THE SUCCESS OF MULTICHANNEL STRATEGIES: TESTING A CONTINGENCY FRAMEWORK

It is not clear whether selling products through multiple channels is a promising strategy. Multichannel retailers are often expected to be more successful than single-channel firms (Ansari, Mela, and Neslin 2008), but research results are inconsistent. Thus, it seems crucial to better understand the mechanisms and conditions in which channel strategies lead to higher firm performance, rather than saying that a multichannel strategy in general is more or less successful. We propose a comprehensive contingency framework which demonstrates when multichannel strategies are recommendable and use Ohmae's (1991) strategic triangle theory to identify moderators related to the company (i.e., brand equity, business strategy, product category), competitors (i.e., competitors' multichannel strategy), and customers (i.e., market dynamism, purchase frequency).

We empirically test our model by analyzing data on 191 publicly traded US-retailers using time series cross-sectional analysis (Beck and Katz 1995). We collected data of these retail firms for a time period from 1994 to 2012 by analyzing multiple data sources (e.g., COMPUSTAT, annual reports, press). Our results confirm that the success of conducting a multichannel strategy is dependent on several conditions, instead of being more successful per se. For instance, we find that the number and types of distribution channels provided need to fit with a firm's general business strategy. Our study is the first to test a comprehensive model of the contingencies of successful multichannel strategies. Managers should use our model as a basis for their decision making when introducing additional channels and designing their multichannel strategy.