Multichannel Marketing: the operational construct and firms' motivation to adopt

Multichannel marketing has been gaining attention to its importance in both practice and research in the recent years with the rapid diffusion of Information Communication Technology. Due to the relative recency and rapid proliferation of research in the subject, the literature lacks a well-defined construct of multichannel marketing generalizable to different types of firms, and lacks understanding of the actual reasons that firms adopt multichannel marketing. Through comparing and complementing the extant literature with practitioners' perspectives from interviews with 32 Italian firms, the authors propose a comprehensive and generalizable framework of the multichannel marketing construct, and identify and categorize the firms' motivations to adopt the multichannel marketing practice. Furthermore, some unforeseen but interesting factors emerged from the interviews. Future research opportunities and managerial implications of the study are discussed.

Keywords: multichannel marketing; operational construct; motivation; definition

Introduction

The fast evolving Information Communication Technology (ICT) has brought proliferation of potential marketing channels, which is causing fundamental changes in both traditional marketing practices (e.g. Webb, 2002) and customers behaviors (e.g. U. Dholakia et al., 2010). Firms must keep up with the changing environment and start operating in a multichannel approach through effectively evaluating and incorporating the new channels. Multichannel has attracted much attention in marketing research. Research has suggested that the firms could offer better customer value through multichannel; and in return, firms could also gain more from satisfied, loyal and profitable customers (Verhoef et al., 2010; Sa Vinhas et al., 2010; Berman & Thelen, 2004; Zhang et al., 2010). Besides the potential benefits of generating more revenue from more distribution channels (for example, integrating retailing with eCommerce),

the technology development and channel proliferation also bring great changes to the ways firms manage the relationships with their customers through communication. Although in some research the difference was made between multichannel (for distribution) and multimedia (for communication) (Zhang et al., 2010), in fact a channel's role in distribution and in communication is increasingly blended together and it is increasingly important for firms to focus on both transactions and relationships with customers in the multichannel environment (Keller, 2010). For example, firms who sell online often use their websites to maintain customer relationship through personal communication as well. And there is increasing marketing research focus on the communication between firm and its customers in a "multimedia" context (e.g. de Vries, Gensler, & Leeflang, 2012; van Noort, Voorveld, & van Reijmersdal, 2012).

Current multichannel marketing research generally falls into two types. Firstly, the new channels becoming available to firms bring new dynamics to marketing management; thus there are studies discussing the opportunities and challenges in managing multichannel marketing (e.g. Rangaswamy & Van Bruggen, 2005), and issues regarding multichannel marketing system itself such as its design and development (e.g. Berman & Thelen, 2004; R. Dholakia, Zhao & N. Dholakia, 2005; Sharma & Mehrotra, 2007) and cross-channel effects (e.g. Zhang, et al., 2010; Falk, Schepers, Hammerschmidt, & Bauer, 2007; Naik & Peters, 2009). Secondly, multichannel also brings changes to customer behaviors and other marketing research subjects; thus there is research focused on customer behavior (e.g. U. Dholakia et al., 2010; Ansari, Mela, & Neslin, 2008; Balasubramanian, Raghunathan, & Vijay, 2005; Frambach, Roest, & Krishnan, 2007), segmentation (e.g. Konus, Verhoef, & Neslin, 2008; Verhoef, Neslin, & Vroomen, 2007), customer lifetime value (e.g. Kumar, 2010), CRM (e.g. Verhoef et al., 2010), and so on, in the multichannel contexts.

The previous research in the area of multichannel marketing has provided us rich insights, however, close inspection reveals several limitations. First of all, as the technology and the practice of multichannel marketing diffuse, marketing research in the area proliferates without a clear and operational definition. The most notable dispute lies in the concepts embedded in extant multichannel marketing research: it concerns distribution only (e.g. Zhang et al., 2010), or communication and relationship management are relevant in multichannel marketing too (e.g. Keller, 2010). Secondly, current empirical knowledge in multichannel marketing mostly comes from large firms in retail industries (e.g. Berger, Lee, & Weinberg, 2006; R. Dholakia et al., 2005; Park & Lennon, 2006; Thomas & Sullivan, 2005). With few exception, we know little about multichannel marketing practice in other types of firms, which raises questions over the comprehensiveness and generalizability of the frameworks applied in extant literature. Last but not least, most extant empirical studies are based on customers, while a wide range of potential research questions from firms' perspective are left virtually untapped (e.g. Rangaswamy & Van Bruggen, 2005; Neslin & Shankar, 2009). For example, Neslin and Shankar (2009) questioned what should be the "guiding vision" for a firm's multichannel strategy which impacts on the implementation and management of multichannel marketing. Surprisingly little attention has been paid to the firms' motivation to be multichannel before proceeding to its implementation issues.

Addressing these limitations in the multichannel marketing literature, our objectives are firstly to elicit an operational, comprehensive and generalizable framework of multichannel marketing constructs, secondly to investigate firms' motivation to implement multichannel marketing, and therefore to propose directions for future research. We follow the methodological approach taken by several cornerstones (e.g. Kohli & Jaworski, 1990; Lytle, Hom, & Mokwa, 1998) and recent (e.g. Lamberti, 2013)

marketing research: we review the literature in the defined domain of multichannel marketing, then compare and supplement the current knowledge with the practitioners' perspectives obtained through a series of field interviews covering diverse types of firms. By doing so, we contribute to the current multichannel marketing literature firstly with a framework which operationalizes multichannel marketing on three dimensions: channel types, channel usage, and channel integration, with comprehensive and generalizable variables defining each dimension. Secondly we identify the motivation of firms to implement multichannel marketing could involve economic benefits, customer benefits, and pressure of competition.

The remainder of the paper is organized as follows. First, we introduce the methodology applied in the study, followed by the results through comparing the literature review and the practitioners' perspectives from the interviews in the two areas (multichannel marketing construct and firms' motivation in its implementation) respectively. We then discuss the results and proposing the future research directions in each area. At last we discuss the managerial implications, and the limitation of this study.

Methodology

An objective of this paper is to refine the concepts and to elicit an operational, comprehensive and generalizable framework for defining multichannel marketing; such objective in a field which does not lack precedent research is not an isolated occasion in marketing research (Varadarajan, 2010). It has been decades since Churchill (1979) has argued that the operationalization of marketing concepts started with specifying the domain of construct through review of literature, followed by items generation within the defined domain through the literature review as well as investigations of empirical knowledge. Such methodology has been indeed applied to operationalize marketing

concepts which were widely discussed yet vaguely defined, most notably including a few cornerstones of marketing research such as the construct development of market orientation by Kohli and Jaworski (1990) and of service orientation by Lytle et al., (1998). It continues to be a valid and effective method in recent years as the concepts in marketing research keep evolving, for example, it was applied most recently in developing constructs of customer centricity by Lamberti (2013). Methodologically drawing on the previous research, we carry out this study in two steps: a literature review of current knowledge regarding the objectives of this paper, and an empirical study consists of field interviews to compare or supplement the current knowledge.

Field interviews

The current empirical knowledge about multichannel marketing mostly comes from large firms in retail industry (e.g. R. Dholakia et al., 2005; Park & Lennon, 2006; Thomas & Sullivan, 2005; Verhoef et al., 2007), which is limitative in three ways. First of all, among these studies, service industries are less represented, even if several contributions highlighted the deliberate inclusion of service industries for the generalizability of result (e.g. Frambach et al., 2007; Balasubramanian et al., 2005). Second of all, B2B industries are much less represented in multichannel marketing literature with a few exceptions (e.g. Kumar & Venkatesan, 2005; Sharma & Mehrotra, 2007). Last but not least, as attested by previous research, although larger firms usually adopt new technology faster, small firms still follow and may find themselves in different situations in adopting such new technology (e.g. Poon & Swatman, 1999; Walczuch, van Braven, & Lundgren, 2000); however, so far little attention has been paid to small firms in multichannel marketing research. For the objective of eliciting a generalizable framework, it is important to include a wide range of types of firms in order to tap diverse practices in multichannel marketing. On the other hand, since we

aim to elicit a generalizable framework rather than to propose best practices, it is not necessary qualifying the sample in terms of their current multichannel marketing practices (see also Kohli & Jaworski, 1990).

So, in order to tackle a broad set of experiences and viewpoints, we purposely look for a diversified sample of firms encompassing the general constitutional characteristics (Lamberti, 2013): firms manufacturing and distributing products or providing services, firms serving consumers customers (B2C) or serving other firms (B2B), and firms of large and of small-medium size[1]. In order to have a reasonable representation, considering the exploratory nature of this study, we aim at obtaining at least four cases for each of the 2x2x2 classes, with a total sample size of 32 firms. Firms are contacted from a list provided by the local Chambers of Commerce in the highly industrialized northern region of Italy, Lombardy. The firms interviewed and their industries are listed in Table 1. For confidentiality reasons, the names of the firms are replaced by identification numbers. The interviewees are marketing managers, general managers, or the business owners of the selected firms. The interviews were conducted during September and October 2012; each interview on averages lasted one hour. In order to ensure the completeness and comparability of the information collected from different firms, a list of open-ended questions is used to guide the interviews after a brief description of the research subject; meanwhile in order to generate comprehensive insights from the interviews, the questions are as general as possible to avoid bias the interviewees' answers:

(1) What are the marketing channels that your firm uses?

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[1] *Large firms: >250 employees and/or >€50million annual turnover (European Commission)*

(2) For what activities and to what extent does your firm use these channels respectively? Please describe some examples of your multichannel marketing applications.

(3) Why does your firm adopt these particular channels?

(4) In general, what are the reasons that your firm implements (or does not implement) multichannel marketing?

- Please insert Table 1 about here

The interviews are fully recorded and transcribed before proceeding to content analysis. The "directed content analysis" approach is undertaken: initial coding categories (e.g. *channel type, channel use,* etc.), their definitions and codes are developed based on previous research; subsequently the coding scheme is revised and refined during the data analysis where information could not be coded with predetermined codes are identified and analyzed to determine if they represent new categories or additional codes to existing categories. Such approach is deemed efficient in extending or refining existing theory (Hsieh & Shannon, 2005), which is the very case of this study.

In the following, we present the results in two sections: the construct of multichannel marketing which describes the operational aspects that define multichannel marketing, and the firms' motivation of implementing multichannel marketing which represents the firms' strategic intention in their multichannel approach. Within each section, we first present the current knowledge in the area through literature review; we then, with the practitioners' perspectives, confirm, contrast, or supplement to the current knowledge.

Construct of Multichannel Marketing

Literature review

There are several descriptive definitions of multichannel marketing in literature, among which considerable differences exist. The most comprehensive definition might be provided by Rangaswamy & van Bruggen (2005): "*simultaneously offering their customers and prospects information, products, services, and support (or any combination of these) through two or more synchronized channels*". We extract three key components of multichannel marketing from this definition: 1) offer of products, services, as well as support and information, 2) the literal meaning of 'multichannel': two or more channels, and 3) the channels being synchronized rather than separate individuals.

The first component, i.e. a channel's scope of function, is a much-debated issue in literature. Rangaswamy & van Bruggen (2005)'s definition is shared by several conceptual developments in multichannel context. For example, Kumar (2010) proposed customer life-time value based approach to marketing exploiting multichannel to better satisfy customers' needs and preferences in terms of both transactions and communications. Keller (2010) argued the importance of focusing on both distribution and communication in successfully building a brand's equity in a multichannel environment. However, such vision is not always shared in literature. Most notably, Zhang et al. (2010) distinguished "*multichannel retailing from multimedia marketing that typically involves use of multiple channels to simply communicate with customers*"; they also suggested that while *multichannel marketing* in general concerned both distribution and communication, their study of multichannel retailing strategy was confined to the distribution only. Several other works published in marketing journals, without explicating their stand on the distinction between distribution and communication, simultaneously assumed the distribution-only multichannel retailing perspective (e.g. Berman & Thelen, 2004; Sa Vinhas et al., 2010; Verhoef et al., 2010).

This fuzzy line between "multichannel marketing" and "multichannel retailing" in conceptual development extends into the empirical research as well. Most marketing literature on multichannel in fact have taken the "multichannel retailing" perspective, examining customers' behaviors in multichannel environment which in most cases consists of brick-and-mortar store, internet, and catalog. However, it is worth noting that several of these studies recognize that besides the selling activities, transactional channels also carry information which plays important role in multichannel customers' purchase behavior (Kumar & Venkatesan, 2005; Balasubramanian et al., 2005; Ansari et al., 2008; Konus et al., 2008; Choi & Park, 2006). For example, Verhoef et al. (2007) suggested that customers shifting between internet and stores which were both available for transaction were encouraged by the stronger "search advantage (for information)" of internet channel.

In B2B context where customers are concentrated and assumed to act more rationally and procedurally (Kotler & Keller, 2009), most attention is also paid to transactions in the handful research on multichannel marketing. Different from retailing industries, sales force, distributors, catalog and internet are the common components of multichannel distribution in B2B context (Rosenbloom, 2007; Sharma & Mehrotra, 2007; Merrilees & Fenech, 2007). Nonetheless, Wilson and Daniel (2007) proposed that a firm initiated a dialogue through communication by the means of salesperson prospecting, seminars, specialized journals, PR events, and CRM.

Furthermore, among those who include communication in multichannel marketing, different opinions emerge yet again. For example, Neslin et al. (2006) defined *channel* as a "*customer contact point, or a medium through which the firm and the customer interact*", consequently excluded one-way communication such as TV advertising. Such decision, however, could be explained by the particular setting of this

study, customer management, where the interaction is essential. Whereas Keller (2010) suggested that both interactive communication and mass communication were essential components of a firm's marketing activities. In fact, communication takes various forms, from mass communication such as advertising, events and public relations, to interactive/personal communication such as interactive/direct marketing and personal selling. For example, Verhoef and Donkers (2005) studied together mass media and personal communication as customer acquisition channels.

Although there is no dispute on the second component that multichannel marketing operates on two or more channels, as a consequence of the lack of consensus that multichannel marketing is about distribution only or about both distribution and communication, it might be debated what qualifies such a channel. The ad-hoc research focused on transaction most commonly examine brick-and-mortar store (or sales force in B2B context), catalog and internet (e.g. Verhoef et al., 2007; Rosenbloom, 2007). Research emphasizing communication role of multichannel marketing also include communication means such as advertising, public relations, and so on (Keller, 2010). From a broader perspective, Payne and Frow (2004) proposed to categorize individual channels and provided six main categories of channels: sales force, outlets, telephony, direct marketing, e-commerce and m-commerce. Categorizing individual channels has the advantage of being comprehensive, flexible yet parsimonious. However, Payne and Frow (2004)'s categorization is not without its limit which mainly lies in the undifferentiated marketing implication between the individual channels within a category. For example, although email and the Internet both belong to e-commerce, their marketing usages and capabilities certainly differ.

The third component in Rangaswamy and van Bruggen (2005)'s definition that multichannel marketing is characterized by synchronized channels (i.e. integrated

channels), compare to the other two debated elements, is unanimously agreed upon. However, an operational definition for channel integration is virtually absent and current knowledge presented in the literature is rather fragmented. Most research talks about the data collection from multichannel environment and the utilization of such data to create superior customer value (Payne & Frow, 2004; Zhang et al., 2010; Verhoef et al., 2010; Neslin, Grewal & Leghorn, 2006). Lee and Kim (2010) took a customer-centric perspective and suggested that customers perceive a multichannel retailer's cross-channel integration on five dimensions: information consistency, flexibility in channel selection, email marketing effectiveness, channel reciprocity, and appreciation of store-based customer service. Berman and Thelen (2004) suggested a broader set of characteristics of a well-integrated multichannel strategy: integrated promotions across channels, product consistent across channels, integrated information system, pricing and inventory data across channels, process enabling store pick-up for online/catalog purchases, and searching for multichannel opportunities with appropriate partners. While they provided a more comprehensive overview of channel integration, some of these characteristics appear constrained: for example, *process enabling store pick-up for online/catalog purchases* fits a transaction-oriented retailing environment (e.g. Chatterjee, 2010), but it is poorly generalizable.

In conclusion, the discussion in multichannel marketing literature depicts a definition with three components: functions of multichannel marketing, variety of channels, and channel integration. However, the debated issue in the first component, i.e. multichannel marketing concerns distribution only or it concerns both of distribution and communication, causes diversity and ambiguity in literature regarding the other two components.

Practitioners' perspectives

The interviews with practitioners show consistent results with the three components suggested by literature; moreover, they also bring fresh and operational perspectives to the constructs of multichannel marketing.

The first component is multichannel marketing's scope of function. Both the distribution of products and services and the communication between a firm and its customers are spontaneously reported by the interviewees as their firms' marketing activities in the multichannel environment. Besides the traditional channels for transaction such as stores and sales force, some of the firms interviewed have also expanded their distribution to internet. The response however is especially dynamic in the aspect of communication in multichannel environment, where two main streams emerge. First, firms utilize multichannel to deliver practical information to customers, such as product portfolio and specifications, usage instructions, pricing, store location, contacts, booking service, and so on, which in short directly facilitates and fulfills a transaction. Second, firms also exploit multichannel for "relational communication" with their customers, which mainly aims at nurturing customer relationships even if immediate result of transaction is not expected (for example, the regional marketing director of an outdoor gear brand presented to us various mobile apps provided to customers or potential customers to use in outdoor activities such as hiking and skiing, for which the firm provides a wide range of products). Relational communication is particularly active with the use of internet and mobile, and with the surge of social networks.

The second component of multichannel marketing discussed in literature is the presence of multiple channels, which is suggested indisputable in the interviews. Moreover, having identified that the practitioners consider both distribution and communication relevant marketing activities in the multichannel environment, we

collect a total of 25 individual channels that are currently deployed by the interviewed firms to perform these activities. The number of individual channels deployed by each firm varies from two individual channels to 13. Moreover, multiplicity of channels is not the only factor that shows large variation; the extent to which these channels are exploited largely varies as well. Low usage could be characterized by outdated information, lack of regular maintenance, and limited function on a particular channel, which mostly concerns the "new" channels, i.e. internet and mobile enabled channels among the interviewed firms. High usage, except standard practices such as regular updates and available functions, could also exhibit proactivity and creativity in applying a channel. For example, the general manager of a consultancy firm shared with us their experience of having created its own social network starting from common social network services such as LinkedIn, specialized in its industry as a platform for the professionals to keep in touch and to share the latest development.

The third component suggested in literature, channel integration, is also confirmed in the interviews. In particular, the interviews suggest that channel integration is reflected in two aspects. On one hand, from the firm to its customers, a multichannel marketing system could prompt them at any channel the availability and functions of other channels, with examples as simple as store personnel consistently informing customers about what they could do on the firm's website or its mobile app. The multichannel marketing system could allow them the flexibility of selecting the channel at their preference to perform the same task; however it is worth noting that some interviewees suggest that their firms deploy tactics to influence the customers to select the channel which is considered advantageous by the firm. For example, the owner of an agritourism farmhouse said that while they let customer to make bookings through both traditional telephone calls and online tool, they encourage the use of

online tool by rewarding online bookings with gifts because it simplifies the operation for the firm. On the other hand, a multichannel marketing system also brings information from the customers to the firm; thus the firm could utilize this information in an integrated manner. The integrated use of information also shows to vary in different levels in the interviews, with certain firms systematically manage their customers in the multichannel system, and some others barely collect information from all channels that they operate in.

Table 2 summaries and compares the main points provided by literature and by the practitioners for the three components of multichannel marketing.

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Motivation of Multichannel Marketing implementation

Literature review

While identifying key issues in multichannel marketing research, Neslin and Shankar (2009) raised the question that "*what should be the guiding 'vision' of the firm's multichannel strategy*", and provided research questions in three directions: efficiency, segmentation, and customer satisfaction. The "efficiency" vision was further elaborated by the question that whether multichannel could increase efficiency and effectiveness through economies of scale, economies of scope, and cross-channel synergies. Authors' view on "segmentation" as a vision of multichannel strategy rather contrasted its essential idea proposed by Rangaswamy and van Bruggen (2005) though, which suggested multichannel marketing as enabling customers to choose their preferred channels, and from which the third vision, "customer satisfaction", was suggested to be derived. Langerak and Verhoef (2003) may shed some light on this troubled categorization of firms' multichannel marketing motives. They identified different objectives corresponding to different CRM implementation strategies: customer-driven

(loyalty and customer equity) and economic-driven (cost reduction, marketing efficiency and selling), which could be a reasonable categorization refined based on Neslin and Shankar (2009)'s suggestions as well. In addition, they further questioned whether a firm's multichannel marketing implementation was compelled by competition or was it an approach to develop competitive advantage.

Empirical knowledge explicitly addressing firms' motivations of multichannel marketing implementation is virtually nonexistent. Nevertheless we present some insights that we infer from analyzing the focal points of the previous researches. There is a strong focus on transaction-related issues, which suggests two main kinds of economic-driven motives. The first is optimizing customer base where segmentation in fact comes into play: by analyzing customers' characteristics and purchase behaviors in multichannel environment, firms could segment the customer base and identify the most profitable ones (Ansari et al., 2008; R. Dholakia et al., 2005; Konus et al., 2008; Park & Lennon, 2006; Thomas & Sullivan, 2005; Verhoef et al., 2007). The segment which does multichannel purchases is often suggested to be spending more than non-multichannel consumers (e.g. Kumar & Venkatesan, 2005). The second kind of economic-driven motives is about optimizing firm operation, such as cross-channel synergies or dissynergies (Falk et al., 2007; Naik & Peters, 2009; Berger et al., 2006), maximizing market coverage (Sharma & Mehrotra, 2007; Berger et al., 2006), cost reduction (Sultan & Rohm, 2004), and so on. On the other hand, elements suggesting customer-driven motives are not limited to customer satisfaction (Falk et al., 2007; Montoya-Weiss, Voss, & Grewal, 2003; Sultan & Rohm, 2004); others include the multichannel utility along the purchase process (Balasubramanian et al., 2005; Frambach et al., 2007), customer experience (van Noort et al., 2012), and customer engagement especially when channel such as social media is involved (de Vries et al.,

2012; Singh & Sonnenburg, 2012). It is also worth noting that economic-driven motives and customer-driven motives are not necessarily mutually exclusive in the previous research (e.g. Falk, et al., 2007; Sultan & Rohm, 2004).

In short, the extant multichannel marketing literature still largely lacks specific evidence of firms' motivation of their multichannel marketing practice adoption. Drawing on Langerak and Verhoef (2003)'s study involving firms' motivation in adopting CRM and the focal points of an extensive series of multichannel marketing studies, two kinds of motivations could explain firms' adoption of multichannel marketing: economic-driven and customer-driven.

Practitioners' perspectives

The practitioners during the interviews revealed a large variety of reasons motivating them to implement and/or to continue implementing multichannel marketing, with examples abundant in both economic-driven and customer-driven nature. In addition, we detect that being compelled by competition is indeed a relevant reason of implementation as well.

In practice, economic-driven motivations are naturally grouped into two kinds: increasing Top Line and lowering costs. The interviews suggest that the increase of top line is generally achieved through increased number of POS in the current market, or through market expansion. For example, as the owner of a small producer of traditional Italian food products told us, a QR-code to be read by smartphones printed on the product packaging successfully helped them to educate customers in its exporting markets and to differentiate its products from the local generic products. Meanwhile, many interviewed firms also reportedly achieved cost-saving through multichannel marketing even without experiencing or planning significant expansion. The cost-saving occurs in operation process in terms of reduced errors, reduced time of communication,

and so on. It could also be a result from intrinsic advantages of certain channels, for example, electronically distributed promotional materials save the cost of printing and manual distribution. The other aspect of cost-saving is the more efficient reach to the market in terms of wider dispersion, deeper penetration, or higher diversity, depending on the individual firm's market context.

The customer-driven motivations are reflected by a variety of customer values that the interviewed firms believed multichannel marketing could offer. More specifically, the firms interviewed believe that multichannel marketing's information capacity, ubiquitousness, and complementary strengths allow them to deliver better utilities and to be potentially perceived more favorably over competitors in terms of price/quality ratio, overall competence, and so on. Information capacity of multichannel enables content-rich communication which is exploited by some of the firms to provide, for example, the marketing manager of a hydraulic products manufacturer talked about their multi-media training programs which allowed its customers to visually access complex technical information at any time and any place. It also enables bilateral communication which not only provides more alternatives for the customers to get in touch with the firms, but also allows them to be more involved in the process, for example, the CEO of a bottle cap manufacturer said that his firm was continuously seeking input information from the market for its product development process through multichannel marketing. Ubiquitousness characterizes internet-enabled and even more so, mobile-enabled channels, in terms of both location and time of access. Some of the interviewed firms believe that the ubiquitousness is giving them a competitive edge over the competitors who are less present in the multichannel environment. Last but not least, different channels have their respective strengths on which firms could leverage to meet customers' preference. For example, the marketing manager of a chocolate

producer explain us how they apply multichannel for distribution: the standard products packaged in larger quantities are sold on its web-store taking advantage of its convenience and price-competitiveness to reach potentially the global market, while the flag-ship stores or specialty pastry shops are used for its artisan and specialty lines targeting the enthusiasts in selected local markets.

In addition to the practical utilities, multichannel marketing is also considered by many of the interviewed firms a resourceful approach to enhance customers' hedonic experience. Being most commonly cited, the interviewed firms exploit the specific characteristics of different channels to create various sensorial stimulations. While senses such as taste, smell and touch are by nature limited to physical channels, digital contents such as images, videos and animations stimulating sight and sound suggest to have become popular with the interviewed firms. Besides create such sensory stimulation, digital contents often carry rich information such as brand history, brand philosophy, "behind-the-scenes" stories, and social initiatives and so on. By doing so, some of the interviewed firms said that they intended to create emotion and a sense of intimacy with their customers. Furthermore, the cases of enhancing customers' hedonic experience are mostly observed in B2C firms.

Although we see in the interviews abundant applications which proactively pursue certain advantages from multichannel marketing, the favorable attitude is not shared by every single firm. Some described the adoption of multichannel marketing as "*we have to because it is what people expect nowadays*" or being compelled by "*industry standard*".

Table 3 summaries and compares the main points provided by literature and by the practitioners for the motivations of firms to adopt multichannel marketing.

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Discussion and Future Research Directions

By comparing and contrasting the state-of-the-art literature and perspectives on multichannel marketing of practitioners from a wide range of firms, we clarify and refine the definition of multichannel marketing, and provide an operational, more comprehensive and more generalizable framework of the construct of multichannel marketing. In addition, to our best knowledge, we unprecedentedly provide some empirical evidence regarding the firms' motivations to implement multichannel marketing. Furthermore, several factors emerged from the interviews, which potentially mediate the firms' motivation and their multichannel marketing implementation. A brief summary of the factors in these aspects and the relationship among them are presented in Figure 1. In the following, we discuss first our results regarding the proposed construct of multichannel marketing, then the firms' motivation to implement it, and last but not least the emergence of unexpected factors. We would also suggest future research directions in these three areas respectively.

- Please insert Figure 1 about here

Construct of Multichannel Marketing

Definition of multichannel marketing is ambiguous mainly because of the disputed definition of the scope of its functions. As the first component of multichannel marketing, while we confirm distribution a relevant function, more dynamic reporting emerge in using multichannel marketing for communication. This difference from literature's dominating interest in multichannel distribution could be the consequence of the higher diversity of industries in our sample. Furthermore, the practitioners' perspectives suggest that communication in multichannel marketing could be further divided into practical information which directly facilitates and fulfills transactions, and relational communication which develops customer relationships. The distinct

identification of relational communication in fact responds to various customer-based marketing approaches which advocate that the firms need to look beyond purchase and repurchase, and to sustain a beneficial relationship with their customers, including customer relationship management (Payne & Frow, 2005), customer experience management (Schmitt, 1999; Brakus, Schmitt, & Zarantonello, 2009), customer engagement (van Doorn et al., 2010), customer lifetime value management (Venkatesan & Kumar, 2004), and so on.

Thanks to this clarification, as the second component of multichannel marketing, we identify 25 individual marketing channels which are currently deployed by the firms. Similar to the idea of Payne and Frow (2005) which categorized individual marketing channels, we subsequently categorized the 25 channels into nine types taking into consideration various marketing implications of each channel such as function, audience, nature of content, etc., and technology involved, as summarized in Table 4. We further summarize the capability of these nine types of channels to carry out transaction, practical communication, and relational communication. To do so, we not only refer to the usage of these channel types reported by the interviewed firms, but also refer to literature and market observation in order to avoid sample bias.

- Mass media is most often being used for providing practical information. Some forms of mass media could on some occasion perform part of the transaction tasks such as catalog ordering and TV shopping (e.g. Kwon & Jain, 2009). Due to its one-to-many nature, it is hardly used for relational communication with selected customers.

- Outlets' primary task is to fulfil transactions. They are also one of the main sources of product information because of the stock availability and/or the presence of sales personnel. Certain forms of outlets (such as sales force for

B2B firms, sales personnel for small and local firms) are important channel for maintaining customer relationship as well; the outlets that deal with mass market are experiencing change of role in customer relationship as well since they have first-hand access to consumers and their information.

- Call center usually handles practical communication such as customer inquiries, technical support, service appointments, and so on. In some cases, call center complements channels such as catalog to complete transactions, and conducts telemarketing. Although call center is an interactive channel, such interaction however is mostly oriented to problem-solving instead of relationship building.

- Industry specific initiatives are mostly not intended for transactions. They provide the platforms for the firms in the given industry to showcase their products, technical details and advancement, and so on. Through such platforms, firms also have the opportunities to interact with their extant and/or potential customers in order to reinforce or establish relationships.

- Website is fully capable of performing transactions; however, not all firms decide to do so with the firm-operated website for various reasons (such as compatibility between product type and eCommerce, firm's capability of handling related activities, and so on). Website's technical properties make it an excellent channel for information provision and customer interactions.

- Social network is intuitively intended as the main channel for establishing and maintaining customer relationship. Some practical information, although subject to the constraints of the characteristics of each social network platform, could be obtained on social network as well. It however is rarely observed to play a direct role in transaction process.

- SMS and Email are in general not able to conduct transactions, but most often used to deliver practical information such as order status, promotion news, and so on. Since the recipient of SMS and Email could be identified as individuals by the firm, it gives the firm opportunities to tailor the information for relationship management.

- Web applications are various web-based services which are continuously being developed. Virtually infinite possibilities could be exploited by the firms for all three kinds of activities.

- Mobile channel which is internet-enabled has the same possibility and constraint in conducting transactions. It has advantages in providing practical information because of the technical possibilities such as mobility, location-based-service, barcode-scan, and so on; on the other hand it has the constraints such as the display size of the device, which requires ad hoc design to optimize the information provision. It is most often applied for relational purposes thanks to characteristics such as user-intimacy, multi-media, geo-positioning, and so on.

This channel categorization is advantageous compare to the only precedent by Payne and Frow (2005) in two ways. First of all, our collection of individual channels is grounded on empirical evidence from diverse industries, thus the categorization should be more comprehensive and generalizable. Second of all, by categorizing according to marketing implication, it improves further the generalizability and provides richer operational insights. That is, operating on different channels of similar marketing implication implies a mere quantitative multiplication of a firm's reach to the market; while operating on channels of different marketing implication implies innovating the ways a firm interacts with its customers on top of quantity expansion.

- Please insert Table 4 about here

In addition, as noted in literature that the line between transaction and communication is blurring (Keller, 2010), the interviews suggest that the same applies to the line between the communication of practical information and relational communication. The interviews suggest that an individual channel although subject to certain constrains in its capacity, usually performs, to more or less extent, all or a subset of these three activities. Therefore, instead of a dichotomous variable indicating a channel is used for transaction, providing practical information, relational communication, or any combination of them, we rather observe degrees of intensity that the firms utilize a given channel to perform these activities. Previous research suggest that while some channels are capable of both facilitating information search and fulfilling transactions, their competence of performing these two activities could differ, which impacts the customers' behavior in multichannel environment, such as the "research-shopping behavior" (e.g. Verhoef et al., 2007). Our result provides a direction to deepen and to broaden this point through the identification of relational communication as an important marketing activities in the multichannel environment.

The third component of multichannel marketing, channel integration is a characteristic undisputedly agreed in literature, and is confirmed in our interviews. Previous studies usually either discussed integration from the firms' perspective such as data collection, sharing, and utilization across channels (e.g. Payne & Frow 2004; Verhoef et al., 2010), or from customers' perspective such as information consistency across channels and flexibility of channel choice (e.g. Lee & Kim, 2010). Our result suggests that both perspectives should be considered in assessing a firm's multichannel marketing practice. Furthermore, as some previous study has considered "partial integration" and "full integration" (Berger et al., 2006), our result confirms the notion that channel integration is a matter of different levels.

Summing up the discussion regarding respectively the three components of multichannel marketing, our results suggest that instead of a dichotomy determining a firm either practices multichannel marketing or does not, which is usually implied in extant literature, it is rather different extent to which a firm practices multichannel marketing. In particular, we propose that the level of "multichannel-ness" is a product of the variety of channel types involved, the intensity of the different activities being performed on different types of channels, and the level at which these channels are integrated. Due to the qualitative nature of this study, most of these variables are not able to be quantified. We warmly welcome future studies undertaking quantitative approach to operationalize the measurements in this framework and to carry out empirical test on the framework.

Although beyond the scope for this paper to provide empirical proof, the level of a firm's "multichannel-ness" has important implication. Albeit potential economic benefits in future operation, both our interviews and the literature suggest that substantial investment could be implied in multichannel marketing in terms of infrastructure, competence acquisition, and so on (e.g. F. Coelho, Easingwood, & A. Coelho, 2003). On the other hand, the interviewed firms approaching multichannel marketing actively and displaying higher level of multichannel-ness appear to be more satisfied with their multichannel adoption; the literature as well suggests practices such as higher level of integration make a firm's multichannel marketing more effective (e.g. Lee & Kim, 2010). Thus the level of "multichannel-ness" may have an impact on both firms' investments and performance. A performance outcome worthy the corresponding investment is essential for the success of a firm's multichannel marketing strategy. However we have little knowledge on such relationships which thus represent interesting research opportunities for the future.

Motivations of Multichannel Marketing implementation

The importance of the alignment between strategy and its implementation is not new to marketing research and management research in general (e.g. Noble, 1999; Slater & Olson, 2001; Langerak & Verhoef, 2003). However, we observe that, as discussed in the literature review, extant multichannel marketing research mostly jumped on the part where multichannel marketing had already been implemented without investigating the reasons that firms decide to adopt such strategy. To our best knowledge, we among the firsts provide empirical insights explicitly on the firms' motivations to implement multichannel marketing, which reflect the objectives and value disciplines of the firms' strategy. We found three main types of reasons motivate the firms to implement multichannel marketing: economic benefits, customer benefits, and compelled by competition. We have presented in the results that the economic benefits sought by firms implementing multichannel marketing could be cost saving or revenue increasing through various means. As for the customer benefits, we suggest that customer satisfaction (Neslin & Shankar, 2009), loyalty and customer equity (Langerak & Verhoef, 2003) are rather to be considered higher level objectives which are achieved through various means at each individual firm's discretion in the multichannel environment. These various means to enhance customer value come down to two aspects: utility experience and hedonic experience, resounding previous research of (Mathwick, Malhotra, & Rigdon, 2001) on customer's experience in multichannel environment.

The firms interviewed show a diversity of motivations when it comes to multichannel marketing, which are not necessarily limited to economic- or customer-driven. They also show different traits in their implementation of multichannel marketing. Naturally, the firms mainly compelled by competition reportedly adopt new

channels which have already emerged as "industry standard" or have widely diffused, with rather superficial presences. On the other hand, when the firms actively seek economic benefits and/or customer benefits through multichannel marketing, they display higher level of proactiveness in their approach and higher level of activity utilizing multichannel marketing manifested in several ways, for example, continuously updates on various channels, creative usage, dedicated resource, perceived usefulness, and so on. These relationships, due to the exploratory and qualitative nature of this study, are still mainly descriptive and could not be concluded with statistical significance. However, this study suggests that the firms' motivation to implement multichannel marketing plays a relevant role in their actual implementation, which is an area that we know little so far.

The inclusion of firms' motives of multichannel marketing implementation in the framework opens up vast fields for future research. First of all, as discussed in the last paragraph, the interviews suggest a positive relationship between the level of firms' motivation to multichannel marketing implementation and the level of their "multichannel-ness". Such relationship could be verified and its magnitude could be further investigated in a quantitative approach. Secondly, in this paper we proposed that, the motivation to implement multichannel marketing is multi-faceted, the construct of multichannel marketing practice is multi-dimensional, and the different channel types have different marketing implications. Thus beyond a relationship between the motivation and implementation in terms of level of intensity, we may find meaningful relationships between the two on the specific variables as well. It has also been suggested in some previous research that different channels' characteristics imply different marketing opportunities on these channels. For example, physical stores are able to provide richer sensorial experience (Balasubramanian et al., 2005); internet has

greater capacity for information provision and gathering (Verhoef et al., 2007); social network could more easily engage the customers (Singh & Sonnenburg, 2012); and so on. Thus we may assume that a firm's choice of a particular channel mix should be driven by the objectives motivating it to implement multichannel marketing; and in general, the implementation of multichannel marketing considering the three dimensions should be driven by the firm's motivation as well. Since the alignment between strategy and implementation is considered critical to its success (e.g. Noble, 1999; Slater & Olson, 2001; Langerak & Verhoef, 2003), further researches on establishing the link between firms' motivations and their multichannel marketing implementation could be valuable guidelines for firms which are new to multichannel to design their multichannel marketing strategy, or for multichannel firms to keep their implementation aligned with their strategy. Furthermore, as Porter (1996) suggested that the competitive advantages were derived from the "fit" of activities, further research on such alignment may eventually provide some answer to the question of Neslin and Shankar (2009), that whether multichannel marketing is a potential source of competitive advantage.

Other emerged factors

Because of the exploratory nature and qualitative methodology of this study, besides the pre-defined objectives which are systematically fulfilled with the information generated by the interviews, we also discovered some elements which we believe, although do not directly address the objectives, are interesting factors in the context and represent future research opportunities.

First of all, some previous research have shown that new technologies were not always accepted without reservation (e.g., Walczuch et al., 2000; Valos et al., 2010), which however has hardly been recognized in multichannel marketing literature, with

an exception of Valos et al. (2010). They identified three themes of difficulties that marketers perceive in implementing multichannel marketing: strategic implementation, tactical implementation, and measurement; however, they only went on to discuss three sub-themes within strategic implementation: understanding multichannel customer behavior, delivering sales, services and information, and dealing with organizational conflict and politics. In our interviews some new elements emerge in mainly three aspects: lack of internal competence to set up multichannel marketing and to manage the operation, concerns over the cost efficiency of initial investment and maintaining multichannel marketing operation, and doubt of multichannel marketing's necessity in the firm's specific situation. In fact, literature in some other fields may also shed light on the adoption barrier in the field of multichannel marketing. For example, multichannel marketing involves inevitably the adoption of internet and even more advanced forms of internet, the concerns and barriers for firms to adopt internet into their operation discussed in studies such as Walczuch et al. (2000) could be renewed and/or reinforced. Implementing multichannel marketing also represents changes both within the firm (organizational changes) and outside the firm (relationship change with supply chain partners), thus literature of change management in comparable contexts (e.g. Aladwani, 2001) could be insightful.

Furthermore, as discussed in the section of Methodology, the extant multichannel marketing literature is limited in terms of variance in firm size, product/service type, and targeting consumer/business customer. We purposely mixed firms with different characteristics in our sample design. The interviews suggest that these characteristics could actually play a role in firms' decision to implement multichannel marketing. For example, it is mostly SMEs perceived the adoption barriers discussed in the last paragraph; however, not all interviewed SMEs have experienced

such difficulty to implement multichannel marketing and on contrary, some find multichannel marketing a valuable tool for their operation. Product category appears to be influential as well: IT firms consider multichannel marketing an inevitable choice as it is consistent with their product/service and brand image, while a traditional food product firm considers its products lack potentials to fully exploit multichannel marketing. Because of the diversity that we specifically designed for our sample, we observed these different patterns in multichannel marketing implementation; however it is not clear yet that whether these obstacles or attitudes are a matter of subjective perception or objective consequences from specific contingencies. Future research clarifying these issues would greatly contribute to marketing practices in various industries seizing the opportunities in multichannel marketing.

Conclusion

In this paper, building on current literature and practitioners' perspectives, we firstly proposed an operational framework describing the construct of multichannel marketing in three dimensions: channel variety which are categorized into nine types according to their marketing implication, channel usage which is described as three kinds of marketing activities (namely, distribution, practical information provision, and relational communication) and the intensity the channels are used to perform these activities, and channel integration which is described both in terms of the integration perceivable by customers and integration within the firm itself. By clarifying the ambiguity and limitation in literature regarding the functional scope of multichannel marketing, this framework improves the comprehensiveness of our knowledge on the subject. By integrating perspectives from diverse types of firms, it also improves the generalizability of our multichannel marketing knowledge. Secondly, to our best knowledge, we unprecedentedly provided empirical insights on firms' motivations to

implement multichannel marketing, which suggest three main types: economic benefits, customer benefits and pressure of competition. Economic benefits could be realized through saving costs and/or increasing Top Line; customer benefits could be delivered through utility experience and/or hedonic experience. Firms could be motivated simultaneously by different reasons; and their motivation could impact on the implementation of multichannel marketing. Finally, several other factors emerged during the field interviews, indicating potential influence on firms' adoption of multichannel marketing, such as internal capability, cost efficiency, product characteristics, and so on.

Managerial implication

Our study suggests several managerial implications. First of all, by considering the practice of multichannel marketing a matter of different levels instead of dichotomously yes or no, a simply dismissive approach to multichannel marketing may render loss of opportunities. We summarized diverse types of channels and their respective marketing opportunities which are much more than simply selling in a multichannel environment. The eclectic capability of different channels makes multichannel a more powerful way to distribute, to manage information flow, and to manage the increasingly important relationships with customers. There is not one single best way to implement multichannel marketing; firms have the possibility to choose the channel mix and the marketing activities to be carried out on these channels in ways which are suitable for their specific situations. Secondly, given such flexibility in implementing multichannel marketing, firms need to first define the objectives that they would like to achieve through multichannel marketing. Since implementing multichannel marketing implies investment and impacts on organizational structure, operational process, customer

perception, and so on, planning and execution need to be guided by clear objectives in order to achieve desired outcomes.

Limitation

The exploratory nature and qualitative methodology of this study imply some structural limitations. It is an effective way for variable generation thus to elicit the framework as stated in the research objectives. Nonetheless, the results could not be concluded with generalization and representativeness in terms of statistical significance. The proposed framework yet requires to be tested with further studies, especially in a quantitative approach.

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Table 1. Sample firms

		SME		Large	
B2B	Goods	#1	Hardware	#17	Building materials
		#2	IT software	#18	Electric system
		#3	Hydraulic components	#19	Automotive components
		#4	Bottling components	#20	Dietary supplement
	Services	#5	Consulting	#21	Consulting
		#6	Advertising agency	#22	Logistics service
		#7	Consulting	#23	Distributor
		#8	Logistics service	#24	Consulting
B2C	Goods	#9	Jewelry	#25	Book retail
		#10	Leather goods	#26	Food product
		#11	Furniture	#27	Sportswear
		#12	Food product	#28	Supermarket
	Services	#13	Entertainment	#29	Energy
		#14	Tourism	#30	Information
		#15	Recreation	#31	Telecommunication
		#16	Recreation	#32	Tourism

Table 2. Construct of Multichannel Marketing: Literature and practitioners'
perspectives

Multichannel Marketing	Literature	Practitioners' Perspective
Function of M.M.	- Division exists in conceptual works: some studies consider only the distribution function, while others consider both distribution and communication within the scope of multichannel marketing - Most empirical studies took place in a "distribution-only" context; however, attention has been paid to the role of multichannel in consumers' info-search behavior. - Further division exists in the scope of multichannel communication: interactive or one-way mass communication.	- Both distribution and communication are spontaneously considered common functions of the firms' multichannel marketing practices by the interviewees. - Communication function further suggests two purposes: providing practical information and managing customer relationships
Variety of channels	- Lack of consensus on multichannel function leads to lack of comprehensive definition of channel varieties - Individual channels could be categorized.	- 25 individual channels were identified, which perform distribution and/or communication tasks for the interviewed firms. - The number of individual channels deployed by each firm varies. - The extent to which a firm uses a channel also varies.
Integration of channels	- The idea of integration is agreed upon while an operational definition is absent - One aspect of integration suggests beneficial for the firm, the other aspect suggests beneficial for the customers.	- The two aspects of multichannel integration are confirmed by the interviews

Table 3. Motivations of Multichannel Marketing implementation: Literature and practitioners' perspectives

Motivations	Literature	Practitioners' Perspectives
Economic-driven	- Most previous research took place in transactional context implies strong focus on economic-driven motivation, including segmenting more profitable customers, exploiting synergies, maximizing market coverage, and so on.	- The first kind of economic benefits are achieved by increasing revenue through increased number of POS or through market expansion. - The second kind of economic benefits are achieved by reducing costs through exploiting particular advantages of certain channel and increasing marketing efficiency.
Customer-driven	- Customer benefits in multichannel context, besides increased satisfaction in general, include enhanced utility, greater experience and engagement.	- A variety of greater utility value for customer is suggested to be provided by multichannel marketing's information capacity, ubiquitousness and complementary strengths. - Multichannel marketing is also considered a resourceful approach to enhance customers' hedonic experience through sensory and emotional stimulation.
Compelled by competition	- Suggested by Neslin and Shankar (2009) as a potential motivation; however it is barely discussed in other studies	- Some interviewees suggest that they are rather compelled by the competition or industry standards in adopting multichannel marketing.

Table 4. Channel categorization

Technology involved	Channel Type	Marketing Implication	Individual Channel	Transaction*	Practical Information*	Relational Communi-cation*
Traditional	Mass media	Communicating practical information from the firms to undifferentiated audiences	Catalog Press Billboard Brochure/leaflet Trade magazines Newsletter	Partly	Yes	No
	Outlets	Main task is the transaction of the firms' products/services with direct contact with customers, thus they are able to provide practical information and potentially relational information as well	Sales force Store/front office Distributor	Yes	Yes	Yes
	Call center	Receive orders or proactively sell through telephone, and/or handle incoming inquiries/complaints from customers	Call center	Partly	Yes	Partly
	Industry specific initiatives	Communicating practical and/or relational information with precisely targeted groups of customers	Trade show Industry event Professionals PR events Business partner	No	Yes	Yes
Internet-enabled	Website	The firm's proprietary website which is potentially capable of transaction, and both practical and relational communication	Website	Partly	Yes	Yes

	Social Network	Firm-controlled presence on social network which mainly facilitates relational communication, or in cases, practical information as well, in a highly interactive environment	Social network	Partly	Partly	Yes
	Email/SMS	One-way communication with identified individual customer with potentially tailored information	SMS Email	No	Yes	Partly
	Web application	Depending on other internet-based services, mostly facilitating practical communication.	Web app Blog Web-cast Web-share Web-retailer	Yes	Yes	Yes
Mobile-internet-enabled	Mobile	Mobile channel could be the most intimate to customers. Technical features of mobile devices enable a wide range of communication possibilities	Mobile	Partly	Yes	Yes

Figure 1. Overall proposed framework