

Trends in Marketing Channels transformation in Italian SMEs

Chiara Cantù

Associate Professor

Department of Management – SEGESTA

Università Cattolica del Sacro Cuore, Milan, Italy

chiara.cantu@unicatt.it

Elisa Martina Martinelli

Research fellow

Department of Management – SEGESTA

Università Cattolica del Sacro Cuore, Milan, Italy

elisamartina.martinelli@unicatt.it

(corresponding author)

Annalisa Tunisini

Full Professor

Department of Management – SEGESTA

Università Cattolica del Sacro Cuore, Milan, Italy

annalisa.tunisini@unicatt.it

Abstract

In 2020, the Covid 19 pandemic extremely improved the process of digital transformation of all companies. In particular, new channels emerged as fundamental in order to keep and nurture the relationship with their customer and stakeholders.

The study aims to investigate how marketing channels are transforming in Italian SMEs through the impact of digital in terms of how new technologies will impact the transformation of marketing channels in Italian SMEs. To this end, the Grounded Delphi Method (GDM) is applied which integrates aspects of the Grounded Theory with the Delphi method to explore current needs and behaviors and future ones in perspective. The analysis is in a preliminary phase and represents the first step of a project divided into several phases.

Keywords: marketing channels, trends, digital channels, SMEs, Made in Italy, GDM

Introduction

The Covid 19 pandemic has exponentially increased the process of digital transformation of all companies. In particular, the successive lockdowns have accelerated the transition from physical to digital channels.

The traditional literature already exploited the evolution from a single channel to multichannel approach underlining advantages and constrains (Frazier, 1983; Gaski, 1984; Webb & Hogan, 2002; Kennedy and Coughlan, 2006). The importance of digital and the necessity of integration, that emerged as a trend in the last years, have required companies to focus on the synergistic management of the variety of online and offline channels in an omnichannel perspective. The customers are allowed to use marketing channels in a uniform and interchangeable way (Verhoef et al., 2015). Nowadays this trend is affirmed as an unavoidable key aspect by all companies facing the Covid 19 pandemic. The omnichannel perspective expands the possibility of communicating with customers in order to generate effects in terms of customer satisfaction and loyalty (Lewis et al., 2014; Dimitrova & Rosenbloom, 2010) and strengthens the opportunity to create solid relationships with stakeholders in a long-term perspective.

In this context, the research goal is to explore which trends are emerging and affecting the structure and dynamics of the marketing channels of Italian SMEs operating in the Made in

Italy from an omnichannel perspective with particular attention to the importance and role of the digital channel. The main research question is aimed to explore how are marketing channels being transformed in Italian SMEs through the impact of digital.

Literature review

In the complexity of marketing channels' transformation due to the new technologies, digital had a huge impact impacting the company's marketing channels and omnichannel strategy. The adoption of new digital channels has a relevant repercussion on the pre-existent structure of direct and indirect distribution channels of the company. If properly integrated and managed, the digital channel can reinforce the company's ability to communicate and deliver value to the customers (Dimitrova & Rosenbloom, 2010; Hoog, 2018; Lewis et al., 2014). Adoption of digital tools includes development of IT infrastructure, improvement of marketing activities and human resources' skills, enhancing operational efficiency through advanced market knowledge (Cenamora et al., 2019) and applying cross-boundary digital technologies (Li et al., 2018). This channel transformation allowed companies to reach an added value and several of them displaced traditional channels providing a direct contact with customers and more control over product/service offering. This strategy brought a closer contact that implements their responsiveness to pricing, customer feedback, and faster delivery (Crittenden et al., 2017). Benefits can be relevant even for manufacturing SMEs. They can increase growth by integrating online channels into pre-existing channel systems (Brown & Dant, 2014). In particular, the integration of the digital channel can enhance customer centricity, data analytics capabilities, and business model innovation. In fact, it can help to coordinate functions, increase company performance and synergies, reduce transaction costs, decrease cannibalization between channels (Neslin et al., 2006; Pentina & Hasty, 2009).

Methodology

This study is the first phase of a broad research project composed of a first two exploratory and qualitative steps and a last focused on a quantitative survey aimed at measuring the phenomenon. The present analysis wants to answer the research question through the use of the Grounded Delphi Method (GDM) which integrates aspects of the Grounded Theory with the Delphi method (Brady, 2015; Päivärinta et al., 2011). GDM merges data analysis processes and coding typical of Grounded Theory with data collection of the Delphi method (Linstone & Turoff, 1975; Rowe et al., 1991; Charlton, 2003; Forsyth, 2009).

For guaranteeing the validity of the results, a panel of experts was identified (Murry and Hammons, 1995; Kembro et al., 2017). As shown in Table 11, the experts were 13 (Forsyth, 2009) and with knowledge on the research topic due to current and previous work experience (Rowe et al., 1991, p. 324).

N#	Expert
1	Network Manager responsible for the creation, development and coordination of network of companies
3	Expert Consultant with long experience in marketing and digitalization strategies in large companies
2	Member of Associations of companies
1	Innovation Manager for the enhancement of the social, cultural and entrepreneurial fabric
2	General Manager of associations
1	CEO of a team of experts with experience in supporting start-ups, small and large companies
2	Association President
1	Director of External and International Relations of association

Table 1. Panel of experts
Source: own elaboration

Findings and discussion

Seven reference trends have emerged that highlight how new technologies will impact the transformation of marketing channels in Italian Made in Italy SMEs.

First of all, Italian SMEs will be able to seize the potential of the digital channel to create lead generation. In detail, SMEs are called upon to carry out these direct marketing activities in order to intercept new leads and prospects through new channels. The traditional trade fairs and moments of contact have been joined by digital channels which, especially in recent years, have established themselves as the main contact channel in B2B contexts. In the future, these channels, albeit downsized, will in any case be maintained and used.

The second trend that will be important in the coming years for Italian Made in Italy SMEs is the integration of online / offline channels in order to implement retention processes. The new technologies will allow not only to promote the development of commercial activity from a single sale perspective, but to carry out up-selling and cross-selling actions. and companies supported by digital technologies will be able to develop lead nurturing activities, where content marketing and direct marketing will have a fundamental importance. Consider, for example, the sharing of valuable content through newsletters. All this will allow customers to activate a positive word of mouth, becoming advocate customers.

A third trend that emerges and on which Italian SMEs will have to pay attention is the integration in favor of internationalization processes that involve the inclusion of a digital expert to carry out these activities and the identification of new potential markets.

The internationalization process can be supported by the potential of new digital channels (for example, to create online sales, webinars and presentations to support the functionality of the product / service). The new activities consequently also require new professional figures with highly digital profiles (fourth trend). These will have to possess new skills that can be developed internally or externally, making use of digital enablers and new digital actors.

The fifth aspect is found in the duplicity of a technology driven and customer driven approach. Italian SMEs will be able to take advantage of new technologies for marketing activities and new integrated systems that include customer relationship management, marketing automation,

the implementation of marketing strategies supported by artificial intelligence, the attention paid to blockchain issues and security, the implementation of automation in logistics, the inclusion of augmented reality in processes and the focus on not only machine to machine relationships, but also based on human relationships. However, the introduction and development of digital technologies must be seen at a strategic level in which the relationship with the customer must be managed effectively, thus balancing two approaches, technology and customer driven.

The sixth trend that emerges is an increasingly necessary approach on the part of Italian SMEs, open market engagement, which is similar for both the B2B and B2C context. This approach highlights a marketing totally based on relationships that is also valid for the B2B context in which not only the business customer is considered, but also the final customer who is involved in the processes of companies supplying products and / or services.

The last aspect on which Italian SMEs of Made in Italy will have to pay particular attention regards the new organizational models. These are highlighted in detail as increasingly horizontal models to manage the relationship with the customer in which new roles emerge in companies that will have to focus on these activities characterized by greater disintermediation in favor of a more direct contact with the customer.

These trends are now fundamental and must be taken into consideration by Italian SMEs operating in the typical manufacturing sectors of Made in Italy and are represented in Table 2.

Main trends in Marketing Channel Transformation	
<i>Trend</i>	<i>Aspects</i>
Integration for lead generation	<ul style="list-style-type: none"> • Identification of new lead and prospect • Tradeshow and exhibition vs digital channel • Direct marketing
Integration for retention	<ul style="list-style-type: none"> • Client nurturing • Content marketing • Up selling • Cross selling
Integration for internationalization	<ul style="list-style-type: none"> • Digital expert • New market
New competences	<ul style="list-style-type: none"> • Digital expert • New services
Technology driven vs customer driven	<ul style="list-style-type: none"> • CRM and System integration • AI in marketing strategies • Logistics automation • Marketing automation • Blockchain security • Augmented reality • Tech vs human relationship
Open market engagement	<ul style="list-style-type: none"> • Total relationship marketing • B2B vs B2C
New organizational model	<ul style="list-style-type: none"> • Disintermediation • Horizontal approach

Table 2: Main trends that will characterize the digital transformation of the marketing channels of Italian SMEs operating in the Made in Italy

Source: own elaboration

Conclusion

The study aims to explore which trends are emerging and having an impact on structure and dynamics of marketing channels of Italian SMEs operating in the Made in Italy from an omnichannel perspective. The focus is on the importance and role of the digital channel. The main research question is aimed to explore how are marketing channels being transformed in Italian SMEs through the impact of digital.

The results of the study implement and enrich the literature on marketing channels and provide important insights for Italian Made in Italy SMEs on the role and function of digital channels.

The research is still in a preliminary phase aimed at exploring how the direct and indirect marketing channels are influenced by new technologies in terms of main benefits and criticalities and how the new technologies will impact the transformation of marketing channels in Italian SMEs operating in the typical manufacturing sectors of Made in Italy.

This first step of analysis aims to create the basis for subsequent studies that will include qualitative research through a multiple case study approach and quantitative research in order to ensure the generalizability of the results. Future studies could include comparative analysis with other countries in order to investigate differences between SMEs.

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