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Developing A Framework For Multi Channel Strategies – An Analysis Of Cases From The Grocery Retail Industry

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Abstract

Based on ongoing research in multi channel management, we are proposing a simple taxonomy of multi channel strategies. Cases from the grocery retail industry are not only used to illustrate four core strategies but also to study contingencies for the choice of the respective strategies. Furthermore, the cases are used to analyze the alignment of corporate marketing and online channel strategies.¹

1. Introduction

After the disappointing performance of many Internet pure players, click & mortar channel systems have raised new hopes to gain profitable e-commerce activities. The Internet, and to an increasing extent mobile technologies, inspire visions of completely integrated online and offline channels that support customer channel switching in any transaction phase [41,47]. Consultancies claim that multi channel customers are more loyal and two to four times as profitable as single channel customers [33]. However, the integration of online channels into an already existing, often complex distribution system confronts managers with a number of challenges [17,51]. To ensure economic viability and customer acceptance, retailers face the challenge to define a multi channel strategy

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which creates benefits that outweigh increased costs for both the company and its customers [3,16]. Next to large up-front investments in an effective Web presence for Internet-based sales [45], a multi channel strategy incurs further costs through channel integration and coordination of a complex system of interdependent channels [28,39]. In contrast to the statement above, however, there is no obvious reason why the Internet or any Internet-based service will on itself increase consumer spending in a multi channel system [39]. The Internet might even cause consumers to spend less [11], and a decreasing service level combined with price reductions can be of higher perceived value in some cases [16]. Therefore, depending on a company's situation and corporate strategy, an extensive integration of channels might not be the most adequate multi channel strategy.

The purpose of this paper is to gain an understanding of different multi channel strategies and of their alignment with corporate strategy. We develop a framework for multi channel strategies (in the sense of click & mortar strategies) that is based on channel integration and channel domination as classification criteria. It highlights alternative roles and relative strategic positions which online and offline channels can take in distribution strategies [14]. The framework is applied to cases from the grocery retailing industry.

Since the choice of multi channel strategies depends on central industry characteristics as well as on a company's individual situation, we will start with an analysis of these two interrelated perspectives. We then discuss key characteristics of the grocery retail industry and introduce four cases of multi channel grocery retailing. These cases are subsequently classified using the multi channel strategy framework. We conclude with an analysis of the cases regarding the alignment of corporate marketing and online channel strategies and an outlook.

2. Interrelated Perspectives

Marketing channels provide access to markets and customer segments. They are a core element of business strategy [10]. While consumers are often unaware of the complexity of marketing channels, their wide range of functions, roles and players involved represents a considerable challenge to management [10].

2.1 Channel And Product Characteristics

Both product and channel features are important factors which influence the design of multi channel systems. They technically determine the scope of possible channel system configurations for a certain product - channel combination. However, it has to be noted that not all possible configurations are likely to be successful and economically viable.

The Internet as a marketing channel is characterized by its capability to store, distribute and search vast amounts of information in an interactive manner. Compared to printed catalogues it is the superior (catalogue) medium. Its distribution potential, however, is limited to digitizable goods and services [39]. The potential advantages of Internet-based business processes comprise e. g. operational, cost and scale advantages, along with customer data collection, availability and disintermediation possibilities [47]. A comparison of the relative advantages of Internet and physical retailing channels shows that indeed online and offline channels might well complement each other [35].

Peterson introduces a classification system for products and services suitable for application in the context of online retailing. The system consists of three dimensions:

cost and frequency of purchase, value proposition (tangible vs. intangible) and degree of differentiation potential [39]. While channel characteristics are defined by physical and technical attributes, product and service characteristics are variables depending on a company's value proposition.

2.2 Internet Impact On Industries

The disintermediation hypothesis, an early assumption about the industry structure impact of Internet commerce, has often been criticized. It has been argued that mediating players, in particular Cybermediaries with specific value propositions for customers in online environments will continue to play a role on the Internet [44]. In fact, increasingly complex and diverse distribution structures emerged in various industries [22] and various new innovative distribution strategies have been developed specifically for digital products [40]. Giaglis et al. developed a contingency model of product and industry characteristics which can help to understand or predict intermediation in electronic markets [18].

The multi channel perspective highlights management issues faced by one specific company. Yet, the implementation of multi channel strategies can have lasting impact on industries e. g. by building on interorganizational collaboration. When defining a multi channel strategy, it can help to identify threats and opportunities caused by potential or actual changes in the value chain such as the emergence of new roles or new players.

2.3 Customer Channel Choice

Customer channel choice determines how a specific multi channel system will actually be used. The factual deployment of technologies and technology-based services (and thus of click & mortar systems) will most likely differ from the mode of use intended by the designer [34].

An extensive review of scholarly work in online consumer behaviour shows that consumer behaviour in the context of multi channel activities has barely been researched at all [9]. However, it can be hypothesized that a company's activities in one channel influence a customer's decision on whether and how to use another channel. This is reflected in research propositions on consumers' choice of either offline or online channels for information search and product purchase [30]. Another set of propositions on channel choice includes channel and product characteristics, but also consumer specific factors such as familiarity with a company/brand, past experience, skills and lifestyle [45]. Opportunities to influence individual customers' channel use seem to be limited: Kaufman-Scarborough and Lindquist e. g. identified a group of e-browsers that never translate their browsing into purchases [21].

2.4 Channel (Partner) Conflict

In any exchange relationship [4], conflict is a crucial element [15]. Channel conflict and related power issues have received a lot of attention in the 1970s and 1980s [15]. Recent surveys revealed that channel conflict has been named by many companies as the most important issue regarding their online sales strategy [51]. An experiment on conflict levels in single and dual channel structures showed that adding one channel exacerbated

any pre-existing conflict since conflicts were carried over into subsequent decision periods [7].

When combining traditional channels with new online channels, dysfunctional conflict [43] has to be avoided [31]. Since the outcome of a specific conflict depends on the involved players' interactions and reactions, adept conflict management is needed. Although a number of conflict management strategies has been proposed [8,51], managers still face the difficulty to determine the threshold between functional and dysfunctional conflicts [42,43].

When designing and implementing a multi channel strategy, objectives and goals of internal and external parties affected by the multi channel approach should be considered.

3. Multi Channel Strategies In The Grocery Retail Industry

In this paragraph, a framework for multi channel strategies will be introduced and four cases from the grocery retail industry will be used to illustrate its application. Based on the interrelated perspectives previously discussed, we start with a brief overview of relevant characteristics of the grocery retail industry.²

Channel And Product Characteristics

The level of concentration in the grocery retail industry has increased notably over the past decade, with large store formats gaining an increased market share. However, small-format stores have survived, e. g. as convenience stores for top-up shopping [5,12]. Groceries are low outlay, frequently purchased and tangible products with varying differentiation potential [39]. Since many grocery items are perishable, selling groceries online represents a specific challenge. If e. g. home delivery is offered, distribution costs are likely to be relatively high compared to purchase volume and profit margin.

Internet Impact On The Grocery Retail Industry

Internet-induced change in the grocery retail industry has up to now remained far below expectations. In 1998, it was predicted that the market for online grocery sales would increase to \$34 billion by 2003 [36]. More current estimates predicted total sales to mount up to \$3.5 billion in 2003, and none of the chains expects the share of online sales to exceed 5% of total sales over the long haul [23]. The high number of failures of Internet pure players in grocery retailing emphasizes the importance of multi channel strategies, which are now the dominant approach in online grocery retailing. The industry has learned from failure, and although change occurs slower than expected, the Internet still matters in distribution strategies.

Customer Channel Choice

The frequent routine of shopping for daily goods generates significant habitual purchase patterns that might be difficult to change. These habits include the ability to sample and examine products and the opportunity to see related items that were not originally on the shopping list [36]. On the other hand, grocery shopping generally ranks low on the list of

² For a good synopsis of the evolution and structure of the grocery retailing industry see Palmer et al. [36].

preferred tasks. Hence, online shopping might be perceived as a way to get rid of an unfavourable task. Consequently, different customer groups exhibit varying affinity to online grocery shopping and different willingness to pay a price premium for e. g. home delivery [36].

Channel (Partner) Conflict

The level of conflict through the introduction of Internet channels depends on the multi channel system's design. Retail chains consist of a number of stores which usually belong to or are closely linked to their headquarters, e. g. in the case of franchising. If the Internet is used to set up a new distribution channel that bypasses stores, conflicts are likely. Given the low turnover in online sales, the manufacturers as well as the chain heads are cautious not to unnecessarily alienate or offend their distribution partners. Rather, the stores are involved in Internet-sales, e. g. through packing and delivering, or by receiving a share of profits generated on the Web. If the Internet is simply used to channel customers into stores, conflict seems unlikely at first sight. Nevertheless, this approach could also cause resistance, e. g. if it is used to undermine previously given pricing autonomy to stores.

3.1 Four Cases From The Grocery Retail Industry

In this section we will introduce four cases of companies that pursue profoundly different multi channel strategies.

Aldi

Aldi operates more than 5,000 stores in 13 different countries on three continents. It has a widespread network of stores all over Germany, its core market. Consistently and vigorously pursuing a discount strategy, Aldi's focuses on providing a limited assortment of private label products at low prices and good quality. In addition to a core range of standard groceries and non-food household items, a "Special Purchases" line of goods that changes once or twice a week is offered (overall below 1000 items). Aldi's business model has proven to be highly successful, putting Aldi on 18th place by sales of the world's largest retailers.

Description Of Multi Channel Activities

Aldi's Web sites (<http://www.aldi.com>, <http://www.aldi.de|fr|nl|...>) have the following functionalities: next to a store locator, general information on the company and new products in the basic assortment, the main focus of the Web sites is to present information on the Special Purchases. Placing orders online is not possible. Community building measures do not exist, as the only online marketing tool is a weekly e-mail newsletter that is offered in Germany. Thus, the Internet is mainly used as promotion channel. It supports the information phase aiming to increase allocation efficiency of the traditional distribution channel. The Internet presence reflects only a small subset of the offline assortment and is scarce in content. It has no significant influence on processes or transactions in the physical outlets and is not actively promoted in Aldi's marketing communications.

Ahold

Ahold is the largest food retailer in The Netherlands and with its operations on four continents Ahold has become the 3rd biggest global retailer. In 2002 it achieved sales of almost USD 60,000 Mio [32,1] and operated 5,606 stores, 60% of them supermarkets, through its consolidated subsidiaries. The U.S. based activities include six traditional retail companies with regional foci in eastern and southern states. The integration and consolidation of Ahold USA is a major part of the recently announced strategy plan called 'Road to Recovery' [1].

Description Of Multi Channel Activities

Ahold USA heads six traditional retail companies and Peapod, an Internet supermarket. Peapod is an independent company with its own brand and Web presence (<http://www.peapod.com>). Ahold gained control over Peapod in June 2000 and made it a wholly owned subsidiary by July 2001. Peapod's sales in 2002 reached USD 117 Mio and were already up to USD 107 Mio by the third quarter of 2003 [2]. The company provides online grocery shopping and delivery services in five metropolitan areas in the US [38]. In the Chicago region, Peapod operates its own infrastructure, including warehouses and distribution centers. In other regions, Peapod cooperates with Ahold's Stop & Shop or Giant Food markets. It thus pursues a hybrid model with stand-alone distribution centers and Ahold's chain store infrastructure. Therefore, Peapod's costs can be kept at a lower level while expanding their geographical reach. Stop & Shop and Giant both link to Peapod's online shop on their Web sites. Ahold USA uses Peapod's brand and expertise in online retailing to extend their traditional business into the online channel and therefore prevents its regional chains from operating their own online retailing activities.

LeShop

Founded in 1997, LeShop was Switzerland's first online supermarket offering home delivery all over the country. After a promising take-off, it was close to being shut down in December 2002 when majority stock holder Bon appétit Group decided to disinvest [24]. However, LeShop's management was able to find a group of private investors and enthusiastic clients - ShoppingNet Holding SA - and succeeded to continue all activities [6]. LeShop's turnover is growing continually and reached CHF 14.7 Mio in 2003. It claims to have a client base of 16,000 regular customers at present [24].

Description Of Multi Channel Activities

Recent developments make LeShop an interesting case for multi channel issues. In September 2003 it announced a strategic alliance with Migros, a large Swiss group of cooperatives ranked 47th by sales in 2002 of the world's largest retailers. The strategic alliance led to a fusion of Migros' and LeShop's online shops. Both Web sites, <http://www.migros-shop.ch> and <http://www.leshop.ch>, now give access to the same online supermarket. LeShop's distribution partner ExpressPost guarantees next day delivery all over Switzerland at a price of CHF12. Migros' infrastructure is combined with LeShop's proprietary distribution centre. The new shop went online on January 19, 2004, offering a large range of products (6,000 items). The very successful launch even forced LeShop to limit the number of orders per day because capacities were fully used. Customers had to be stopped from placing new orders. Migros and LeShop jointly promote the new online shop. Le Shop benefits from Migros' strong brand in the traditional retail market [24].

Tesco

Tesco is UK's leading grocery chain and was ranked 8th by sales of the world largest retailers in 2002 [32]. In early 2003, Tesco operated 2,291 stores in 10 different countries and employed 296,000 people [27]. After struggling in a severe price competition in its British home market in the early 1990s, Tesco was successful in relying on sales of non-food items and international expansion. The strategy was redefined to a customer centric approach with the core purpose of creating value for their customers to earn their lifetime loyalty [49]. Tesco's loyalty scheme "Clubcard" has become an inter-industry benchmark for customer profiling and CRM [29].

Description Of Multi Channel Activities

Tesco launched its online channel Tesco Direct in 1996. Until 2000 the offer was limited to groceries and only run on a regional basis. Since then, Tesco moved beyond online grocery retailing and offered a wide variety of products on their Web site <http://www.tesco.com>, which was simultaneously installed as brand name for Tesco's online activities. Shortly after, Tesco was already considered the world's largest and most profitable Internet grocer [46]. What differentiates tesco.com from other online retailers is the fact that it does not operate its own warehouses, but enables the customer to buy online from their familiar local Tesco store. Each store's pricing and inventory system is linked directly to tesco.com, so that customers can select from the line of goods with prices they are used to. The orders are composed in the local stores and delivered by tesco.com vans in a customer defined two-hour delivery window [46]. Online customers are charged GBP 5 for delivery which indicates the fact that their price-sensitivity is rather low compared to the average shopper. The channel integration at Tesco is complemented by the Clubcard loyalty scheme. Customer shopping behaviour can be recorded in both channels and is used to optimize the personalized marketing activities.

3.2 Classification Of Multi Channel Strategies

As the previous section has shown multi channel strategies can fundamentally differ regarding the relationship and roles of online and offline channels. In the cases of Ahold and Tesco, both online and offline channels are used as full-fledged, equally promoted distribution channels. However, their strategies differ in terms of channel interdependence. In Ahold's distribution strategy, online and offline channels serve markets independently. In Tesco's case, online and offline channels have been integrated and mutually support each other. Customers are encouraged to switch between channels in both directions.

Alternatively, distribution strategies can prefer either the online or offline channel. The other channel then plays mainly a supporting role by guiding customers to the preferred channel. Even if a supporting channel enables complete transactions, customers will mostly be encouraged to switch to the preferred distribution channel. LeShop and Aldi both pursue a strategy which prefers one channel and uses the other for supporting purposes. Figure 1 gives an overview of these multi channel strategies, followed by a discussion of each strategy and of alternative, complementary frameworks.

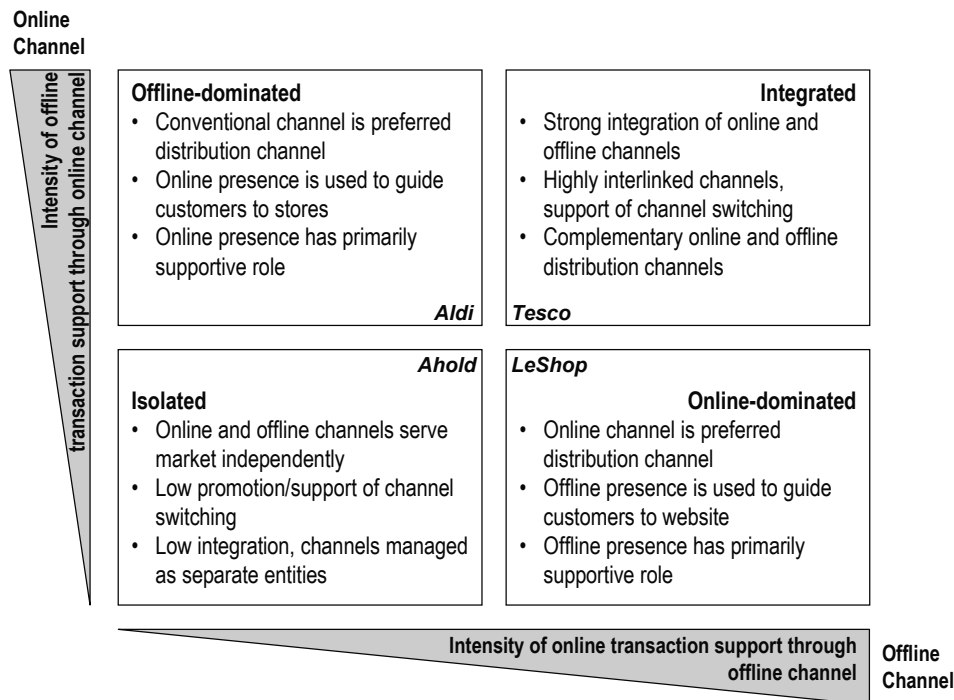


Figure 1: Framework For Multi Channel Strategies

Offline-Dominated Strategy

In an offline-dominated strategy, the online channel plays a supporting role and is mainly used to increase allocation efficiency of the offline channel. Content of the Web site is often limited to (partial) information on in-store offerings and store locations, limited additional services such as after sales information might be offered. Possible motivations for pursuing this strategy are: a sophisticated distribution system optimized for providing goods to a network of shops, strategic differentiation by means of in-store customer advisory services which cannot be offered on the Web or contractual limitations.

Aldi's Multi Channel Strategy

Aldi clearly pursues an offline-dominated strategy. Aldi is positioned as cost leader and follows a low-complexity, no-frills approach with relatively small assortments. The distribution system has been highly optimized for store-delivery. Aldi's customers tend to be price-sensitive customers and it is unlikely that they would be willing to pay a premium for multi-channel services such as in-store pick-up or home delivery. Due to Aldi's low per-item-margin, providing these services without a price premium would probably be too costly.

Isolation Strategy

An isolation strategy is pursued when online and offline channels are managed as separate and independent entities, possibly operating under different brand names. Neither communication activities nor incentives or explicit links support or encourage customers to switch between channels. Possible factors supporting a choice of this strategy are the avoidance of channel conflict, targeting different customer groups with

e. g. channel-specific pricing schemes or different geographical regions targeted by online and offline channels.

Ahold's Multi Channel Strategy

With its supermarket chains and Peapod as an online grocer, Ahold pursues an isolation strategy in the US market. Two distinct supermarket chains are used as a physical basis for Peapod's online business. Thus, Ahold extends its online grocery business without having to reposition its supermarket chains as multi channel retailers. Instead, Ahold benefits from and further strengthens Peapod's reputation as an online retailer. Involving the supermarket chains in the fulfilment of Peapod's online business provides Peapod with low cost access to infrastructure. Channel conflict potential is lowered since the supermarket chains are involved in the online activities rather than being completely bypassed. While an often proclaimed advantage of Internet-based commerce is the geographical extension of existing offline-dominated businesses, Ahold uses its store infrastructure to extend the geographical reach of its online business.

Online-Dominated Strategy

In online-dominated strategies, the offline channel is configured to guide customers to a corporate Web site or similar online offerings. Communication and promotion activities in the offline realm and possibly incentives such as lower prices or a wider range of products offered online aim to strengthen the online channel. This strategy can be used when e. g. trying to bypass intermediaries or to shift sales volume from a cost-intensive offline channel to the cheaper online channel (which is often the case for sales of digitizable goods). In analogy to offline-dominated strategies, previously online-only retailers can also try to get access to offline channel infrastructure in order to increase their online profitability or sales volume.

LeShop's Multi Channel Strategy

The latter is the case for LeShop. As an Internet pure player, LeShop survived the shakeout that hit e-commerce companies a few years ago, but still struggles to reach profitability. By teaming up with Migros, LeShop increased its offline presence through joint promotion activities and by getting access to Migros' store network. The promotion activities and the reputation effects from collaboration with a renowned retailer aim to guide more customers to LeShop's Web site. By sharing the online store infrastructure and using Migros distribution infrastructure, costs are reduced.

Integration Strategy

In integration strategies, the service portfolios respectively product offerings in both online and offline channels are mainly restricted by technology rather than by strategic decisions favouring one specific channel. The channels are seen as complementary components of a multi channel system that aim to provide a high level of convenience to customers, e. g. through supporting channel hopping in and between transaction phases. This form of differentiation strategy might help to charge premium prices, but also incurs extra costs.

Tesco's Multi Channel Strategy

Tesco is positioned as a service-oriented retailer, which is offering low as well as upscale products. It pursues an integration strategy. Through its Clubcard loyalty scheme, Tesco has extensive customer knowledge, which is a good basis for assessing the introduction of new services. Tesco's Web sites offer online shopping, home delivery and extensive information services. Most functions require a customer login based on the Clubcard

number. The supermarkets are used to inform customers - through leaflets and messages printed on the customer's receipts - about the possibility, and indeed the convenience, of online shopping and home delivery. However, Tesco does not enable customer channel switching at any point during a transaction. Features such as in-store pick-up of shopping baskets ordered online are not offered.

Related Frameworks

The proposed framework gives an overview of strategic choices regarding the relative roles and relationship between online and offline channels in multi channel strategies, with domination and integration as classification criteria. It is an extension and critique of existing frameworks, some of which offer complementary views on multi channel strategies, while all take different perspectives. Steinfield et al. [48] (following Venkatesh [50]) describe six Internet strategies classified in two groups: synergy oriented strategies vs. strategies not exploiting complementarities. As the term "Internet strategies" indicates, the classification is not limited to multi channel strategies. Other aspects such as business scope redefinition (parallel strategy) are also included. As for the synergy-oriented strategies, the classification highlights the roles of online and offline channels in initial channel design (online channel designed like offline channel vs. remaking the offline channel to better support online processes) rather than the roles and relationships of offline and online channels in established channel systems. Wirtz introduced a framework that can be used to analyze the extent to which a company relies on IT in both its distribution (customer interface) and value creation (back office) activities [52]. Gulati and Garino's framework of multi channel strategies focuses on the degree of integration respectively separation of brand, management, operations and equity in multi channel systems [19]. It complements our framework since it focuses on central decisions regarding strategy implementation. Doolin, McQueen and Watton's framework highlights the degree of business transformation caused by the introduction of multi channel strategies [13]. Since the framework has been designed for Internet strategies of established retailers, it names the support of traditional channels through an Internet channel, but does not include online-dominated strategies.

4 Discussion

Servicing customers through the combined use of online and offline channels confronts managers with numerous challenges [45]. The framework for multi channel strategies characterises how these strategies differ regarding the roles and relative strategic positions of online and offline channels. The classification and discussion of the four cases indicate contingency factors influencing each company's choice of multi channel strategies. While we started with the observation of different Web activities (phenomenology and classification), it became increasingly obvious that we had to extend our analysis into the organisational and strategic backgrounds in order to understand and explain the observed differences. The theme of aligning online and offline strategies and indeed translating strategies into tangible measures occurred time and again. Hence we used the strategic alignment model, which has been developed by Henderson and Venkatraman [20] and led to further work by Luftman and Papp [25,37,26], and modified it to facilitate the offline-online alignment (see Figure 2).

In addition to identifying areas of alignment, Henderson and Venkatraman [20] have identified alignment perspectives, which we have translated into the multi channel domain. Table 1 summarizes and explains the four identified alignment perspectives. In

each perspective, anchor domain denotes the first, pivot domain the second and impact domain the third quadrant [25,37].

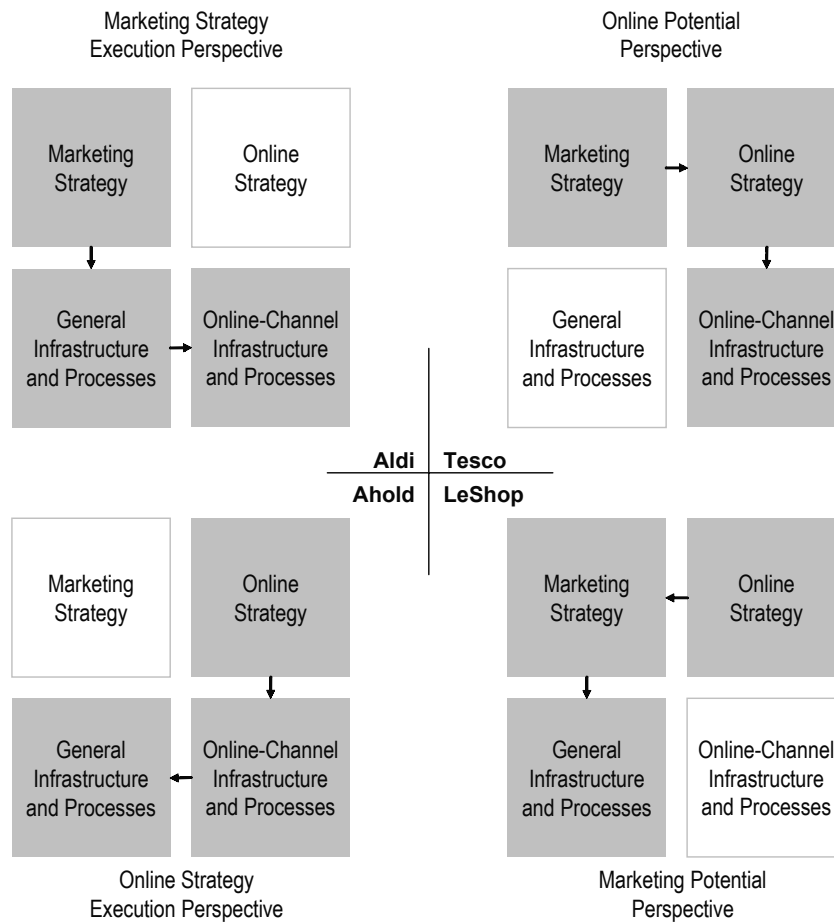


Figure 2: Alignment Perspectives For The Four Cases Considered

Table 1: Summary And Explanation Of Alignment

		Anchor Domain Catalyst, enabler or driver („stable“ or „strong“ quadrant).	Pivot Domain Problem / opportunity that is being addressed („weak“ quadrant).	Impact Domain Directly affected by change of the pivot domain.
Aldi	Marketing Strategy Execution Perspective	ALDI's follows a no frills, cost leader oriented marketing strategy addressing anonymous customers. Hardly any IT-based or other services are offered.	One of ALDI's main infrastructure components are its retail outlets. Effective communication of special purchases can attract additional customers to stores.	The result is a very limited online infrastructure that does not require a wide range of specific competencies or a wide range of different IT systems.
Tesco	Online Potential Perspective	Tesco's marketing strategy is based on seeing customers as individuals. Central activities are based on customer data collected through the clubcards.	Tesco discovered the potential of the web to support its customer-centric strategy. Online functionality is comprehensive, based on diverse competencies.	The online-strategy led to a complex infrastructure of the online channel (new logistic requirements, extensive web site content, integrated IT systems).
Ahold	Online Strategy Execution Perspective	Ahold decided to follow an online strategy that does not affect traditional marketing activities of its store chains. Competencies where built by acquiring Peapod.	Through the acquisition of Peapod Ahold gained instant access to a mature and comprehensive infrastructure of an established online retailer.	The general infrastructure was influenced by changes triggered through the extension of Peapod's operations based on retail chain infrastructure.
LeShop	Marketing Potential Perspective	LeShop's core competencies are based on its capabilities as an online retailer focusing its business on online-only sales activities.	Due to unsatisfactory performance, marketing strategy had to be altered. The Migros cooperation resulted e. g. in store co-branding, new and larger assortment and higher visibility.	LeShops infrastructure has been effected by these changes, since physical as well as IT infrastructure can be shared, cooperatively operated or financed with Migros.

5 Concluding Remarks: Methodology, Limitations And Future Research

The proposed framework (Figure 1) reflects the results of a critical analysis of earlier research on multi channel strategies and empirical research. It proposes, however, a novel perspective. The cases have been selected to give evidence of the practical relevance and existence of the conceptually identified strategies. In order to collect further information and to broaden our case base, we have developed a questionnaire for Web site analyses (see Appendix: Questionnaire for the Identification of Multi Channel Strategy Indicators on Retailers' Web sites). This questionnaire can be used to identify Web sites' characteristics that are indicative for the multi channel strategy pursued by a retailer and a wide range of measures for its implementation. However, this approach to strategy identification is limited since it only relies on external information. It will be used to study and classify multi channel strategies in various sectors. The cross-sector comparison of multi channel strategies is expected to provide insights into dominant strategies, drivers of strategic choice and – in a longitudinal perspective – changing strategic patterns.

Further research will focus on an operationalization of the four alignment perspectives, e. g. based on internal criteria. The classification of multi channel strategies and a subsequent analysis of alignment perspectives are expected to reveal patterns in the development and evolution of multi channel strategies per strategy category.

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Appendix: Questionnaire For The Identification Of Multi Channel Strategy Indicators On Retailers' Web Sites

The Questionnaire uses a five point Likert scale. Answers to 1, 3 and 5 are given. If any one of those answers fits, it should be chosen. If the answer is in between two of the given answers, 2 respectively 4 should be chosen. If no answer is applicable, 0 should be chosen.

Part A: General Information / Communication Policy

I. Information about the company (head office) and retail outlets

Please note in the right column (1-5)	1	2	3	4	5
General company information	<i>Hardly any / only the legally required general information</i> about the company can be found on the Web site.		General company information is limited to information on the <i>company's business segments</i> .		<i>Detailed information</i> about the company can be found (including e.g. mission statement, policies, financial information etc.)
Different communication options	<i>No contact information</i> for telecommunication media (e. g. phone number) is available; however customers are not explicitly encouraged to get in touch with the company.		Contact information is available for different telecommunication media; however there is <i>only one central point of contact</i> per medium. <i>No specific contact purposes</i> are mentioned.		A range of telecommunication media can be used, and at least for some media there are <i>multiple points of contacts for specific contact purposes</i> (e. g. for technical service, pre-purchase information etc.)
Information about retail outlets	Only the <i>most basic information on retail outlets</i> can be found (<i>address</i>).		Information on <i>opening hours, the service portfolio</i> and location of retail outlets (e. g. including a map or directions) is given.		Information on <i>special services in retail outlets</i> (e. g. special trainings, product presentations, autograph hours) is offered <i>on a by-store basis</i> , allowing for an individual representation of store capabilities. Mailing lists for <i>outlet-specific news</i> or information on special events are available for subscription.
Communication options (retail outlets)	<i>No outlet-specific communication options</i> are offered.		An <i>outlet-specific telephone number or e-mail address</i> is explicitly offered for customer requests.		<i>Different means of communication</i> (fax, email, telephone) as well as <i>different points of contacts</i> for different requests and special services (call back services) are offered on a by-store basis.

II. Online offerings

Please note in the right column (1-5)	1	2	3	4	5
Channel specific brands	The brands of online and offline channels are different and <i>do not reveal that they are related</i> .		Online and offline brands <i>are related</i> , however not identical (e. g. Obi – Obi@Otto, Rossmann – Rossmann Versand)		Online and offline brands <i>are identical</i> .
Functional scope of Web site	<i>Hardly any</i> information / explanation on the features offered on the Web site is available.		The functionality of the Web Site (e. g. registration, ordering, newsletter subscription) <i>is explained</i> .		Next to explanations regarding the Web site features, it is also <i>explained why certain features are not available online</i> (e. g. online ordering or a full product catalogue).
Regional scope	The Web site has a clear geographical focus on a <i>single national or even regional market</i> . Purchases from outside the defined region are explicitly excluded.		The Web site is targeted at <i>international markets</i> . Detailed information (shipment, taxes etc.) is provided for customers from different nations		The Web site targets international markets and takes a <i>localized approach</i> by offering subsites / subsections for national or regional markets.

Channel governance	Online sales are offered through an organizational arrangement such as a <i>cooperation or joint venture</i> between an online retailer/ delivery service and a traditional outlet-oriented retailer.	There is <i>no information</i> on whether online and offline channels are managed by one and the same company.	Online sales and retail outlets are owned and operated by <i>one and the same company</i> .
Communication of channel roles	The Web site <i>does not explicitly communicate special roles of the Web site</i> (e. g. "on our Web site you only find information about special offers. The full assortment is available in our shops" or "in our online store, you find all items available at your local dealer").	The role of the Web site relative to retail outlets <i>is explicitly communicated</i> on the Web site.	The role of the Web site relative to retail outlets <i>is explicitly communicated</i> on the Web site, and customer are <i>encouraged to use specific channels</i> in specific transaction phases (e. g. "For lowest prices, always check our Web site", "Free home delivery saves you time and money", "For fast after sales service information contact us through our web from".).

Part B: Transaction Phases

III. Registration

Please note in the right column (1-5)	1	2	3	4	5
Necessity of Customer Registration	Customer registration is not necessary / customer accounts are <i>not available</i> . In case online-ordering is possible, customers have to type in their data for every order.	Customer registration is a <i>precondition to use certain features</i> of the Web site, such as permanent shopping cart or information on current / pending orders etc. Registration is open to any customer.			<i>Most features</i> of the Web site are only accessible for <i>registered customers</i> . Registration is combined with a (Cross-channel) company loyalty programme or requires approval by the company.
Functional scope of customer accounts	Functional scope of the customer account <i>is restricted</i> to customer identification and password.	The customer account encompasses a <i>customer profile</i> (address, contact, payment information).			In addition to a customer profile, the customer account includes <i>customer preferences</i> (e. g. hobbies, product or service feature preferences) and is linked to the loyalty programme. <i>Extended functionality</i> (such as sales history of orders/ purchases in the online channel and retail outlets) is offered to registered users.
Explanation of registration benefits and privacy policy	Purpose or benefits (e. g. faster ordering processes or automatic information on product updates) of registration are <i>not explained</i> .	The purpose of registration and customers' benefits <i>are explained</i> and a <i>privacy policy statement</i> is available.			The purpose of registration and customers' benefits are <i>explained in detail</i> . Further information is provided how customer information will be protected. Customers <i>can choose how their personal information will be used</i> (e. g. decide whether information can also be used by marketing partners).

IV. Information Phase

(1) Product Catalogue

Please note in the right column (1-5)	1	2	3	4	5
Electronic product catalogue(s)	A <i>small selection of products</i> is listed on the Web site; however no comprehensive product catalogue is available.	A product catalogue <i>is available</i> online			A <i>detailed online catalogue</i> is available which also contains additional information (e. g. technical information or customer recommendations).

Product catalogue(s) for offline sales	There is <i>no hint</i> that the catalogue represents items sold in retail outlets .	<i>It is apparent</i> that a majority of items represented in the electronic product catalogue is available in retail outlets also.	<i>All items represented in the electronic product catalogue</i> can be bought in retail outlets or there is a <i>separate extensive catalog</i> for regular offerings in retail outlets.
Paper-based product catalogues	There is <i>no hint on the Web site</i> that the company offers (e. g. seasonal or annual) printed product catalogues .	There is <i>an indication on the Web site</i> that the company offers a (e. g. seasonal or annual) printed catalogue.	A print or CD-ROM version of the catalogue <i>can be ordered</i> or the catalogue <i>can be downloaded</i> (e.g. in PDF format).
Price information	No price information is available on the Web site.	Prices are available <i>only for a small selection</i> of products.	<i>Comprehensive price information</i> is provided online.

(2) *Availability Information*

Availability checks for home delivery	<i>No information</i> on product availability ("products ready for delivery in ...") is given.	<i>Only rough information</i> on product availability for home ordering is available (e. g. general information on average delivery time).	Information on expected delivery time (e. g. "Will ship within 24 hours") is given <i>on a per-item basis</i> .
Availability checks for retail outlets	<i>No information</i> on product availability in individual outlets is given.	<i>Only rough information</i> on product availability in retail outlets is available (e. g. available in all retail outlets).	Precise availability information is given <i>on a per-item basis for specific retail outlets</i> (e. g. "currently available").

(3) *Special Alerts*

New/ special Item alerts	<i>No information</i> about new ("soon to be added to our assortment") or limitedly available items (e.g. special purchases) is given on the Web site.	The Web site is used to inform about new items <i>on a regular basis</i> (e.g. a special "new item" category can be found).	The Web site is used to inform about new products <i>on a regular basis</i> and customers <i>can subscribe to information services</i> (email list etc.) to be regularly informed.
Special Offers	<i>No special offers</i> are advertised on the Web site.	The Web site is used to advertise special offers <i>on a regular basis</i> .	The Web site is used to advertise special offers <i>on a regular basis</i> and customers <i>can subscribe to information services</i> (email list etc.) to be regularly informed.

(4) *Extra Services*

Online Buying Assistance	<i>No individual buying assistance</i> is available on the Web site .	Buying assistance based <i>on asynchronous, mediated communication</i> is available (e. g. e-mail, fax, Web form).	Buying assistance based on <i>asynchronous</i> (e. g. e-mail, fax, Web-form) <i>as well as synchronous communication</i> (call center, request call back) is available.
Offline Buying Assistance	<i>No information/ support for individual buying assistance in retail outlets</i> is available on the Web site.	<i>It is mentioned</i> that individual buying assistance is available in retail outlets.	There is <i>an explicit opportunity to make appointments</i> for buying assistance or consultation in retail outlets.
Additional content	<i>No additional content</i> (beyond the product catalogue) is made available on the Web site.	The Web site contains a few links and a little bit of additional content, <i>mostly with direct relation to the products on offer</i> (e.g. information about vines: vineyard, growers, ...).	The Web site provides a <i>wide range of additional information</i> (e.g. background, contextual, topical, technical) to attract regular visits and customers
Gift vouchers for online shopping or gift registry	Gift vouchers that are redeemable for online purchases are <i>not available</i> .	A gift registry or simple gift vouchers redeemable for online purchases are <i>available</i> .	A <i>variety of different gift vouchers</i> (e-mail, e-card or paper certificates) for <i>different target groups</i> (friends and family, corporate customers) redeemable for online purchases are available.

Gift vouchers for offline shopping	Gift vouchers that are redeemable in retail outlets are not available.	Simple gift vouchers redeemable in retail outlets <i>are available.</i>	A <i>variety of different gift vouchers</i> (e-mail, e-card or paper certificates) for <i>different target groups</i> (friends and family, corporate customers) redeemable in retail outlets are available.
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V. Negotiation Phase

Please note in the right column (1-5)	1	2	3	4	5
Flexible pricing	. The Web site provides a price list (<i>fixed prices</i>) but <i>no special offers.</i> Flexible pricing is in no way realized.	The Web site offers <i>customized product bundles</i> (e. g. by offering complementary products) <i>at special rates.</i>			The Web site provides <i>multiple options to procure (identical) products</i> at different prices, such as auction, demand pooling, second hand goods (e.g. Amazon.com).
Home Ordering Functionality	Ordering products for home delivery is <i>not possible.</i>	A <i>limited number of products</i> presented on the Web site can be ordered for home delivery.			<i>All products</i> presented on the Web site can be ordered for home delivery.
Shop Ordering Functionality	<i>No reservation or delivery</i> of products to retail outlets is possible.	A <i>limited number of products</i> presented on the Web site can be ordered/ reserved for pick-up in retail outlets.			<i>All products</i> presented on the Web site can be ordered/ reserved for pick-up in retail outlets.
Order Status Information	Order status information is <i>not available.</i>	Order status information <i>is available for registered customers</i> on the Web site.			Order status information is available <i>and customers will be informed by e-mail</i> (e.g. order confirmation, delivery).

VI. (After Sales) Service

Please note in the right column (1-5)	1	2	3	4	5
Bonus/ loyalty programme	<i>No information</i> about the existence of a loyalty programme is provided.	The company offers information on and application for a <i>cross-vendor bonus programme</i> (e.g. Payback).			The company offers information on and application for a <i>company-specific loyalty programme.</i>
Direct product returns	<i>No information</i> on direct product returns is given.	Information on direct returns (i. e. returning products by mail) is given, however it <i>only refers to products purchased online.</i>			Information on how to send back products is given. <i>Items purchased both online and offline</i> can be returned this way.
Product returns to retail outlets	<i>No information</i> on product returns to retail outlets is available on the Web site.	Information on product returns to retail outlets is given, however it <i>only refers to products purchased offline.</i>			There is information on product returns to retail outlets. <i>Items purchased both online and offline</i> can be returned to retail outlets.
Customer feedback options	Explicit Customer feedback options are <i>not provided</i> on the Web site.	Customers <i>are encouraged to provide feedback</i> to the company. The feedback <i>will not be made visible</i> to other customers.			<i>Customer feedback is listed on the Web site</i> (e.g. suggestions/ complaints / Web site quality etc.)

**** End of questionnaire ****