

THE IMPACT OF MULTICHANNEL ASSORTMENT INTEGRATION ON CUSTOMER CHOICE

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SUMMARY

Spurred by the expansion of the Internet as a new selling channel and the immense growth of digitalization technologies in general, multichannel management has become an important topic in research and practice (Ansari, Mela, and Neslin 2008; Rangaswamy and Van Bruggen 2005). Recent studies report that more than 80 percent of U.S. retailers and more than 90 percent of the most successful retailers use two or more channels to distribute their products and services to customers (DMA 2005; Kilcourse and Rowen 2008). Accordingly, numerous researchers devote increasing attention to issues of multichannel management (e.g., Neslin et al. 2006; Neslin and Shankar 2009).

A topic of central interest for every multichannel retailer is to which degree distribution channels of a particular retailer should be integrated (Dholakia et al. 2010; Zhang et al. 2010). Multichannel integration exists when different distribution channels of the same company are consistent in terms of retail mix elements (e.g., assortment and price). There are important arguments in favor and against multichannel integration (Berry et al. 2010). While industry experts and marketing researchers argue that integration increases customer satisfaction and trust and helps to avoid customer confusion and frustration (Micros 2007; Wolk and Ebling 2010), others contend that channel characteristics and costs are sufficiently different to warrant differing retail mix decisions (Zhang et al. 2010). Market studies and a survey among channel managers, at least, indicate that channel integration is not yet realized at retailers, with about 70 percent of managers saying they have not fully integrated their channels (Accenture 2010; Business Wire 2010; Marketing Weekly 2010).

To date, only few research studies have been concerned with multichannel integration, leaving several issues open for investigation (Neslin et al. 2006). For instance, Berry et al. (2010) presume that low levels of channel integration negatively affect customer attitudes and their purchase behavior. Zhang et al. (2010) argue that multichannel retailer should draw on the strengths of each channel in that they carry a larger assortment in the Internet than in bricks-and-mortar stores. Sousa and Voss

(2006) develop a conceptualization of service quality in a multichannel setting which includes the dimension of integration quality. Among the few empirical studies, Bendoly et al. (2005) find that channel integration defined as the use of multiple modes of fulfillment for mutual support of customers, can reduce negative outcomes of out-of-stock situations in store. However, despite this notable progress, extant research does not empirically study the impact of multichannel integration on customer choice.

The contributions of this article are twofold: First, we investigate the effects of multichannel *assortment* integration on customer choice using an experimental setting. Channel assortment integration denotes customers' perceived level of consistency between assortments in different channels offered by the same company. Assortment selection is generally considered among the most important determinants of channel and retailer choice (Hoch, Bradlow, and Wansink 1999; Verhoef, Neslin, and Vroomen 2007). As our dependent variables, we consider three important customer choice constructs, namely perceived choice, exploration, and choice confidence, which cover different facets of a customer's choice process (Bettman, Luce, and Payne 1998; Howard and Sheth 1969). We conduct a role-playing experiment using a nationwide representative sample of 1,082 customers and find that multichannel assortment integration positively influences all three choice constructs. This finding underscores the need for retailers to consider offering consistent assortments across channels.

Second, we investigate assortment relations as well as customers' personal need for structure and involvement as potential moderators of the impact of channel assortment integration on customer choice. While assortment relations refer to customers' perceived similarity between assortment items (Henderson and Quandt 1958; Kotler and Armstrong 1996), personal need for structure is defined as a person's "preference to use cognitive structuring as a means to achieve certainty" (Bar-Tal, Kishon-Rabin, and Tabak 1997, p. 1158). Our experimental results indicate that different interactions between channel assortment integration and assortment relations are at work for each choice construct and that the effectiveness of channel assortment integration depends on

customers' need for structure and their level of involvement. Overall, our moderators explain why different multichannel companies are more or less successful and

why different customers make different choices at varying channel integration levels (Berry et al. 2010). References are available upon request.

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