

НАСЛІДКИ МУЛЬТИКАНАЛЬНИХ ПРОДАЖІВ ТА ПЕРСПЕКТИВИ ДЛЯ КЛІЄНТІВ ТА ПРОДАВЦІВ

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Проаналізовано, як мережева економіка, інформаційні та комунікаційні технології модифікують поведінку та переваги споживачів. Багато виробників продають свої товари в роздрібних магазинах, через каталоги, електронну пошту, соціальні мережі, телефон, онлайн-магазини, мобільні додатки, а також через ринкових посередників. Досліджено ефект мультиканальних продажів з погляду як покупця, так і продавця. Мультиканальні продажі дають можливість клієнту самостійно вирішувати, як, коли і де купувати товари та замовляти послуги. Запропоновано розглядати кожен канал збуту не окремо, а в сукупності з іншими для забезпечення ефекту синергії. Проаналізовано взаємний вплив каналів та переваги мультиканальних продажів як для продавців, так і для покупців.

Ключові слова: мультиканальний розподіл, маркетинговий канал, поведінка споживачів.

CONSEQUENCES MULTI-CHANNEL SALES – CUSTOMERS AND RETAILERS PERSPECTIVE

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Network economy, ICT technology modify consumer behaviour and purchase habits. Many providers sell their offer today in the physical retail stores, through catalogues, e-mail, social networking sites, by phone, online store, mobile applications as well as market intermediaries. The aim of the article is to present the effects of multichannel sales. Both from the point of view of the consumer and the manufacturer/seller. Multichannel selling gives customer opportunity to choose how, when and where to buy goods and services. The researcher suggest to treat every distribution channel not as a separate system but manage them in order to find synergy. Different channel influence each other. Multichannel selling bring retailers: higher selling, higher lifetime value of consumer, higher cost managing multi-channel selling, better information about customers, more competitive market. Multichannel give customer: convenience, less cost/effort, flexibility buying, lower level of service. In the online environment and the network economy gradually blurs differences between communication and distribution channel.

Key words: multi-channel distribution, marketing channels, customer behaviour.

Problem formulation. During last two decades due to development of ICT technology providers start to use it in order to diversify its product and service distribution. The new technology has allowed not only to self-sell products over the internet without specialized market intermediaries but also has increased the possibilities of the use of indirect distribution channels through the manufacturer's easier communication with seller. This process accelerates with the development of mobile applications for portable devices. Many providers sell their offer today in the physical retail stores, through catalogues, e-mails, social networking sites, by phones, online stores, mobile applications as well as market intermediaries. In the online environment and the network economy gradually blur differences between

communication and distribution channel because almost every channel of communication can be used or lead directly to purchase product. This is particularly visible in the direct marketing where the special offer is directed to the already known customer who often only has to accept it to make a purchase. The key success factor is the access to the customer base, which different companies offer more and more frequently products package from mobile internet to the electricity.

Multichannel sales strategy leads so far rather to the increase the number of sales channels instead of elimination some ways of offering products. At the same time extend of delivery channels are different – both lead to the run of stationary points of sale by the online retailers and on-line sales by traditional retailers with strong market positions.

The objectives of the publication. The aim of the article is to present the effects of multichannel sales. Both from the point of view of the consumer and the manufacturer/seller. The author tries to answer the following research questions:

1. What benefits are achieved by vendor including new distribution channels?
2. What are the benefits/costs receive/borne by the consumer due to multi-channel sales?
3. What consequences will multi-channel distribution bring over a long period of time?

The answer to the questions above will be done by analysing the results of studies conducted in recent years and published in reputable scientific journals.

Analysis of current research outputs and publications. There are a few key factors which encourage retailers to implement multichannel sales. The most important among them are changing shopper behavior and the need to meet consumer needs and through this increase sales [19, p. 49-51]. Retailers believed that customer expects to be able to make purchases in multiple channels. Main objective for adding new channel is to increase store or internet sales. In the implementation of multi-channel sales strategy there are also obstacles. During the early stages of multi-channels strategy, retailers have to change existing IT and logistics infrastructure. Over time, the problem becomes to build an integrated multi-channel sales system [19, p. 54].

There are many factors influencing on multichannel shopping and what kind benefit multichannel shoppers provide to the supplier. Customer who purchase multiple product categories are also likely to buy across multiple channels. [1, s. 58] Multichannel shopping behaviour is related to high purchase frequency and performed more frequently by old then new customer. Customer contacts are an important factors for improving lifetime value. It can be summarized that the multi-channel sales is primarily addressed to loyal customers and can increase their lifetime value. Multichannel shoppers have deeper relationship with supplier and demonstrate greater trust and lower perceived risk in their transaction in comparison to single-channel shopper. [1, s. 59].

Multichannel purchase have also some disadvantages. When consumers have more experience in the use of different distribution channels for different purposes they tend to change retailers during the purchase process. [8, p. 275]. The higher customers multichannel self-efficacy perceptions a higher probability maximize utility from different channels (*cross-channel free riding*). Many authors emphasize the need for coordination of multi-channel sales. They indicate that benefits from coordination is much greater due to treating each one as a separate system. Benefits and costs of coordination are as follows: [9, p. 106]:

1. Benefits;
 - economies of scale,
 - ability to differentiate offerings,
 - higher margins by avoiding channel conflict,
 - better information about customer,
 - improved intraorganizational communication,
 - reinforced relationship between the customer and the firm,

- higher entry barriers,
- better service levels,
- ability to compensate one channel's weakness with another channel's strength.

2. The costs of coordination:

- lost of strategic flexibility,
- large capital investment,
- increase fixed costs to provide coordinated activities such a services,
- decrease incentives for intermediaries,
- increase cost to manage different channels and inability to move quickly in the marketplace.

The other studies emphasize that multichannel selling's gives opportunities for synergies across channels. One of them is cross-channel communication and promotion [16, p. 173]. It occurs when retailer using one channel promotes another one. The second is using cross-channel information and research from one channel to improve decision in other channels. Next multichannel strategy may establish reference price for other channel in pricing strategy. Then multi-channelling can reduce operating cost through digitalization such products as e.g. bills. In the end it may help create economic scale and scope [16, p. 173]. Some researchers define five stages of adaptation cross-channel strategy [17, p. 87]:

1. Solo mode – independent business models for different channels.

2. Minimal integration – complementary business operation in different channels with focusing on the development of online business.

3. Moderate integration - integrated some activities of the business model across channels for optimization (“click and pick up in store”) and development the back office to support strategic change (e.g. call-centre services).

4. Full integration – aligned the offering across channels (e.g. price) and provided the seamless shopping experience across channels, restructuring organization to the full channel integration.

5. New business model - redefined role the retailer in the value chain of the sector by changing profit formula or creating value with other stakeholders (e.g. providing financial and logistics services to small suppliers).

Full integration of multi-channel sales strategy requires alignment of prices. It must be remembered that many companies have the lower stages of channels integration, and the price offer in various sales channels is different. Online prices are on average lower then offline prices but often it depends on the type of product [18, p. 146]. This strategy is due to a higher perceived risk relatively new online channel and also because retailers try to encourage customers to move to less costly channel. But in general retailers apply consistent price strategy for their offer. Channel-based price differentiation has rather limited relevance for retailers and are rather low to other type of self-selection price differentiation [18, p. 149].

Multi-channel strategy involves dual distribution, in which a manufacturer sells both through the independent resellers and manufacturer's own reseller institution (e.g. internet website) [20, p. 70]. This strategy may reduce independent dealer's profit and result in channel conflict. Although new manufacturer's own distribution channel intend to reach new market and consumer, dual distribution can result inter channel competition and conflict [20, p. 104]. Dealing with this problem manufacturers are encouraging consumers to access and purchase in whatever channels they choose and then compensating channel members for their contribution to a sales [20, p. 105].

Although develops new sales channels suppliers all the time operate stationary facilities. Not all customers accept any distribution channel but most expected multichannel sales. In the research of financial services industry many of customers use also brick-and-mortar branch, ATM, internet and mobile apps in the same time but in the other aims [14, p. 173-174]. Many firms encourage customers to use e-channel for service. But forced customer migration may have a negative consequence on consumer attitude. Not only for customer using an old channel but also new e-channel. Rewarding customers to migrate to the e-channel is better strategy than punishing customers for using the old channel to migrate them to the new one [15, p. 266].

In a case of services industry their service scape may influence on a sales, because surroundings of services affects customer perceived services experience. Financial services industry is one of the most

innovative and competitive on the market. But such strategy may observe in the more conservative market either. The researcher proof that adopter using mobile apps is more likely to visit website [2, p. 109]. This way may be good solution to increase “frequency” in mobile advertising which may be very important part of income newspaper publisher. On the other hand, the position of the company, brand, seller doesn’t have to be the same in the on-line and off-line environment. Some studies point out that focusing on one channel sales helps to increase market share of selling through the channel. This is especially visible in the case intermediaries operating on the internet who are building their own brand sell many brands from different manufacturers.

Research confirmed that multi-channel retailers increase their on-line market share in comparison to internet-only retailers. A clear impact on stationary sales exerts also sales on the Internet. Multi-channel sales allows to observe different shopping habits transferring benefits between different channels sales. Customers often analyse the offer on-line and buy at the stationary point of sale (the effect ROPO – research online purchase off-line which is the most common), or vice versa - watch in the physical retail stores but buy over the internet. It is defined as “*research shopping*” what means that customer research product in one channel but then purchase it in another one. [11, p. 129]. Going from the internet to buy in the store is due to a lower assessment services and privacy in this channel sales. This mechanism is based on the attributes of the channel, but may also based on the lack of lock-in (positive attitude to searching and purchasing in the same channel), and cross channel synergy. [11, p. 144] Consumer can also change channels while purchasing transaction. Start purchase transaction on-line (order and pay) but finish in another channel (pick up at store). This define new pattern of multi-channel transactions order on-line pick up in store (OOPS). [12, p. 11] And this is rather cross-channel strategy most common for retailer selling standardized product.

Retailers offering an array of delivery channels can increase customer satisfaction, loyalty, and firm value. Multiple channel retailers increase consumer value by offering shopping convenience. For this effect integration different channel is needed. Commercial studies confirm that multi-channel consumers spent more and have higher income. The average multi-channel consumer spent more then single-channel consumer. Studies revealed that the differences are statistically significant and meaningful, concern many product categories [3, p. 78]. The differences in spending are significant in relation to the hedonistic [e.g. jewelry, wines, toys, arts] not utilitarian products [e.g. sports and telecommunication equipment, pet items, automotive accessories]. Multi-channel consumers may be more engaged in the purchase process and because of that they tend to buy more frequently, greater order quantity and higher spending [3, p. 81].

But some of research prove that there is a channel cannibalization and demand for retailers goods is not contingent on the number of channels. Some researchers claim that benefits of using multiple channels go beyond the sales generated through each of these, multichannel strategy allows to use synergy between channels and reduce transaction costs. The study confirms the influence of perception of stationary shops to purchase intention in online stores. [13, p. 81] The greatest direct impact is stationary store have merchandising defined through the prism of interesting products expected by consumers, offering favourable prices to the relationships value of product. At the same image online channel also determines the atmosphere, quality of service and the layout offers off-line.

Services delivery channel differ on the basis on the extent of separation between consumer and services process [4, p. 56]. Remote services delivery channels (phone, ATM, mobile apps) offer higher level of convenience for customer and the flexibility of choosing time and place to consume the service. They don’t have to carry about travel to the specific physical place or time of appointment. But they cause higher perceived risk. Effects of separations depend on service category, but negative consequence may be reduced by customer relationship management. On the other hand different aspects may be important in different services delivery channels. Perception of servicescape (quality, design) in the “on-site service delivery” may alleviate the negative interactive effects of service performance, but in the remote services delivery channels time/effort cost perceptions increase effectiveness direct marketing [5, p. 113–114]. Some studies suggest that the higher level of product and service sophistication, the smaller choice of the applicable distribution channels [6, p. 38]. With increasing sophistication more channel is required. At low levels of sophistication the use of multichannel strategy is expected but in the case of simple products (unsophisticated) more desirable is to focus on concentrate distribution. This may allow to avoid effects of channel conflict and allows concentrate the effort on single channel [6, p. 38–39].

Convenience orientation, lower risk aversion and lower services orientation affect search information and also complete transaction in the electronic channel [7, p. 192]. In contrast, the degree of risk aversion and service orientation encourage the selection offline over online channel. There are also differences in perception of on-line channels. Access to the financial services via the mobile application is perceived as less safe than operating through websites [14, p. 175]. But risk aversion is not significant during information search. Perception of channel attributes has determined channel attractiveness. Perceived channel value is the best predictor of channel usage. Consumers making channel selection to the greatest extent are indirect driven by perceived channel quality (which is affected by: service quality and merchandise quality) and perceived channel price. [10, p. 94].

Conclusions and prospects for further research. In summary discussion of the multi-channel sales it is worth noting that this trend is due to the many factors that are both on the consumer and retailers. In the network economy as a result of the growing importance of information and communication technologies consumer behavior are changing. The same ICT technology allows retailers to develop multi-channel sales and shorten distribution channels to meet consumers need. The main conclusions of the analysis research and study are as follows:

1. Multi-channel sales can better meet customer expectations and achieve higher sales and profits.
2. Multichannel shopper purchases more often, builds deeper relationship with supplier and has more lifetime value.
3. The higher customers multichannel self-efficacy perceptions the higher probability maximize utility from different channels (*cross-channel free riding*) and probability for changing retailer.
4. Integrating multi-channel sales gives more profit due to treating each one as a separate system.
5. There are defined five stages adaptation cross-channel strategy.
6. Online prices are on average lower then offline prices but in a long time at a high channel integration price differentials should not occur.
7. Multi-channel strategy involves dual distribution which cause inter channel competition and conflict.
8. Enabling new channels for customer service does not cause the disappearance of existing channels.
9. Customer often use different channels in the same time but for the other aims.
10. The position of the company, brand, seller do not have to be the same in the different channels.
11. Multichannel sales cause “*research shopping*” what means that customers research product in one channel but then purchase it in another one.
12. Multiple channel retailers increase consumer value by offering shopping convenience.
13. Different channel sales in multi-channel strategy influence of perception each other.
14. Services delivery channel differ on the basis on the extent of separation between consumer and services process.
15. Convenience orientation, lower risk aversion and lower services orientation affects search information and also complete transaction in the electronic channel.

In the long term multichannel distribution will certainly cause shortening of distribution channels and increased the pressure on the the level of prices as well as align them in the different channels. This will result in greater market transparency for the consumer and ease of comparing the offers in a sales channels. It seems that it will continue to grow tendency of consumers to make purchases over the internet. The relative novelty this sales channel and adopting it for new businesses (e.g. car manufactoryers) supports the direction of change. To make it happens, however, it is necessary to increase the quality of services provided through online sales channels. For products purchased with great frequency important additional sales channel can become mobile apps.

Another trend may be vertical integration of sales channels driven not only by producers but also market intermediaries. Strong intermediaries with an established position in online channels of sale will be equivalent to current strong position large off-line retailers. This will cause the development of private

label and / or the imposition of conditions for cooperation manufacturers. May be formed a special group of independent multibrand retailers who will let customers pick up, try on or test any product that has been chosen by the consumer on-line.

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