The Impact of Multichannel Integration on the Customer Experience

**ABSTRACT:**

Due to the development of technology, multichannel, multimedia retailing environments have grown in variety, scope and sophistication. Hence, MSI (2016) regards the comprehension of the customer experience along the entire path to purchase as one the challenges for firms that operate through different channels. Especially, consumers can search, compare prices, products assortment and promotions among different channels. Moreover, customers can enter the retailing environment anytime and anywhere simplifying the comparison process toward marketing mix factors. As a result, integration of multichannel marketing becomes a key issue to deliver positive customer experiences. However, research on this topic is scarce. In this study, we seek to address this need by proposing a conceptual framework that integrates the consistency of marketing mix factors (branding, pricing, assortment and promotions) to develop the comprehension toward customer experience. We also include time consciousness as the moderator role in the conceptual model. To test empirically the proposed conceptual model, we will carry out a survey among customers in a retailing settings. We expect to find a significant impact of the consistency of marketing mix factors in multichannel environment on the customer experience. We will also explore their relative impact in order to identify which of the four factors contribute the most to shaping customer experience.

**KEYWORDS:**

Multichannel marketing, customer experience, retailing, marketing mix, time consciousness
1. INTRODUCTION AND OBJECTIVES

Given the advance of technology, customers now can interact with firms through multiple touch points in different channels and media, driving a more complex customer journey. Customers now frequently search for information in the store and simultaneously search on their mobile device to get more information about offers and find more attractive prices, assortment and promotions (Verhoef, Neslin and Vroomen, 2007). Within the customer journey, different customer touchpoints can be identified. In addition, customers start their journey anytime, anywhere and from any device, and when they stop midway, they expect integration among channels (Acenture, 2014). The integration of multichannel plays a very important role on delivering satisfactory and personalized experience through all interactions in any of available channels (Melero, Sese and Verhoef, 2016). Payne and Frow (2004) state clearly that faced with the necessity of offering customers different channel types to meet their changing needs during the sales cycle, it is increasingly imperative to integrate the activities in these different channels to produce the most positive customer experience and to maximize value. Hence, the study of the influence of the integration of multiple channels on the customer experience is relevant for academics and practitioners. According to MSI (2016), understanding customer experience along the entire path to purchase in one of the challenges and priorities for firms operating through different channels.

Under the dramatic trends of proliferation of channels (Neslin, Grewal, Leghorn, Shankar, Teerling, Thomas and Verhoef, 2006), delivering a seamless experience and consistent messaging across each of channels plays a key role (Payne and Frow 2004). However, research on this topic remains relatively scarce. That is why the discussion of homogenization vs. harmonization of retail mix among channels is the most common criticized issue in terms of integration under the multichannel context (Zhang, Farris, Irvin, Kushwaha, Steenburgh and Weitz, 2010). Considering the importance of understanding multichannel customer journey touch points to facilitate customer experience design (Lemon and Verhoef, 2016), our research aims at answering the following research question: will an increasing consistency of price, assortment, promotion and branding affect the experience that the customers have toward the company? (Verhoef, Kannan and Inman, 2015). Despite the important role of consistency of retail mix among channels in terms of delivering seamless customer experience, time consciousness should also be taken into account since consumers derive utilitarian value from efficient and timely service delivery in general (Kleijnen, De Ruyter and Wetzels, 2007). Moreover, the time consciousness is perceived different by people meanwhile the experience of time is related to an inherent personality and characteristics (George and Jones 2000). Thus, we will also discuss the role played by time consciousness in the relationship between multichannel consistency and the customer experience.

To address this important research gap, we will develop a conceptual model of customer experience quality that integrates the consistency of marketing mix among channels (branding, price, assortment and promotion) as well the moderating role of time consciousness. In addition, will test empirically the framework through a survey in a multichannel retail setting. The remainder of this article is organized as follows. First, we show a brief literature review about multichannel integration. Second, we propose a conceptual framework that illustrates customer’s decision process and develop the research hypotheses supported our theoretical development. Further research lines are detailed in the last section to encourage academics to investigate this topic in the future.
2. LITERATURE REVIEW AND CONCEPTUAL FRAMEWORK

Within the marketing literature, the paper by Neslin et al. (2006) has been very influential in the development of multichannel retailing research. Neslin et al. (2006) formally defined multichannel customer management as the design, deployment, coordination, and evaluation of channels to enhance customer value through effective customer acquisition, retention, and development.

Initially, studies on multichannel focused on the choice of one specific channel, such as offline channels (stores), online channels (i.e., Web store), and traditional direct marketing channels, such as catalogs (Verhoef, Neslin, and Vroomen, 2007). Given the arrival of e-commerce, there are a lot of studies that have addressed the drivers of the online channel use, focusing on the socio-psychographics, perceived costs, social influence, marketing-mix instruments and past purchase behavior. More recently, scholars have analyzed research shopping behaviors, called “showrooming” and “webrooming” (Rapp et al., 2015).

Additionally, some attention has been also devoted to the effect of channel elimination and specifically the elimination of a search channel (Neslin et al., 2006).

Overall, existing research on multichannel are mainly focused on isolated channels, generally online and store channel. As Verhoef et al. (2015) concluded, channels have frequently been developed and managed separately within firms, with only limited integration. While in reality, customers interact with multiple touch points and they behave differently in the presence of multichannel categories of interaction. And the customer experience encompasses communication activities through all forms of customer interaction (Lemon and Verhoef, 2016). Thus, while the company communicates with customers using a combination of channel options or media, such as advertising, direct mail, sales promotions, public relations, and so on, it must ensure consistency in the messages conveyed by these different means (Storbacka, 2001). This will help individuals form a particular perception of the company in their mind and build a relationship with it based on all interactions across channels. Any incoherence or conflict in the messages in different channels will confuse the customer, who may then misinterpret or ‘draw a blank’ about what the company stands for and what it is offering. This confusion across channels can seriously diminish the customer’s view of the company, and possibly instigate a negative word of mouth. Hence, to achieve positive customer experience toward channels is essential to achieve consistency in the way customers experience the company when customers deal with its various channels. Several studies have considered integration of multichannel. Specific attention has been given to assortment integration and pricing across channels on the impact on profitability of firms (Neslin et al., 2006). These issues have been discussed frequently in multichannel area, which is denominated of homogenization vs. harmonization of multichannel retail mix decisions in terms of pricing, promotion, assortment and return policy (Zhang et al., 2010). Unfortunately, no previous research has pretended to establish the relationship between the coordination of multichannel and customer experience.

Drawing on congruence theory, storage and retrieval of information from memory are influenced by relatedness or similarity (Osgood and Tannenbaum, 1955). Moreover, changes in evaluation are always in the direction that increases congruity with the existing frame of reference. In other words, people have a natural preference for consistent information. Stone, Hobbs, and Khaleeli (2002) emphasize the firms should establish consistency in customer service, promotions and pricing in order to achieve o deliver a consistent customer experience. Zhang et al. (2010) discuss homogenization versus harmonization of multichannel in terms of pricing, assortment, return policies and promotion. Pentina and Hasty (2009) assess the role of multichannel coordination strategy in impacting online performance in terms coordination of marketing functions, cross-promotion, cross-selling,
operations, logistics and information. Drawing on congruence theory, the match-up hypothesis offers a perspective on how customer’s perception of the integration of multichannel in terms of branding, price, promotion and assortment influence their experience about the firm. If the degree of match is low, then consumers reduce their acceptance of the endorsement and can even develop a negative evaluation of the endorsement (Jagre et al. 2001), leading to negative experience toward the company.

To investigate the influence of the aspects mentioned previously on the customer experience, we develop a conceptual framework aiming to develop the comprehension toward the impact of coordination of multichannel related aspects in formulation of customer experience. Figure 1 below offers a graphical representation of antecedents of customer experience which will be detailed later.

![Figure 1: Antecedents of Customer Experience](image)

### 3. DEVELOPMENT OF HYPOTHESES

#### 3.1 Branding

According to Keller (1993), brand associations held in the consumer's memory reflect brand image, that is, the reasoned or emotional perceptions about a brand. As multichannel shopping becomes more prevalent, the importance of seamless integration of operations and consistency in branding strategies across multiple channels has become more evident for a multi-channel retailer to truly benefit from the transfer of a favorable offline brand image. Integrated branding across channels, for instance, using the same brand name, logos, slogans, and colors as well as conveying the same image across channels, should strengthen
customers’ perceived association between channels. This improves awareness creation (e.g.,
often consumers simply type in the name of a retailer to find the Web site) and trust (a brand
is a surrogate for information about a retailer and the quality of its products). Moreover,
encountering the same brand name in multiple channels should enhance consumers’
awareness of the brand itself. Kwon and Lennon (2009) state that consumers’ online and
offline brand attitudes were influenced by not only brand beliefs from the respective channel
but also by beliefs from the other channel. Consumers can transfer store preferences from
the offline to the online channel: offline store preference can be an important driver of online
store choice (Dawes and Nenycz-Thiel, 2014), since they may feel less uncertain toward an
online store carrying the same chain name as (one of) their favorite offline store(s); similarly
offline store preference can have a positive effect on the perceived online store's fixed
utility. Overall, we propose that:

**H1: The integration of branding will have a positive effect on customer experience**

**3.2. Pricing**

In making the transition from single channel to multichannel, companies face the challenge
of how to price the products in different channels. Should the firm charge the same price in
each channel? While theoretical work acknowledges the possibility of channel-based price
differentiation for multi-channel retailers (Zettelmeyer, 2000), recent empirical studies in
the price dispersion literature fail to find any evidence for its occurrence (Ancarani and
Shankar, 2004). Also, practitioners argue in favor of uniform pricing in this context to
prevent customer irritation. Under the lack of empirical study that explicitly analyzes the
occurrence of channel-based price consistency among multichannel retailers (Neslin et al.,
2006), we discuss whether charging different prices for the same product through different
channels may affect the customer experience.

Consumer reactions to a price tend to depend on the prices’ relative standing to other prices
(Grewal and Lindsey-Mullikin, 2006). In the context of multichannel pricing, when a firm
adopts a differential pricing, customers are more likely to find justice in distribution on
outcomes that are favorable to them (Messick and Sentis 1979), this is pricing consistency.
In line with this comment, Neslin and colleagues (2006) point out that shoppers may find a
multi-price strategy policy confusing and unfair; and competitors can subvert the policy by
positioning themselves as price consistent across channels and offering lower prices than
those available at the firm’s store. Although there are at least three ways a firm can charge
different prices across channels complicating the price comparison process among channels,
reduction in information asymmetry because of the development of technology, firms have
to strike a delicate balance between customers’ expectations of prices in different channels
(Grewal et al., 2010). While the impact of price consistency is remained unclear, Kireyev,
Kumar and Ofek (2014) point out the needs of matching prices given the development of
technology, especially with the introduction of mobile channel, in which consumer can
compare the prices more easily. Thus, we propose that:

**H2: Pricing consistency in multichannel will have a positive impact on customer
experience**

**3.3 Assortment Consistency**

Despite the fact that assortment is one of the most important determinants of customers’
channel and retailer choice (Verhoef, Neslin, and Vroomen, 2007), the outcomes of
multichannel assortment integration have not been examined (Emrich, Paul and Rudolph
2015). While several researchers suggest that offerings of assortments can be differentiated
because of different targeted customer segments, firms’ capabilities and costs, the literature also proposes that full integration prevents undesired consequences, such as customer confusion, distrust and frustration (Neslin and Shankar, 2009).

Compared with no integration, full integration makes all assortment options accessible in each channel, which enhances a customer’s mental visualization of the use situations for the assortment items and can therefore increase a customer’s perceived variety (Hoch, Bradlow and Wansink, 1999). Moreover, full integration increases perceived variety for complementary relations because such relations evoke engaging diversity. And a large assortment could be associated with greater satisfaction because it increases the probability of perfect match between the consumer’s preference and available alternatives. Additionally, such an assortment also provides consumers with decision freedom (Reibstein, Youngblood and Fromkin, 1975), choice flexibility and choice optimization, leading positive shopping experience as a result. In contrast, inconsistent assortment has a negative decision consequence because consumers can assess only a limited amount of product information in a certain channel. Making choices involves ranking available options, and choosing from among more channels demands greater cognitive exertion, which can result in a cognitive deficit (Malhotra, 1982). Such choices also are more difficult and time consuming and thus may reduce perceived search efficiency (Sloot, Fok and Verhoef, 2006), delay purchase decisions, and result in less product satisfaction (Iyengar and Lepper, 2000) and negative experience. Assuming all, we hypothesis that:

**H3: Assortment consistency in multichannel will have a positive impact on customer experience**

### 3.4 Cross-channel promotion consistency

Consumer promotions take several forms, including price promotions, loss leaders, coupons, and in-store displays, etc. A myriad of research investigates the impact of different types of promotions on sales and profits, including the composition of flyers (Gijsbrechts, Campo, and Goossens, 2003). Likewise, several articles examine the impact of framing a retail promotion, that is, how the retailer communicates the deal price to the consumer (Krishna et al., 2002). It would be interesting to determine how such research translates into new media, such as the Internet, e-mail, blogs, shopper marketing, social marketing, and m-commerce, that is, how is the impact of promotion in multichannel context (Grewal, Levy and Kumar, 2009). Multichannel shoppers are not only exposed to marketing actions of the online as well as the offline channel, they also seem to grab the opportunity to take advantage of the special offers available across these different channels (Badrinarayanan, Becerra, and Madhavaram, 2014). According to Stone, Hobbs, and Khaleeli (2002), where companies fail to integrate promotions across channels this will shift the balance of business elsewhere as customers’ expectations are not met. Across-channels discounts, coupons, and store loyalty programs consistency provides customer convenience and reinforce a seamless shopping experience (Pentina and Hasty, 2009). The no-integration of promotion will decrease the exposure of promotions, as a result consumers will have less opportunity to capture the promotions. Moreover, when they compare with other consumers who have enjoyed the promotions because of using certain channel, they might feel unfair, unpleasant experience toward the company. Hence, we propose that:

**H4: The consistency of promotions among channels has a positive impact on customer experience**
3. The moderating role of time consciousness

Kleijn, De Ruyter and Wetzes (2007) define time consciousness as the extent to which consumers are aware of the passing of time and how they spend it. Indeed, consumers derive utilitarian value from efficient and timely service delivery in general. The importance of speed and time efficiency being the main benefits for consumers even lead Roulac (2001) to conclude that “profound to the future of retailing are issues that surround time consciousness”. However, the time consciousness is perceived different by people, since the experience of time is related to an inherent personality and characteristics (George and Jones, 2000), which explains the important individual differences exist in consumers’ perceptions of time pressure. Several researchers find that the perception of low perceived time pressure enhance the level of in-store browsing and the search for external information (e.g., price and promotional information) in a retail grocery market (Beatty and Ferrell, 1998; Schmidt and Spreng, 1996) and enhance multiple shopping visits (Beatty and Smith 1987). And Kim and Kim (2008) demonstrate that perceived time pressure affect moderate shopping enjoyment. As consequence, time consciousness consumer would not feel pleasant with too much alternatives, offers of prices, promotion, assortment of products. Similar, different names and logos will make consumers confused easily and require more effort and time to find what they need. Thus, we suggest that time consciousness moderates the impact of the integration of multichannel on customer experience in terms of consistency of price, promotion, assortment and branding. And we hypothesis that:

H5: The relationship between the four predictor variables and customer experience is moderated by time consciousness: with time consciousness consumer
(a) Branding consistency has a stronger positive impact on customer experience
(b) Price consistency has a stronger positive impact on customer experience
(c) Assortment consistency has a stronger positive impact on customer experience
(d) Promotion consistency has a stronger positive impact on customer experience

4. METHODOLOGY

4.1. Scales proposal and methodology adequacy

To test empirically the proposed conceptual model, we plan to carry out a survey among customers from a retailing setting, since our proposed approach seeks to enrich and extend prior research on consumer behavior in a multichannel environment. Each variable integrated in the conceptual model will be measured on the basis of previous researches. Branding consistency will be measured by borrowing ideas from a research related to fit between a brand and a social cause conducted by Zdravkovic, Magnusson and Stanley (2010). Price consistency is measured by 7 points Likert scale based on past research (Grewal and Baker 1994 and Berkowitz and Waltson 1980). Meanwhile assortment consistency will be measured adapting three items scale for perceived variety (Kahn and Wansink 2004). Regarding promotion consistency scale, it will be measured based on the research of Oh and Kwon (2009) in terms of perceived extent of promotions in store and on the internet. And time consciousness scale will be developed based on the study of Kleijnen De Ruyter and Wetzes (2007) about the value creation in mobile service delivery and the moderating role of time consciousness. Finally, customer experience quality will be measured by borrowing ideas from a large list of constructs developed by Lemke et al.(2011) for customer experience quality and from Parasuraman, Zeithaml and Berry et al. (1985, 1986) study of service quality. The validation of items for each variable mentioned above is summarized in Table 1.

Table 1: Measurement proposal
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<th>SCALES</th>
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<td>Consistency of branding</td>
<td>Zdravkovic, Magnusson and Stanley 2010</td>
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<tr>
<td>Consistency of prices</td>
<td>Grewal and Baker (1994); Berkowitz and Waltson (1980)</td>
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<tr>
<td>Consistency of assortment</td>
<td>Kahn and Wansink 2004</td>
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<tr>
<td>Consistency of promotions</td>
<td>Oh and Kwon 2009</td>
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<td>Time consciousness</td>
<td>Kleijnen De Ruyter and Wetzels 2007</td>
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5. FINDINGS, IMPLICATIONS AND FUTURE RESEARCH

After applying these techniques, we expect to find a significant impact of the consistency of marketing mix factors in multichannel environment on the customer experience. Importantly, we will also explore their relative impact in order to identify which of the four factors contribute the most to shaping customer experience. In addition, we will also explore the influence of time consciousness as moderator role on the relationship between consistency of marketing mix factors and customer experience. With this empirical investigation, this study will try contribute to current knowledge in the three main ways. First, by proposing an integrative framework that considers simultaneously the consistency of branding, pricing, assortments and promotions in shaping customer experience we are advancing our current understanding of how customer experience form and develop in a multichannel environment. Furthermore, time consciousness as moderator role will extend the insights of the study of customer experience under multichannel environment. Second, with an empirical test of our proposed framework in a retailing setting, we are expected to offer visions into how to manage marketing mix in a multichannel environment more effectively to deliver memorable and positive customer experience. For instance, this study might suggest that some of marketing mix factors in terms of consistency are better predictors of the experience and thus, they should be managed carefully among channels when firms proactively try to manage the experience. For further research, it is recommended to analyze these aspects together with purchase stage, as technology advances, consumers are increasingly shopping across a variety of channels and communication media during different stages. For example, a consumer might use the internet to obtain product information and prescreen options, then visit a retail outlet to view and examine their consideration set, and finally order the chosen brand via phone (Ansari, Mela, and Neslin, 2008). Furthermore, type of communication that a channel permits could also be another aspect included in future research, due to the reason that this difference in the degree of synchronicity can strongly impact how much information is available to a consumer and how this information is utilized (Dholakia, Bagozzi, and Klein Pearo, 2004).

6. REFERENCES


