

## Chapter 14

# Multichannel Integration for Small and Medium Retailers

**Daniela Andreini**  
*University of Bergamo, Italy*

### ABSTRACT

*Channel marketing literature has underlined the importance and the advantages of developing a multichannel integration between virtual and physical marketing channels, but researchers have concentrated their works on retail chains and large infrastructures. This chapter studies the multichannel integration strategies for small and medium retailers, formulating a multichannel integration codification scheme and explaining the barriers and related solutions under these strategic decisions.*

### INTRODUCTION

Since the development of the internet as a retail channel, marketing literature has acquired new insight in the research field of multichannel retailing for large and small firms. Multichannel consumers are said to be more profitable (Kumar and Venkatesan, 2004) and more loyal than single-channel ones (DoubleClick's, 2005). For this reason, in literature the development of carefully integrated online and offline retail channels has been considered strategic.

Researchers have concentrated their works on retail chains and large infrastructures which have

more possibilities of recovering IT investments, thanks to a consistent territorial presence which is defined by the number of outlets owned. Retailers with just one or a few physical stores seem to be limited in developing an integrated multichannel strategy because they lack a physical presence on the territory.

Contrary to these statements, multichannel integration can be modulated on different levels or strategies according to the retailers' characteristics, type of products and market environment.

The fundamental research questions of this study are:

- Which are the different strategies of multichannel integration?

DOI: 10.4018/978-1-60566-998-4.ch014

- What are the most interesting solutions of integration according to small and medium retailers' characteristics and market conditions?
- What are small and medium retailers' barriers and related responses for each multichannel strategy?

By means of a literature review and explorative research, four strategic models will be presented and measured through a codification scheme developed by Steinfield et al. (2005), and adapted here to small and medium retailers. Moreover, a conceptual model that individualizes the drivers for the development of different multichannel integration strategies does not exist yet. Therefore, a qualitative research approach and case study research have been used (Eisenhardt 1989; Yin, 2003), in order to demonstrate how small and medium retailers can also creatively develop various multichannel integration strategies. Finally, at the end of this paper, drivers and barriers affecting the multichannel integration decisions will be discussed with the relevant solutions.

This work wishes to make a further contribution to theory and empirical research. First it tests the levels of multichannel integration in retailing for SMEs, extending Steinfield's (2005) and Müller-Lankenau's (2005) theoretical insights into different patterns of multichannel integration.

Secondly, it will also help small and medium retailers to consider distinctive multichannel integration strategies.

In the first part of this paper, a brief review of the literature will be presented with empirical and qualitative research into small and medium Italian retailers. In the second part, the research discusses retailers' barriers and solutions for each multichannel strategy, the professional implications and future research.

## **BACKGROUND**

In this paper, multichannel integration is defined as the activity of traditional retailers to combine physical infrastructures (stores) and virtual channels (internet), in order to enhance customer value, and to increase revenues for firms. From the customers' point of view, the integration between physical and virtual channels implies that traditional stores and their websites become interchangeable in selling, communicating and interacting with them. In this case, customers can buy products online and pick them up from the store, or use the same fidelity cards online and offline, or buy products and services online and return them to the store. On the other side, retailers can benefit from this synergy by reducing inventory, post-sales, pre-sales and logistic costs. At the same time, retailers can increase revenues because multichannel customers are said to be more profitable (Kumar and Venkatesan, 2005) than single-channel ones (DoubleClick, 2005).

Nowadays, literature about multichannel retailing presents both a theoretical and an empirical research trend. The theoretical trend emphasises the benefits from integration of a physical presence and e-commerce for consumers. It describes how consumers can communicate and interact in different ways, how they compare prices and trust sounded offline brand names. At the same time, small and medium firms can benefit from the international internet marketplace, and reduce investments and costs in communication and transaction. (Steinfield et al., 1999; Gulati and Garino, 2000; Otto and Chung 2000; Kumar and Venkatesan, 2005).

On the other side, empirical research has demonstrated that strategies of integration between online and offline channels are not so common in practice due to product characteristics, availability of resources, business strategies and environment. Some products need the physical presence of consumers, some enterprises have to invest too

14 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:

[www.igi-global.com/chapter/multichannel-integration-small-medium-retailers/40626](http://www.igi-global.com/chapter/multichannel-integration-small-medium-retailers/40626)

## Related Content

---

### Globalization, Consumer's Preference, and Welfare in India: Results from CGE Model

Koushik Das (2016). *International Business: Concepts, Methodologies, Tools, and Applications* (pp. 288-311).

[www.irma-international.org/chapter/globalization-consumers-preference-and-welfare-in-india/147859](http://www.irma-international.org/chapter/globalization-consumers-preference-and-welfare-in-india/147859)

### Entry Strategies into the P.R.C. for Post Recession Wealth Management Service

Andrew Chan and Carlson Chan (2010). *International Journal of Asian Business and Information Management* (pp. 1-11).

[www.irma-international.org/article/entry-strategies-into-post-recession/46016](http://www.irma-international.org/article/entry-strategies-into-post-recession/46016)

### The Conceptual Model of Efficient Markets in Information Databases in Iran: Model of Efficient Markets in Information Databases

Mahshid Eltemasi (2018). *International Journal of Asian Business and Information Management* (pp. 35-43).

[www.irma-international.org/article/the-conceptual-model-of-efficient-markets-in-information-databases-in-iran/204379](http://www.irma-international.org/article/the-conceptual-model-of-efficient-markets-in-information-databases-in-iran/204379)

### Residential Consumer Understanding of Electricity Bills: The Case of the Indian Consumer

Gauri Joshi and Vasundhara Sen (2021). *International Journal of Asian Business and Information Management* (pp. 1-16).

[www.irma-international.org/article/residential-consumer-understanding-of-electricity-bills/293275](http://www.irma-international.org/article/residential-consumer-understanding-of-electricity-bills/293275)

### Policy Technologies for Security Management in Coalition Networks

Seraphin B. Calo, Clare-Marie Karat, John Karat, Jorge Lobo, Robert Craven, Emil Lupu, Jiefei Ma, Alessandra Russo, Morris Sloman and Arosha Bandara (2011). *Global Business: Concepts, Methodologies, Tools and Applications* (pp. 750-776).

[www.irma-international.org/chapter/policy-technologies-security-management-coalition/54805](http://www.irma-international.org/chapter/policy-technologies-security-management-coalition/54805)