# Clicks and Mortar

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## INTRODUCTION

"Clicks and mortar" signifies the use of electronic commerce (clicks) in combination with traditional (brick-and-mortar) operations. In the domain of business strategy and operations, this has also been known as "bricks and clicks," referring to the deployment of electronic commerce alongside conventional business operations in a manner that best utilizes the strengths of each channel in a complementary and synergistic manner (Stuart, 2000).

## BACKGROUND

Balancing business strategy and operations between electronic commerce and traditional brick-and-mortar channels is one of the most significant challenges facing organizations in recent years. At a strategic level, this challenge raises some significant questions for executives. To achieve success in traditional retail operations in combination with business-to-consumer electronic commerce, it is desirable to achieve a synergy between what optimizes the costs and benefits of each channel. How can business volume grow through electronic commerce without cannibalizing growth in established retail channels? What should be the balance of investment in each channel? Is it possible to establish an interactive relationship such that electronic commerce and the conventional brick-and-mortar business operations are mutually supportive?

At an operational level, there are some even more fundamental questions that are raised by this challenge. First, organizations must distinguish those business activities that can be performed online from those activities whose execution requires a high-touch interaction with the customer and must therefore continue to be performed through brick-and-mortar operations. If certain retail activities such as marketing and presales operations can be performed through electronic commerce, then will the same brick-and-mortar facilities still be required, or will they be reduced or reshaped? If manufacturers adopt electronic commerce to sell directly to consumers, will this enhance the disintermediation of retailers, or will it enhance opportunities for potential cooperation between manufacturers and retailers?

## CLICKS AND MORTAR: RECENT RESEARCH

The current research literature describes several perspectives on how firms can successfully deploy electronic commerce in synergy with parallel brick and mortar. Gulati and Garino (2000) state that the degree of integration between the two channels is manifest on several dimensions: the actual business processes used to execute the firm's transactions, the brand identity of the firm, and the ownership and management of each channel. A firm could own and manage brick-and-mortar operations in conjunction with electronic commerce and yet still not integrate the brand identity or business processes of each one. Alternatively, a firm like Barnes and Noble might integrate the brand identity of its traditional retail operations to its electronic commerce and yet still not integrate the business processes used to execute transactions within each channel.

De Figueiredo (2000) asserts that the characteristics of a firm's products or services are what primarily determine how electronic commerce can be integrated alongside traditional business operations. He sees the key determinant characteristics as being the degree to which a product varies in quality and the degree to which a potential customer can easily evaluate a product's quality. Commodity products are of fairly uniform quality, are therefore easy for customers to assess, and hence would lend themselves readily to a clicks-and-mortar approach to electronic commerce. Conversely, "look and feel" products are more difficult for customers to evaluate and will be less likely to be purchased through electronic commerce.

Some recent studies have described that a far more complex synergy exists between electronic commerce and traditional brick-and-mortar business operations. Wilcocks and Plant (2001) assert that there are two distinct paths firms can take in arriving at a synergistic approach to electronic commerce. One path encompasses the creation or extension of an organization's traditional brand identity into electronic-commerce operations. A less risky path is for firms to utilize electronic commerce primarily as a means to create service and quality improvements in the traditional brick-and-mortar arena.

Bahn and Fischer (2003) contend that there are several very different strategies that firms employ in achieving a clicks-and-mortar approach to electronic commerce. These

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strategies vary according to several dimensions of business constraints that include not only the characteristics of a firm's products, but also the relationships that a firm has with its supply chain partners and the capability of a firm to articulate a strategy that is distinct from its brick-and-mortar strategy. Bahn and Fischer also found that due to these constraints, many firms find it strategically appropriate to minimize their involvement in electronic commerce and relegate it to an auxiliary channel that supports brick-and-mortar operations.

At a deeper level, underlying all of these approaches is a conceptual debate about whether electronic commerce harbingers a fundamental revolutionary change in business (Useem, 2001). Michael Porter (2001) contends that although electronic commerce is indeed superior to many prior forms of information technology, its advent nevertheless renders many traditional brick-and-mortar business processes more essential to successful strategy execution rather than less. Don Tapscott (2001) has vociferously taken issue with this view, arguing that electronic commerce is engendering fundamental change by enabling previously unthinkable business partnerships and process-coordination mechanisms that will eventually completely reshape how most organizations conduct their business operations.

One pertinent case example of the phenomenon of clicks and mortar is manifest in the realm of higher education. Higher education is increasingly perceived as a service-delivery business by providers (educators) and consumers (students) alike (Shepard, 2005). In this particular industry, both the service and the brick-and-mortar facility are being redefined by electronic commerce. Many of the issues and questions cited in the business research about how to strike an effective balance in clicks and mortar are clearly manifest in higher education.

The growth of distance education capabilities through the Internet has generated a number of forms of online education in colleges and universities. Hybrid (Young, 2002) or blended (Voos, 2003) courses feature the reduction (but not elimination) of classroom sessions and the replacement of this class time with online learning activities. Hybrid courses are typically taught over the same time duration as regular courses. Hybrid courses are seen as offering the best of the rich face-to-face experience of regular college instruction juxtaposed with the interactive and student-driven learning of online classes (Hopper, 2003). Traditional teaching activities like discussions, group activities, and some lectures that benefit from a direct and personal experience are still conducted in the classroom, but the repetitive transmission of facts, submission and grading of student assignments, self-paced tutorials, and testing can be moved online. There is some debate over what degree of reduction in regular class sessions is necessary to qualify a course as being hybrid. Some have defined a minimum reduction of at least half of the number of class meeting sessions as the defining criteria for hybrid courses (Leh, 2002), while others have taken a looser approach (Garnam & Kaletta, 2002; Hopper 2003). Furthermore, the reduction of classroom-based learning can be manifest as a reduction in time spent in each scheduled class session or a reduction in the total number of class meeting times, a confusion that has also served to obscure the precise definition of a hybrid course (Aycock, Garnam, & Kaletta, 2002).

In respect to facilities, hybrid courses have conserved scarce classroom resources in overcrowded urban colleges, and have been reported as yielding improved student learning outcomes over traditional classes and reduced dropout rates in comparison to purely online classes (Young, 2002). Despite these preliminary findings, little empirical research has been done to determine the optimal way in which hybrid courses or campus facilities that support these courses should be implemented. Moreover, some have warned that hybrid courses can cause confusion in students who may attend class meetings but insufficiently comprehend the significance of the online components of the curriculum (Reasons, 2004).

## FUTURE TRENDS

Whether in the general sphere of business or in the specific arena of higher education, the emergence of clicks and mortar raises significant questions about the future requirements for physical space and the nature of its utilization. In terms of the value chain, if businesses can conduct much of their pre- and postsales activities (as well as a large share of their sales) through the Internet, then what becomes the purpose of brick-and-mortar facilities (Bahn & Fischer, 2003)? Even if some brick-and-mortar facilities are required for business operations, would the same amount of retail space be needed?

If we think of these questions in the specific sector of higher education, it might well be asked whether colleges need to build fewer classrooms. If they are delivering a significant portion of their courses online, then do they need the same campus facilities, or a different set of buildings and classrooms (Bleed, 2001)?

## CONCLUSION

Studies of commercial real estate (Muhanna & Wolf, 2002) have indicated so far that no significant changes have been observed yet in the aggregate demand for brick-and-mortar space as a consequence of electronic commerce.

Nevertheless, recent trends in library architecture emphasize the augmentation of meeting and social space

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