

## Chapter 7.5

# Multi-Channel Retailing and Customer Satisfaction: Implications for E-CRM

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### ABSTRACT

Multi-channel retailers that utilize an e-CRM approach stand to benefit in multiple arenas by providing targeted customer service as well as gaining operational and competitive advantages. To that end, it is inherent that multi-channel retailers better understand how satisfaction—a necessary condition for building customer loyalty—influences consumers' decisions to shop in one retail channel or another. The purpose of this study was to examine the influence of shopping experience on customers' future purchase intentions, both for the retailer and for the channel. Using a controlled experimental design, U.S. and

European subjects responded to a series of questions regarding the likelihood making a future purchase following either a positive or negative shopping encounter. Results suggest that shopping intentions vary based on the shopping channel as well as cultural differences.

### INTRODUCTION

Retailers are being advised that the future of retail will belong to those who execute seamless multi-channel access (Chu & Pike, 2002; Close, 2002; Johnson, 2004; Pastore, 2000; Thompson, 2003). The reason is quite simple—retailers

must be where shoppers want them, when they want them...anytime, anywhere, and in multiple formats (Feinberg, Trotter, & Anton, 2000). If customers want to shop from a store, retailers must have a physical location; if customers want to shop over the telephone, retailers must be available by phone; if customers want to shop over the Internet, retailers must be accessible online. And, in the future, if customers want to shop via a wireless device, retailers must be available by wireless. Multi-channel access is considered one of the top 10 trends for all businesses in the next decade (Ernst & Young, 2003; Feinberg & Trotter, 2003; Levy & Weitz, 2003). Indeed, surveys show that consumers not only want multi-channel access, they expect it (Burke, 2000; Johnson, 2004).

Electronic customer relationship management (e-CRM) has the potential to enable retailers to better meet the needs of their customers across retail formats and, at the same time, maximize the strategic benefits of a multi-channel strategy. By effectively using modern information technology, retailers are able to offer shoppers the advantages of a one-to-one relationship, yet reap the profit savings that accrue from mass-market operating efficiencies (Chen & Chen, 2004). Customer retention lies at the heart of e-CRM. As such, e-CRM is increasingly viewed as vital to building and maintaining customer loyalty.

The research on e-CRM has been very conceptual in nature outlining research agendas and possible strategic models of the nature and scope of e-CRM (e.g., Parasuraman & Zinkham, 2002; Varadarajan & Yadav, 2002). The most recent review of the e-CRM literature suggests that we really know three things about e-CRM (Zeithaml, Parasuraman, & Malhotra, 2002).

1. E-CRM is multidimensional and each study examines a "favorite" attribute it finds to be important. But, as yet, we do not know if ease of use, privacy, site design, or any of a variety of attributes is determinant of some e-CRM outcome.

2. Consumers really care about e-CRM after negative online shopping or service experiences. Consumers seem less concerned with e-CRM issues following routine Web interactions.
3. While there is anecdotal evidence to suggest e-satisfaction to be important for purchase, repurchase, and loyalty, the evidence is simply not empirical and/or strong.

In reading Zeithaml et al.'s (2002) review of the e-CRM literature, it appears that e-CRM is seen as an independent issue from other points (channels) of satisfaction. The conceptual point of this study is that e-CRM is part of a broader issue of customer satisfaction. What happens in the "e" channel, what happens in the store channel, and what happens in any other channel has an effect within the channel it occurs and in the retailer's other channels.

Satisfaction is a key determinant of retail customer loyalty (Cronin, Brady, & Hult, 2000). To date, the extant research is relatively silent regarding the effect of shopping satisfaction (or dissatisfaction) on consumers' channel choices. The goal of this study was to assess the effect of a satisfactory/dissatisfactory shopping experience on customers' future shopping intentions for the retailer, the shopping channel, and alternative shopping channels. What is the likelihood of purchase from a retailer in the same or different channel following a positive or negative shopping experience? There is some evidence to suggest that multi-channel shoppers are actually not very loyal to any particular retailer (Reda, 2002). As such, this study employs an experimental design to determine what effect experience (satisfying, dissatisfying) in a particular channel (store, catalog, or Internet) will have on a customer's decision to shop with the same retailer in the same channel, a different retailer in the same channel, and the same retailer in a different channel.

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