ROA change
Independent variable				
Number of channels	-0.16	0.04	-0.20	-0.36
Intensity of use	1.21*	0.81	0.30	0.39
Channel integration	-0.64***	-0.87**	-0.46***	-0.36***
Control Variable				
Active cluster	0.04	1.02 ^a	-0.40	0.27
Innovative cluster	-0.30	-1.45 ^a	-0.22	0.21
R ²	0.17	0.20	0.20	0.14

*: $p < 0.1$; **: $p < 0.05$; ***: $p < 0.01$

^a: the coefficients of Active cluster and Innovative cluster are not significantly different from the benchmarking Conservative cluster, but they are significantly different from each other.

3.5 Discussion and Future Research

As argued in some previous research (e.g. Chen & Lamberti, 2014; Muller-Lankenau, et al., 2006), multichannel is a set of marketing tools that instead of one best or a standard practice, it is rather up to the firms to decide to what extent they apply multichannel marketing. Thus in this study, we investigate the current state of multichannel marketing practice in firms with diverse characteristics, and the antecedents (in terms of firms' motivation and environmental forces) and the consequence (in terms of performance) of such multichannel marketing practice.

3.5.1 The current multichannel marketing practice

The descriptive results suggest us that some of the “new” channels have already become widely diffused, even overtaking the traditional channels, for example, the uses of website, email, and social networks have surpassed those of mass media and traditional point-of-sales. Looking at the choices of marketing channels and the intensity of the channel usage, we found three kinds of behavioral patterns, namely conservative, active, and innovative. The conservative cluster shows the lowest level of multichannel marketing practice. Small firms are most likely to be “conservative” which could be a result of their limited financial and human resource to be invested in establishing and maintaining multichannel marketing activities, which is consistent with Chen & Lamberti (2004)'s finding that mostly it was small firms which express such barriers to multichannel marketing adoption. Then, purely B2B firms are more likely to be conservative, which could be caused by the more concentrated

market structure and the more stable supplier-customer relationship that characterize B2B market. The active cluster shows overall the highest level of multichannel marketing practice, with relatively higher importance attributed to traditional channels. Both medium-sized and large firms are more likely to be active in multichannel marketing: increasing functional specialization, financial resources, and market coverage and complexity could be the driving forces. Market coverage and complexity could also be a reason that B2C firms are much more likely to be active in multichannel marketing. The innovative cluster although shows lower overall channel activities than the active cluster, the “innovative” firms are particularly interested in the application of the “new” channels, namely, the internet-enabled and mobile-enabled channels. Large firms are more likely to be innovative, potentially as a result of higher and more specialized managerial capabilities (e.g., Del Aguila-Obra & Padilla-Meléndez, 2006). Then, firms using intermediaries for distribution are more likely to be innovative compare to their counterparts using direct distribution. There could be several possible explanations. For example, firms relying on intermediaries could be dealing with dispersed and complex market; applying multichannel marketing may provide these firms the opportunity to get in direct touch with their final customers; these firms could exploit multichannel marketing to innovate the relationship with both the intermediaries and the final customers; and so on.

Furthermore, the firms with conservative approach to multichannel marketing also suggest a low level of integration across the different channels. While the other two clusters, although showing different channel preferences, both considered integrating the different channels an important aspect of their multichannel marketing implementation.

3.5.2 The antecedents to multichannel marketing practice

We discuss the antecedents to firms’ multichannel marketing practice in two aspects: the endogenous motivation that the firms have, and the environmental forces influencing the firms’ decisions.

The number of channels deployed by a firm is significantly and positively affected by its motivation to enrich customer experience and to drive revenue growth. Each type of marketing channels has its strengths and weaknesses in creating the multi-faceted customer experience (e.g. Berman & Thelen, 2004; Chen & Lamberti 2014). For example, while internet- and mobile-channel could use multi-media to integrate digital marketing contents such as videos and audios, they lack the capability of providing the sense of touch, smell and

taste as physical stores excel at. Thus it makes sense that if a firm wants to enrich customer experience, it involves different channels in order to incorporate a wide range of experiential elements. Then, having more transaction channels is an immediate means to increase revenue, especially when such channels could effectively address new segments to reach new market (e.g. Berman & Thelen, 2004). The motivation of enhancing utility negatively, although insignificantly, affects the number of channels adopted could be a hint that the concern over more efforts and higher competence required to manage and utilize multichannel from both the firm and the customers might be greater than the perks of having more channel choices (e.g. Chen & Lamberti, 2014; Hahn & Kim, 2009). Both the intensity of channel usage and the channel integration are highly significantly and positively affected by the motivation to enhance utility and to enrich customer experience. This suggests that in practice, firms believe that exploiting the potential of the channels that they do have in an integrated manner is essential for achieving better utility and better customer experience. On the other hand, the insignificance of the motivation of driving revenue growth on both intensity of channel use and channel integration suggests that firstly, the surveyed firms may consider it difficult to have a revenue boost from one channel. And secondly, the surveyed firms are not pursuing revenue growth through multichannel integration. This result is not in line with the conventional wisdom in literature that firms integrate the channels for financial performance (e.g. Zhang, et al., 2010; Berman & Thelen, 2004). However, it is worth to point out that, such literature has taken a transaction-oriented perspective, Chen & Lamberti (2014), from which we adopted the measurement for multichannel marketing practice, argued that a holistic multichannel marketing system concerns not only transactions, but also information provision and relationship building, a notion supported by the empirical result that utility enhancement and customer experience are more influential factors than revenue growth in firms' adoption of multichannel marketing.

Among the environmental forces, only technology relevance has slightly positive influence on the number of channels to be adopted and the intensity of channel usage. It is understandable that if applying new technology as marketing tool is relevant in an industry, the incumbent firms could be more inclined to adopt and exploit them. It is somehow surprising though to see that demand uncertainty in fact negatively affect the number of channels adopted (although insignificantly). Some possible explanations could be explored, for example: is it pertinent to the characteristics or business philosophies of the particular region that our study is carried out that the firms deal with changing environment at status

quo? Do the different approaches (e.g. proactive vs. reactive) that the firms take in multichannel marketing have offsetting effects on this matter? Further empirical studies are warmly welcomed. Channel integration, on the other hand, is significantly and positively influenced by demand uncertainty, which affirms what has been suggested in various studies that channel integration helps firms to better understand its customers and thus to better manage the demand (e.g. Verhoef, et al., 2010). The rather insignificant effects of competition intensity on all three multichannel marketing dimensions might be an indication that, the current multichannel marketing has reached certain level of maturity (considering that internet-marketing research has been around for two decades and mobile-marketing for about one decade) that it might be more prevalent that the firms have to keep up with the competition through comparable multichannel marketing practice. However, it is certainly just a hypothesis which needs much further empirical evidence to prove or disprove. It also certainly does not mean that the research in multichannel marketing has come to an end, because it continues to evolve as the technological possibility evolves.

In short, among the antecedents to firm's multichannel marketing practice, the endogenous motivations are playing much stronger roles than the environmental forces, and different motivations could lead to diverse configuration in firms' multichannel marketing practice, thus supporting Muller-Lankenau, et al. (2006) and Chen & Lamberti (2014)'s argument that multichannel marketing is an eclectic tool that firms could apply to suit their purposes.

Chen & Lamberti (2014) pointed out that certain types of firms (i.e. small, service, and B2B firms) were relatively less represented; however, multichannel marketing as a general approach should not be exclusive to the other types of firms. Our result, as shown in Figure 3.7, suggest that although larger percentage which is more active in multichannel marketing has been observed among big, goods, and B2C firms, it does not exclude the small, service, and B2B firms from active multichannel marketing practice as well. Poon & Swatman (1999) suggested that experiencing tangible benefits was critical for small businesses to adopt Internet commerce. Thus, understanding whether multichannel marketing works differently according to firm's characteristics could be valuable knowledge guiding the firms to maximize the benefits they could derive from implementing multichannel marketing. As shown in Table 3.4, we see that the firm's characteristics being controlled have several significant effects on its multichannel marketing practice. Type of product and type of customer have significant effects on both channel number and intensity of use. Under the same circumstance, B2B firms implement much lower level of multichannel marketing than

B2C firms, which could be the consequence of the different characteristics between business customers and consumer customers so that B2C firms are more pressed to use eclectic marketing channels to reach and serve their customers which are higher in number, more diverse, less proceduralized in purchase process, and so on. Then, firms offering primarily services have significantly lower level of multichannel marketing practice. Although service industries are less represented in multichannel marketing research (Chen & Lamberti, 2014), there have been some studies dedicated to multichannel marketing service but the current knowledge is not sufficient to explain why service firms tend to have lower level multichannel marketing practice. However, under close examination, these studies coincidentally are mostly focused on financial services (e.g. Montoya-Weiss, et al., 2003; Patricio, et al., 2008; van Birgelen, et al., 2006; Falk, et al., 2007). Our sample on the other hand does not constrain any particular service industry; the broader range of service industries potentially involved may have contributed to the negative effects. This and the mechanism of this effect welcome further investigations. The effects of firm's size on all three dimensions of multichannel marketing are mostly insignificant. However, it is interesting to mention the sign of the coefficients: the coefficients for small firms are consistently negative as expected; however, the positive coefficients of medium firms comparing to the baseline, large firms, mean that instead of the deep-pocketed large firms, being a medium-sized firm which are often assimilated to small firms with the popular acronym "SME" actually increases the level of multichannel marketing practice under the same circumstance. In both literature and this study, it is not clear what are the other factors related to the firms' size influencing firms' approach to multichannel marketing once resource becomes less constraining; thus further investigation is encouraged. Then, whether the firms relying on intermediaries is the only significant, and negative controlled effect on channel integration, which is not surprising since part of the channels is external to the firm (Webb & Lambe, 2007).

3.5.3 The consequences of multichannel marketing practice

We investigated the relationships between multichannel marketing practices in three dimensions, and four performance indicators. Despite one may expect that adopting multichannel marketing should have positive effect on firm's performance, the three dimensions in fact suggest quite different effects on performance. Before discussing what the coefficients suggest, we briefly recap the components and the implication of our performance

indicators. We discuss the consequences of multichannel marketing practice in terms of sales performance and market performance.

$$ROS = \text{Operating income} / \text{Revenue} = (\text{Revenue} - \text{Costs}) / \text{Revenue}$$

$$ROA = \text{Operating income} / \text{Total assets}$$

ROS suggests how efficiently a firm turns sales into profits; while ROA suggests how effectively a firm could generate profits in relation to the assets that it possesses (Hendricks, et al., 2007).

The number of channels could increase revenue through a wider coverage of the market and a deeper penetration among the current customers (e.g. Wallace, et al, 2004; Kumar & Venkatesan, 2005). However, the increase in revenue brought by the number of channels should not be taken for granted if the channels are not properly utilized (e.g. Coelho, et al., 2003); and excessive channels being adopted increase the chance of channel conflicts and cannibalization (e.g. Webb & Hogan, 2002; Deleersnyder, et al., 2002). On the other hand, addition of channels would more or less require certain forms of investments and continuous costs (Chen & Lamberti, 2014). The negative coefficient it has in the relationship with ROS performance suggests that the increase of channel numbers did not sufficiently increase the revenue in order to offset the increase of costs (i.e. the number of channels has at most little positive contribution to the operating income). Its coefficient to ROA is extremely close to zero yet positive, suggesting that if the operating income only has at most minor increase as we inferred, the investments committed to the new channels are not substantial among the sample firms. In fact, the “new” channels characterized by ICT enablers may have reduced entry barriers such as initial investments (e.g. Simons, et al., 2002; Dholakia, et al., 2005). Low investments may also cause under-exploited ability of the channels to generate revenue.

The intensity of channel use could increase revenue by exploiting the channel’s potential to greater extent (e.g. Coelho, et al., 2003; Kauferle & Reinartz, 2014). For example, improving the sales forces’ technological equipment and human capital investment was found positively affecting sales forces’ effectiveness (e.g. Johnson & Bharadwaj, 2005). Strengthening an existing channel could require incremental investments and continuous costs as well, which however could be relatively less demanding. Without surprise, the coefficient to ROS is positive and significant suggesting that the intensifying channel usage is a cost-effective way

to increase revenue. Similar effect is observed in the relationship with ROA as well, suggesting that any investment in intensifying channel use is also effectively paid back.

Channel integration has always been considered an essential element in multichannel marketing which differentiates it from “multiple channel marketing” where the channels are independent from each other (Rangaswamy & van Bruggen, 2005). Through integration the firms may expect to enjoy cross-channel synergies, to better exploit the data availability, and thus to enhance their performance (e.g. Sa Vinhas, et al., 2010; Verhoef, et al., 2010). Applying channel integration also requires investments such as technological infrastructure, as well as continuous costs. However, the results show that the level of channel integration is strongly and negatively affecting the firms’ performance in both ROS and ROA. Similar to the number of channels, the negative effects suggest that channel integration did not effectively generate revenue relative to the operational costs it requires. However, the integration level also negatively impacts ROA performance, suggesting that unlike the number of channels, firms’ investments on integration could be more substantial.

The coefficients of the three dimensions of multichannel marketing practice remain in the same pattern in relation to the change in ROS and ROA the firms have experienced in the period between 2011 and 2013. A likely explanation could be that the adoption of multichannel marketing is a continuous and on-going process. Channel use may intensify along learning curve and experience with the channel, which consistently show positive impact on performance. But firms may have been investing in new channels and their integration without the opportunity to successfully develop competence in these two dimension, at least in a relatively short period of time.

When the clusters (as summarized in Table 3) are controlled in the regression analysis, the innovative cluster appears at most disadvantageous competitive position for both ROS and ROA. While the differences in ROS competitive position across three clusters are relatively minor, most significant differences emerged in ROA competitive position. The likely explanation further supports our previous arguments that investments in multichannel marketing implementation may weaken firms’ effectiveness before they gain adequate competence to fully exploit multichannel marketing. On the other hand, the strong position of the active cluster may indicate that the traditional channels are still important and that a combination of traditional and new channels could be the most productive.

Interestingly, when analyzing the performance in terms of ROS change and ROA change, the clusters show the opposite signs. The conservative cluster shows more positive ROS change than the other two clusters do, which could suggest that the conservative cluster is more efficient as it focuses on its usual activities while the other two clusters are actively engaged in channels requiring new competences and extra costs. However, conservative cluster has the least ROA change, suggesting that the firms in this cluster could be losing effectiveness in generating profits with their assets. The active and innovative clusters, on the other hand, although may be spending more on investments and operational costs, they may gain effectiveness as they progress on the learning curve of implementing multichannel marketing.

In fact, when asked about the level of satisfaction of their performance which could be performance indicators adjusted by managerial expectations, the active cluster and the innovative cluster report significantly higher level of satisfaction for their financial outcomes (standardized means being -0.48, 0.23, and 0.21 for conservative, active, and innovative clusters respectively), as well as higher level of satisfaction for market performance (standardized means being -0.21, -0.03, and 0.33 respectively). Similar observations have been made in investigating the performance consequence of enterprise systems such as ERP, SCM and CRM. Despite the mixed results (especially the implementation of CRM had not shown evidence of performance enhancement), Hendricks et al. (2007) suggested that it was still encouraging because persistent negative performance was not observed despite high implementation investments and costs.

3.6 Managerial Implication

This study offers some important managerial implications for firms which plan to implement and which are already operating multichannel marketing.

First of all, firms need not to be dismissive of the idea of multichannel marketing. Although certain firm characteristics are found to influence some dimensions of multichannel marketing, they do not strictly restrain a firm from taking a multichannel approach. On the other hand, although multichannel marketing is becoming more and more diffused, and is increasingly being perceived as a necessity, firms should not jump on the multichannel wagon by expanding into new channels without thorough consideration of the firm's needs and objectives in implementing multichannel marketing and a sound operational plan from a holistic perspective.

Secondly, the implementation of multichannel marketing may take time to demonstrate results. In fact, firms may even need to be prepared for a dip in performance before they fully gain competence and experience operating on multichannel in order not to be unnecessarily disappointed and not to prematurely judge the potential of their multichannel marketing practices. Thus, establishing proper performance indicators and regular performance control routine could be beneficial for a successful implementation of multichannel marketing.

3.7 Conclusion and limitation

In this paper, we answer to three research questions with empirical evidence: how do firm's motivations to adopt multichannel affect its actual implementation; how do environmental factors influence firm's multichannel marketing practice; and how does a firm's multichannel marketing practice affect its performance. We found that the firms' motivations to adopt multichannel are reflected in three aspects: to enhance utility for the firm and for the customers, to enrich customer experience, and to drive revenue growth. These three aspects significantly affect a firm's multichannel marketing practice; and they affect the number of channels deployed, the intensity of channel usage, and the channel integration differently. On the other hand, environmental factors have relative minor and insignificant influences on firms' multichannel marketing practice. Firms' performance appears to be negatively affected by the level of integration as well as the number of channels. On the other hand, the intensity of channel usage is only dimension positively influence firms' performance, although many of these effects, as well as those of number of channels, lack statistical significance.

This study is not without its limitations. The data is collected from a particular region and, as discussed earlier, we could not exclude the possibility that certain factors pertinent to this region might play a role in the relationships under examination. Thus further generalization is welcome. We investigated the relationship between firms' motivation and their practice of multichannel marketing, but this study is insufficient to provide evidence that whether such relationship represents a strategic fit for multichannel marketing and subsequently whether such relationship is associated with favorable performance outcome. Further investigation in this area could be greatly beneficial to guide firms' multichannel marketing implementation. We also discovered surprising yet intriguing relationship between the multichannel marketing practice and firms' performance, where we offered reasoned explanations. It opens up a vast, thought-provoking and significant area for further studies regarding firms' investment and other costs incurred in multichannel marketing, performance attributable to multichannel

marketing, firms' strategic and operational objectives in its implementation, and longitudinal investigation in these areas.

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CONCLUSION

The first study is a literature review carried out through the whole research period. In the literature review, we summarized two main themes: research on consumers' behavior in multichannel environment, and research on firms' behavior in multichannel environment. After the analysis of literature, we proposed that the future of multichannel marketing research requires more empirical evidence from a global perspective on multichannel marketing in order to generalize the opportunities and benefits for different types of firms.

Thus, in the second study, we conducted in-depth interviews with marketing and/or general managers of 32 Italian firms with diverse characteristics. By comparing and contrasting the perspectives of these practitioners about what multichannel marketing is, with the knowledge from literature, we identify a couple of dozens of individual marketing channels deployed by firms to perform marketing activities which include transaction, providing information, and communication for customer relationship. We further aggregate these individual channels into nine types according to their marketing implications. Moreover, we detect large differences among the interviewed firms in the intensity that they actually utilize some channels and the in the level of integration across different channels. Thus, we propose a framework for multichannel marketing described on three dimensions: variety of channels deployed, intensity of channel usage, and level of channel integration. All firms could evaluate their multichannel marketing practice referring to this framework; the result would suggest that the practice of multichannel marketing is a matter of different levels. The second study also summarized the motivation of the firms to adopt multichannel marketing, including economic benefits, customer value, and pressure from competition.

In the third study, we applied the framework proposed by the second study and conducted a quantitative study with over 100 Italian firms. The study investigates the influence of internal antecedents (i.e. the firms' motivation) and external antecedents (environmental forces) on the firms' multichannel marketing practice; furthermore it investigates the impact of multichannel marketing practice on the firms' performance. The results find, first of all, three different patterns of how firms implementing multichannel marketing. One group shows low level of usage on all types of channels; the second group shows high level of activities on different types of channels in a quite balanced way; the third group shows specifically high level of activities on the new marketing channels (i.e. internet- and mobile-related channels). Then, the study finds that the firms which attempt to increase revenue through multichannel

marketing deploys higher number of channels; however, the ones which seek to enhance utility and to create superior customer experience are more focused on the actual utilities and channel integration of the channels deployed. Firms' motivations are also found much more influential than environmental forces on the implementation of multichannel marketing. Finally, we find that the level of channel integration has a strong negative impact on firms' performance in terms of ROS and ROA. The number of channels also has negative but insignificant impact on firms' performance. Only the intensity of usage has generally positive impact on performance. Despite the negative performance outcome, there is still encouraging sign that the firms which are active in multichannel marketing practices show stronger improvements in effective utilization of their assets.

With the three consecutive studies, this research has made important contributions to the generalizability and applicability of multichannel marketing to different businesses. Even if the most commonly researched multichannel marketing practices (for example, internet transactions) are not feasible or suitable for a particular business, it does not mean that multichannel marketing as a general approach should be dismissed. In fact, we proposed a wide range of marketing channel choices which are capable of eclectic applications at the disposal of the firms. The managers could choose, based on their own needs and conditions, how to implement multichannel marketing. However, the benefits of multichannel marketing should not be taken for granted. The managers must also be aware that implementing multichannel marketing does not mean simply being present on different channels or adopting any tool that is available, without understanding the firm's needs and fully exploiting the channels being adopted. They should also realistically yet foresightedly manage the investments in and expectation from the implementation of multichannel marketing.

Limitation and future research

Every research comes with its limitations. In our study, the empirical evidences are collected from Italy, with a focus on the Lombardy region. As the level of technology's diffusion, business cultures, and consumers preferences vary, although the framework proposed in study two could still be applicable, the findings in study three could benefit from collecting more empirical evidence in different contexts. In addition, although we offered reasoned interpretation of multichannel marketing's impact on firms' performance, further investigation to confirm such interpretation or to offer new insights could be extremely

interesting and greatly beneficial for both marketing research and marketing practice. Furthermore, joint research between multichannel marketing and business strategy could be further explored. The “fit” among firms’ business strategy, multichannel strategy, and multichannel implementation, and the potential competitive advantages created by this “fit” represent a large area of potential research opportunities.