

## Chapter 25

# Is Multichannel Integration in Retailing a Source of Competitive Advantage? A Consumer Perspective

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### ABSTRACT

*Multichannel integration in retailing is the ability of retailers to combine physical infrastructures (stores) and virtual channels (catalogues, Internet, and mobile shopping) in order to sell and distribute products and the related post-sales services. The purpose of this chapter is to investigate how shoppers perceive three different multichannel integration models in retailing: independent, database, and full-integrated models. The results of a qualitative enquiry and a quantitative survey reveal that when consumers choose among different multichannel retailers, the retailer's brand reputation, the experience with other shopping channels of the same retailer, and the Website design are the most cited factors influencing their purchasing decision. Even though findings disclose that respondents do not perceive multichannel integration as a driver of their shopping choices, the qualitative data indicates the existence of a respondents' attitude towards the multichannel integration, measured in this chapter through an exploratory and a confirmatory factor analysis in the quantitative survey.*

### INTRODUCTION

Multichannel integration is defined as the activity of retailers to combine physical infrastructures (e.g. stores) and virtual channels (e.g. catalogues, Internet and mobile shopping) in order to sell,

distribute and provide products and related post-sales services (Müller-Lankenau et al., 2005; Rangaswamy & Van Bruggen, 2005).

In the multichannel retailing literature researchers have identified three different multichannel models corresponding to as many degrees of

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integration between sale channels (Andreini, 2012; Müller-Lankenau et al., 2005; Steinfield et al., 2005):

1. **Independent Model:** Where sales channels are independent and even belonging to different organizations, e.g. Darty and Zara.
2. **Database Model:** Where sales channels exploit digital technologies to share the same customer database, e.g. Apple and Media Market.
3. **Full-Integrated Model:** Where retailers mirror the physical store in other channels, integrating two or more channels with highly integrated services, such as: booking or ordering online and pick-up the purchased items in store, returning products to stores and searching the inventory in each retail outlet, e.g. Fnac and Auchan Drive.

These different levels of multichannel integration involve different degrees of investments in IT, process integration, organizational structure and human resources.

Many authors suggested the full-integrated model in retailing as an effective strategy to achieve a competitive advantage and to gain higher revenues (Müller-Lankenau et al., 2005; Rangaswamy & Van Bruggen, 2005; Steinfield et al., 2005; Zhang et al., 2010).

Multichannel customers, in fact, are generally considered to be more profitable than single-channel customers are (Kumar & Venkatesan, 2005; Venkatesan et al., 2007; Gensler et al., 2012), especially for specific product categories (Kushwaha & Shankar, 2013).

For these reasons, most of the research on multichannel retailing focused on the characteristics of multichannel customers (Dholakia et al., 2010), on their preferences (Neslin & Shankar, 2009; Verhoef et al., 2007), and on the drivers that induce shoppers to purchase in more than one channel (Balasubramanian et al., 2005; Montoya-

Weiss et al., 2003; Noble et al., 2005; Venkatesan et al., 2007).

In spite of a wider scholars' interest in multichannel integration and the related cross-effects between sales channels, still little is known about consumers' attitudes towards different levels of retailers' multichannel integration.

Such understanding is of vital importance for retailers since customers' attitude contributes to set the basis for a competitive advantage (Zeithaml, 1988) and can be applied as an input of managerial decisions concerning the most effective level of multichannel integration.

In this stance, the research questions this study addresses can be put forward as follows: how do consumers perceive different levels of multichannel integration in retailing? Is the multichannel integration a driver of shoppers' purchasing decisions? How can we measure the consumer attitude towards the multichannel integration in retailing?

In order to answer these research questions, we performed two empirical studies (a first, qualitative and a second quantitative) by focusing on two different retailing industries: consumer electronics and grocery.

The results of the first qualitative study revealed that when consumers choose among different retailers characterized by different degrees of multichannel integration, the retailer's brand reputation, the experience with other shopping channels of the same retailer, and the website design, are the factors which influence the most their purchasing decisions. The level of multichannel integration, instead, has been revealed irrelevant in shoppers' decisions.

In spite of these results, the findings of the qualitative study enlightened the existence of a consumers' attitude towards the multichannel integration in retailing, tested in a further quantitative analysis.

A survey to 214 Italians and 48 Swedish customers has been administered in order to verify and to measure the existence of a consumer attitude toward three different levels of multichannel

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