
Abstract

Cross-channel retailing is when retailers use a multiplicity of retail channels in parallel to sell their merchandise. This has long been a common strategy, but it has recently become more relevant because of new distribution channels, particularly the Internet.

5.1 Combining Retail Channels

Purchase decisions are heavily influenced by a multiplicity of information sources that customers consult prior to buying a product, for example to gather information on specific product attributes or price. Online information sources such as manufacturer or retailer websites, search engines or price comparison websites are becoming increasingly important.

A study by *Forrester Research* (2015) stated that while e-commerce sales only represent 9 % of all global retail sales, online and **web-influenced offline sales** (e. g., purchasing in a retail store after online price comparison) account for 45 % of total retail sales combined, and this figure will continue to grow steadily with a compound annual growth rate of 9.1 %. Consequently, many retailers have combined several retail formats to form retail channel portfolios, such as brick-and-mortar stores and/or traditional catalogues with Internet retailing.

Many retailers thus sell their merchandise through multiple retail channels that are combined in retail channel portfolios. There are many terms for this phenomenon, including multiple channel retailing, multichannel retailing, cross-channel retailing and omni-channel retailing (Schramm-Klein et al. 2014, pp. 20–21):

- In **multiple channel retailing**, a retailer runs multiple separate retail channels, each under a different retail brand (see Chap. 9). They intentionally avoid channel integration, especially for customer-oriented functions. This could have to do with the retailer's pricing policy. For example, they might offer lower prices in their online shops than their brick-and-mortar stores to compete with price aggressive online competitors. This price differentiation would irritate customers if the channels were not separated.
- In **multichannel retailing**, a retailer uses several retail channels in parallel to sell merchandise which is similar across all retail channels. Thus, the channels have overlapping assortments. Customers can choose between the various retail channels to purchase the products they need (Schramm-Klein 2003).
- **Cross-channel retailing** implies a further degree of channel integration, offering seamless shopping opportunities for customers across all of a retailer's retail channels. Customers can switch retail channels at any stage of the shopping process. For example, they can order a product online but pick it up at a brick-and-mortar store.
- The highest level of channel integration, **omni-channel retailing**, involves total channel integration. Customers can shop via all retail channels in parallel, because the omni-channel system is designed as a holistic entity, ideally with every touch-point of every retail channel available. Customers can therefore combine channels as they see fit, depending on their specific needs. For example, they can use the retailer's shopping app on their smartphones while shopping at the retailer's brick-and-mortar outlet to scan product barcodes and collect additional information via mobile Internet.

The differences between these types of channel integration in retail channel portfolios are illustrated in Fig. 5.1.

The following lists the main reasons for retailers to introduce retail channel portfolios as a strategic measure (Schramm-Klein 2003, pp. 2–3; Levy et al. 2014, pp. 72–79; Alba et al. 1997):

- To **expand market presence** into new markets (e. g., new target groups, new geographical markets, etc.).
- To establish a **strategic advantage** over single-channel competitors who are restricted to the boundaries of a specific retail channel.
- To **leverage skills and assets** to increase revenue and profits (e. g., well-known retail brands, supplier relationships, buying power, customer information, supply chain systems, etc.).
- To **overcome the limitations** of existing formats (e. g., store size, flexibility in pricing and merchandise provision, information provision modes, etc.).
- To increase **customer satisfaction and loyalty**, especially share of wallet (customers' percentage of total purchases with the retailer), by offering diverse touch points that can be used or combined according to customers' specific needs.

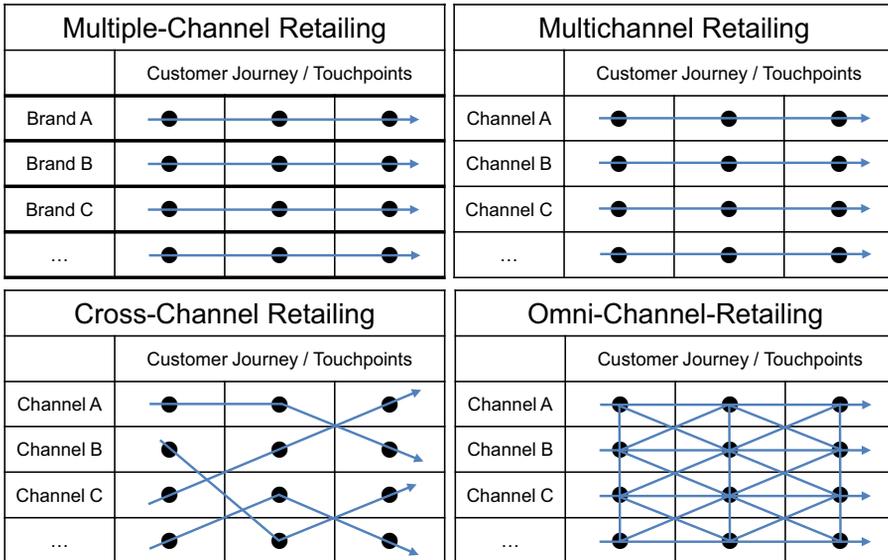


Fig. 5.1 Different degrees of channel integration in retail channel portfolios. (Adapted from Schramm-Klein et al. 2014, p. 20)

5.2 Channel Formats in Cross-Channel Retailing

By combining alternative channels to form cross-channel retailing systems, retailers can exploit the unique benefits of different retail formats and thus increase customer benefits. However, they also have to deal with the specific drawbacks associated with each retail format (see Table 5.1).

Diverse combinations of cross-channel systems are possible based on the major retail formats (i. e., stores, catalogues, online and mobile shops). Successful cross-channel retailers include *Otto* (catalogues, stores, Internet shop, mobile commerce and TV shopping), *Lands' End* (catalogues, stores and Internet shop), *Tesco* or *Walmart* (multiple store formats, Internet shop and mobile commerce) and *Douglas* (stores, Internet shop and mobile commerce). Like developments in the wake of the first Internet boom, it is expected that these new developments in online retailing with new forms and situations of online access will bring new challenges and opportunities for cross-channel retailers and profoundly reshape the retailing landscape.

Store formats for food (see Chap. 2) and general merchandise (see Chap. 3) are often the lead channels in cross-channel retail strategies (offline-first strategies). However, the growing relevance of online retailing has led to online-first strategies based mainly on the diverse online shopping formats, expanded by offline channels, for example stores or catalogues (see Fig. 5.2).

Table 5.1 Relative attractiveness of alternative retail formats to consumers

Channel Dimension	Retail Outlet	Catalogue	Mobile Channels (Smart-phone, Tablet, etc.)	Computer Channels (PC, Laptop, etc.)	Internet-enabled TV Channels (Smart TV, etc.)
Shop Format	Store as point of purchase	Print, online (telephone, fax, Internet) ordering	App, mobile optimised site, computer optimised website	Website	IETV app, IETV optimised site, computer optimised website
Reach	Regional	Home	Nearly everywhere	Home, work	Home
Access	Opening hours	service hours (telephone only)	24 h	24 h	24 h
Product Range/ Assortment	Low/medium	Low/medium	High	High	High
Timeliness of Products/ Data	Medium	Low	High	High	High
Handling	Easy	Easy	Limited	Easy	Limited
Entertainment Potential	High	Low	Low	Medium	High
Social Interaction	High	Low	Low	Low	Low
Privacy	Low	High	Medium	High	High
Comparing Alternatives	Low	Medium	High	High	High
Delivery Time	Immediate	Ranges from same-day delivery to several days	Ranges from same-day delivery to several days	Ranges from same-day delivery to several days	Ranges from same-day delivery to several days
Payment Options	Cash, debit card, credit card, mobile payment	Invoice, debit card, credit card, wire/bank transfer	Invoice, debit card, credit card, PayPal, wire/bank transfer	Invoice, debit card, credit card, PayPal, wire/bank transfer	Invoice, debit card, credit card, PayPal, wire/bank transfer

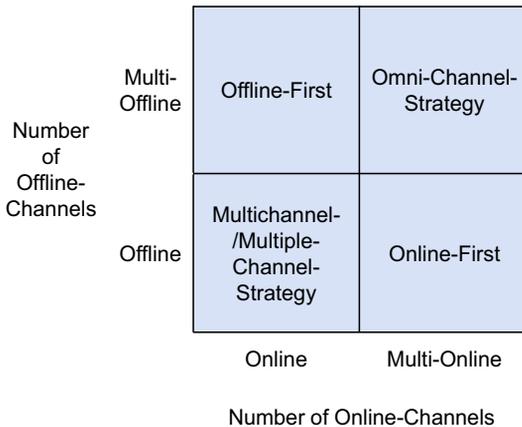


Fig. 5.2 Types of multi-format retail strategies

The emergence of new online formats combined with customers' growing preference for shopping online has reduced the importance of catalogue retailing, the traditional non-store retailing format where the available assortment is communicated to consumers through a catalogue and customers order by mail, phone or fax. The two main catalogue formats are general merchandise catalogues and specialty catalogues, which are respectively used by retailers who offer a broad variety of product categories (e. g., *Otto*, *JCPenny*, *La Redoute*, or *Freemans*) and those who focus on specific categories of merchandise such as clothes (e. g., *Madeleine*, *Lands' End*) or sporting goods (e. g., *SportScheck*) with an extensive assortment depth. The assortment policy for general merchandise catalogue retailers is comparable to that of department stores, with specialty catalogue retailers corresponding to specialty stores. In recent years, many general merchandise catalogue retailers have switched from annual catalogues to providing two or three general catalogues per year. In addition, general merchandise catalogue retailers have also begun to print separate catalogues focusing on specific product or target groups.

Because catalogues let consumers browse merchandise and place orders at any time from almost anywhere and make information easily accessible, they provide specific benefits for multichannel retailing. Even Internet retailers acknowledge that their customers like to browse catalogues and that this often generates the initial (or final) buying impulse. Thus **magalogues** have emerged as a specific element of multichannel retailing, a new form of catalogues used by online retailers. Magalogues are like magazines (see Fig. 5.3), and as well as showcasing merchandise, they are enriched with editorial content, thus enhancing customers' desire to read them.

The evolution of new devices that allow Internet access in innovative ways has precipitated the development of a new form of multichannel retailing systems by combining different types of online shopping devices (see Fig. 4.6) into multichannel e-commerce systems (see Chap. 4). In such a multichannel e-commerce environment, consumers conduct their customer journeys across multiple e-channels (e. g., mobile devices) and e-channel touchpoints (e. g., mobile shopping apps). Thus no physical or traditional channels (i. e., no stores or traditional remote ordering channels) are involved.



Fig. 5.3 mytheresa.com magalogues. (Mytheresa)

5.3 Retail Channel Integration

5.3.1 Customer Journey in Cross-Channel Retailing

Cross-channel retailing lets customers actively combine diverse retail channels for a multi-path purchase. During their purchasing process, consumers access and use a multitude of information sources and expect seamless transition between channels. Multichannel, cross-channel and omni-channel retailers (i. e., retailers applying an **umbrella brand strategy**, where all retail formats belong to the same retail brand), must provide a consistent image to consumers across all their channels. Thus, the integration of retail channels is one of the major issues of cross-channel retailing, one which retailers still struggle with.

In many cases, customers use several retail channels during their **buying processes**. For example, consumers might get initial information on brands and product types from a catalogue, inspect them physically (e. g., for colours, materials, content) in-store, check prices and availability online, complete the transaction in the Internet shop and finally pick up or return products in-store (see Fig. 5.4).

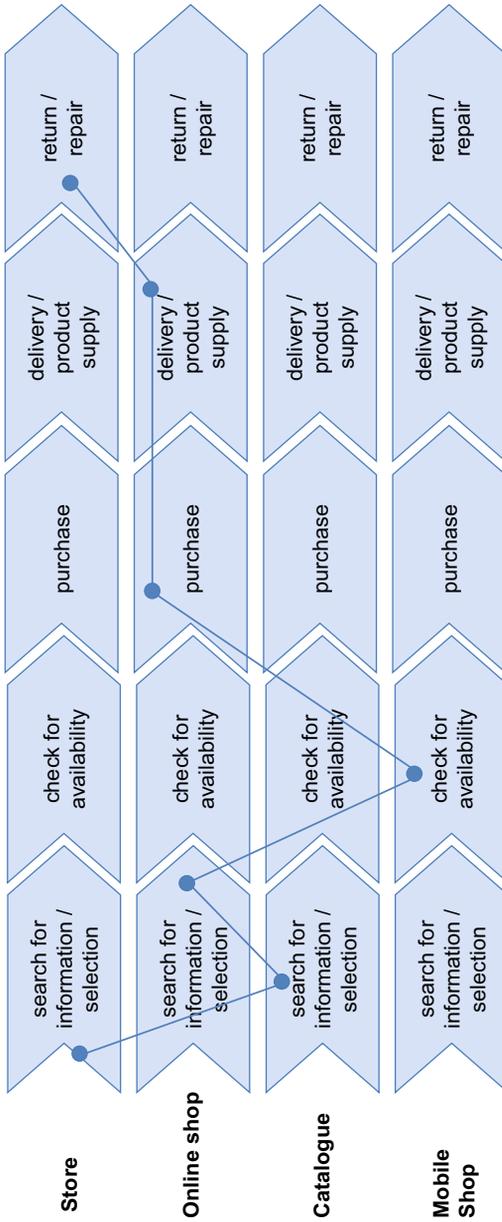


Fig. 5.4 Customer journey in cross-channel and omni-channel retailing

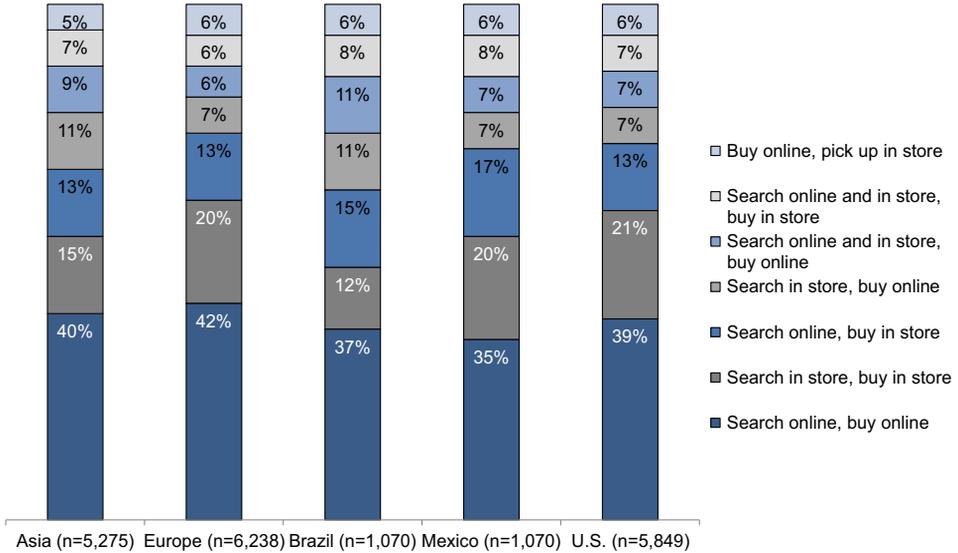


Fig. 5.5 Most common purchase paths when using cross-channel retailers. (Adapted from UPS/comScore 2015)

5.3.2 Front-end Integration

During the purchasing process, channel integration can facilitate front-end processes involving the interface between retailer and customer (i. e., those processes that involve the retailers' **customer touchpoints**). Front-end integration might relate to information research, the purchasing phase, product handover and delivery or the post-purchasing phase. Channel integration therefore has to be guaranteed for every part of the retail marketing mix.

For example, customers often use the online channel to gather information on products, prices and delivery options (see Fig. 5.5). They frequently prepare their purchase online, but ultimately make their purchase in-store. This behaviour is also referred to as **ROPO** (research online, purchase offline) behaviour or **webrooming**. However, the opposite phenomenon can also be observed, with customers visiting brick-and-mortar stores to gather information before using online or mobile stores to complete their purchase. This behaviour is called **showrooming**, because shoppers use the stores as physical showrooms without buying the products in-store (Rapp et al. 2015).

These behaviours mean that retailers applying integrated channel strategies must offer their customers consistent retail brand images, regardless of which channel these customers use. In this context it is important to consistently design the appearance, atmospheres and marketing and promotion strategies for each channel in order to maintain distinct retail brand images.

To guarantee the parallel or complementary use of alternative channels along the customer journey, it is crucial for retailers to consistently integrate their service, as-

Table 5.2 Strategy options in cross-channel marketing mix strategies. (Adapted from Bearing Point 2012)

Strategy options	Customer experience	Price	Assortment	Fulfilment	Customer segments
Enter new customer segments	Different, orientated towards target segment	Equal and different	Different, target orientated	Isolated, partially integrated	Different
Predominance of a customer segment	Consistent, not necessarily equal	Equal	Generally equal	Core tasks integrated	Equal
Predominance of a category	Consistent, not necessarily equal	Equal, online widened	Deeper online	Integrated	Equal and different
Cross-channel leader	Identical customer experience over all channels	Equal	Equal	Integrated	Equal

sortment and pricing strategies. Consistency in this context does not mean that the service levels, assortment mix and prices must be identical for all channels. On the contrary, to leverage the additional benefits that result from mixed channels, it is often important to implement distinct, channel-specific strategies that allow retailers to offer well-integrated but complementary services (see Table 5.2). Efficiency concerns may also play a role. For example, offering identical assortments across all channels could incur high inventory costs.

Cross-channel retailers can actively promote **channel-switching** behaviour among their customers by applying different channel integration strategies, for example introducing **cross-channel promotions**. Applying these strategies, retailers offer promotions through one channel that are converted via other channels in their cross-channel retailing system. For example, they could offer coupons via their online or mobile stores that can be redeemed in their brick-and-mortar stores, or vice versa.

Other strategies focus on information and assortment integration (Morschett 2012). For example, retailers can offer additional product information via **QR-codes** attached to their shelves, products or catalogues which direct shoppers to the retailers' mobile stores or information platforms to access further product information, customer reviews or multimedia content such as product videos or **augmented reality** features (see Chap. 15). Augmented reality can also be used to complement in-store information in an experimental, multimedia-based form by transferring elements of online shops into the physical store.

Actively fostering and promoting **channel integration** can help overcome the disadvantages of alternative channels (see Table 5.1). For example, brick-and-mortar stores often

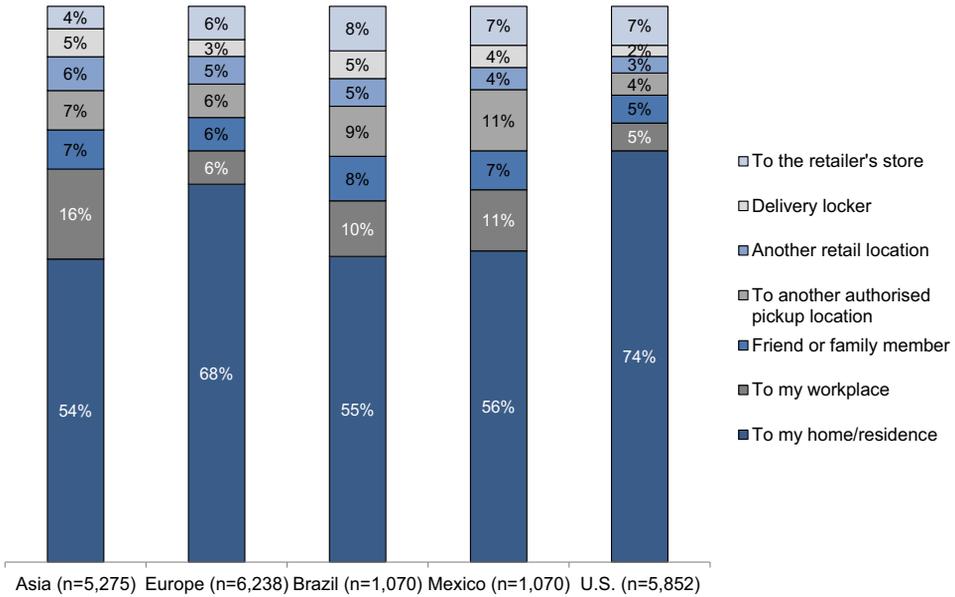


Fig. 5.6 Delivery preferences for items ordered online. (Adapted from UPS/comScore 2015)

suffer from limited store space, both in terms of the sales floor and branch inventories. It is easier and more efficient to offer large assortments, especially slow-moving items, in online channels, because there is no floor space limitation and logistics can be centralised in central warehouses or specialised distribution centres. In stationary retail branches, on the other hand, inventories are more vulnerable to obsolescence and it is difficult to keep large stocks available. Channel integration in the form of integrating online shop elements such as virtual shelves into the stores can be used to expand the store assortments, thus allowing stationary retail outlets to offer a (theoretically) unlimited product range.

One of the main advantages of retail stores is direct product availability. This cannot be achieved online (for physical products). Regardless of where the transaction takes place, there are diverse forms of merchandise **delivery** available. In cross-channel retailing, the most important forms are delivery to the consumers' home, workplace or specific pick-up points. However, retailers also offer additional delivery forms that are not currently as established (see Fig. 5.6).

There is a new trend of retailers allowing items ordered online to be delivered to stores ("click-and-collect"). Return processes can also be relayed via stores, i. e., customers return products bought online to a physical store and can directly choose a more suitable product alternative. Reserve-and-collect approaches are similar strategies that combine online availability checks with store pick-up. Many retailers in home improvement or consumer electronics, such as *Currys*, *MediaMarkt*, *Saturn* and *B&Q*, apply this strategy. Several food retailers, such as *Asda*, offer this service as well.

The goal of such strategies is not simply to offer customers faster access to their items; they also try to foster channel integration to achieve cross-selling goals when customers visit stores to pick up their items or to return unsuitable products.

Delivery to stores or pick-up approaches thus offer several advantages to cross-channel retailers, such as (Morschett 2012):

- Store pick-up or delivery is usually free for customers.
- Store pick-up and delivery are usually more efficient for the retailer, because the customer is responsible for last-mile logistics.
- Online stores generate footfall at retailers' local stores, thus providing cross-selling opportunities.
- Return rates can be reduced, because customers can inspect and try the items ordered online at the store.

5.3.3 Back-end Integration

Channel integration, especially in cross-channel and omni-channel approaches, requires more than simply a strongly coordinated interface between the retailer and the customer, as described in the previous section; it also requires integration of the so-called back-end (i. e., the processes that support customer-related selling and marketing activities, such as procurement, supply-chain management or organisational processes).

Even though there are diverse strategies for integrating back-end processes to various degrees (see Table 5.3), it is advantageous to fully coordinate these processes in cross-channel retailing. Integrated back-end systems provide retailers the best opportunity to offer a similar and inter-coordinated shopping experience to their customers across every channel and to achieve cost efficiency throughout the channel system.

5.3.4 Complexity in Cross-channel Retailing

Dealing with a multitude of retail channels, formats and customer touchpoints in addition to implementing cross-channel integration significantly increases the complexity of retailers' structures and processes. As well as dealing with the individual constraints and specifics (see Table 5.1) of each channel, channel integration demands strong coordination across all processes and activities such as sales, logistics, promotion, pricing, assortment or services strategies for every channel to guarantee a consistent channel system.

Together, the integrated retail channels form the image of the retail brand. While positive spill-over effects are likely to occur when consumers are satisfied with their shopping process, if problems occur in one channel, negative image spill-overs are likely to affect the other channels and harm the entire retail brand.

Channel integration therefore also reduces retailers' **strategic flexibility**. To guarantee a consistent image, coordinated channel strategies reduce freedom of activity for each channel, because the retailer is optimising every channel as a holistic construct, rather than each individual channel. This might lead to drawbacks that affect the operation of individual channel processes and reduce the efficiency of specific channels.

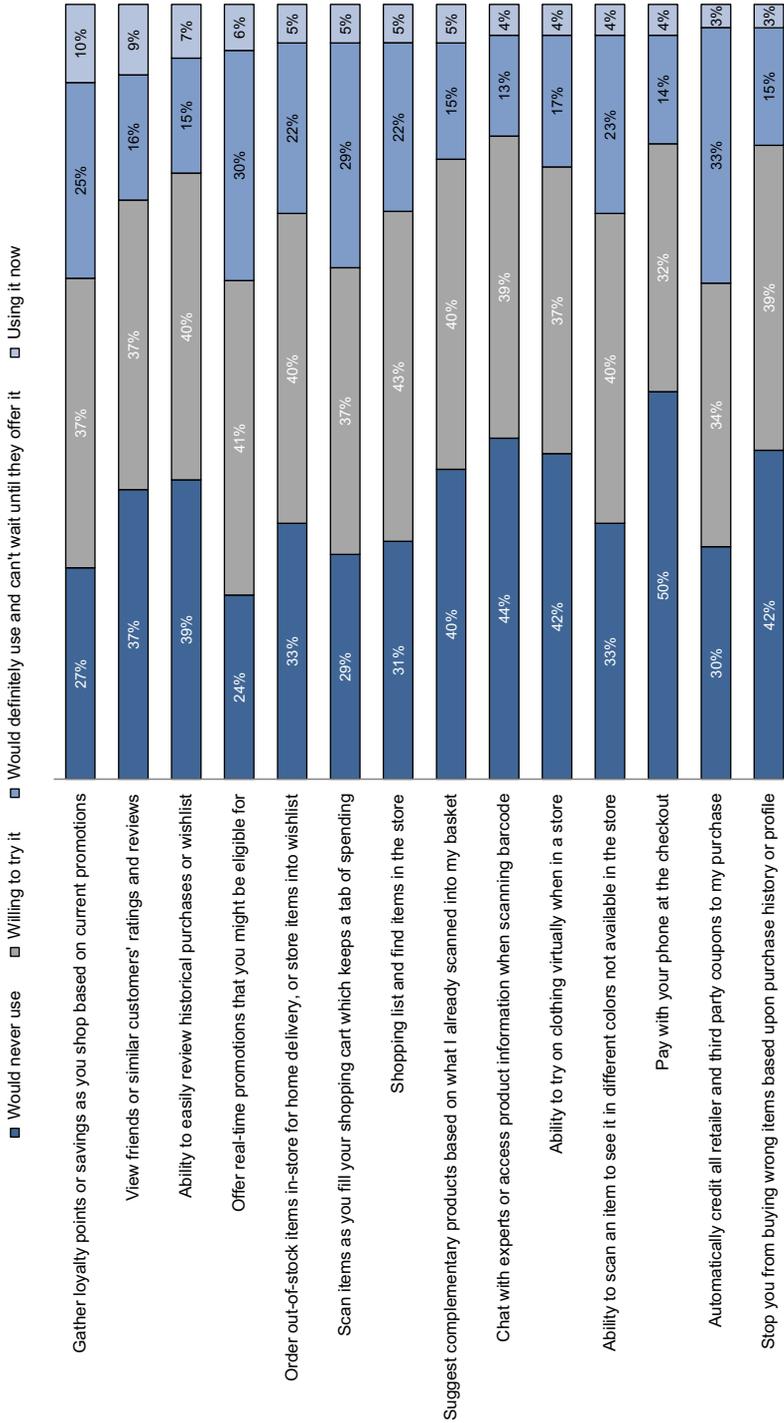
Table 5.3 Back-end process integration strategies. (Adapted from Bearing Point 2012, p. 41)

Procurement/ Supply Chain Management	order management	centralised services	centralised controlling	isolated, channel-specific procurement
	limit management	integrated for all channels	decentralised, IT based	isolated channel-specific
	supply information management	integrated information system	partly channel-specific information management	isolated, channel-specific information management
	integrated planning	fully integrated planning	partly integrated, channel-specific planning	isolated, channel-specific planning
Sales	inventory management	inventory available and accessible to all channels, integrated inventory management	inventory information available to all channels, no access across channels	isolated/channel-specific inventory management per channel
	return management	centralised planning, centralised inventory	decentralised planning, centralised inventory	centralised planning, channel-specific inventory
	sales management	centralised sales management	centralised planning, decentralised sales	channel-specific sales management

5.4 Conclusion and Outlook

In the current retailing landscape, a large number of companies are engaged in cross-channel retailing. Almost all large retailers with physical stores have opened online shops, and most category specialists such as *H&M*, *Deichmann*, *Best Buy* or *Decathlon* operate omni-channel retailing systems. Even though catalogues remain an important means of retailing, online channels are proving vital for remote ordering retailers.

Even though there are many successful examples of multichannel, cross-channel and omni-channel retailers, these strategies are not appropriate for every retailer. For example, small and medium-sized retailers rarely have the financial and managerial resources needed to create seamless omni-channel environments by consolidating disparate retail management systems into a single, customer-focused system. Additionally, the potential



Note: United States; September 2014; 18 years and older; 500 Respondents

Fig. 5.7 Willingness to use services offered through mobile devices while shopping in-store. (Adapted from Accenture 2014)

synergies of a multichannel, cross-channel or omni-channel system are not the same for all retailers.

It is likely that **omni-channel retailing**, offering on-line services to the shopper, will become even more important in the coming years. One of the main challenges of cross-channel retailing is that customers are increasingly using different retail channels in parallel. For example, it is common for consumers to engage in **second screen** usage (i. e., using a tablet or smartphone while also watching TV or using their desktop computer). Similarly, consumers often use their smartphones while shopping or strolling at brick-and-mortar stores and show a high propensity for using integrated retail services in-store (see Fig. 5.7).

However, pure online retailers such as *Amazon*, *Zalando* and many others are among the most successful retailers in their industries, offering successful multichannel e-commerce systems. Their strategies imply that cross-channel retailing does not necessarily need to include traditional store-based or offline remote ordering channels. Based on the success of click-and-collect services, some primarily online companies such as the German consumer electronics retailers *Notebooksbilliger.de* and *Cyberport* have begun to rethink their e-commerce position and invest in physical stores, in an attempt to develop an omni-channel approach. For example, in February 2015, *Amazon* opened its first physical store at Purdue University in Indiana, offering students cheaper books and supplies and employing a click-and-collect service system. Of course, this particular shop is not a large bookstore in a shopping arcade, but it is an interesting sign when a large online retailer expands its delivery options through physical stores. Another example is *Google's* physical store in London. Beyond the fact that *Google* is not really a retail-based e-commerce player like *Amazon*, the shop itself is designed for customers to try out *Google* technologies such as phones, tablets and laptops running *Android* and *Chrome*. These kinds of company expansion indicate the ways a brand can engage with customers through different channels.

Further Reading

- Herhausen et al. (2015). Integrating bricks with clicks: Retailer-level and channel-level outcomes of online–offline channel integration. *Journal of Retailing*, 91(2), 309–325.
- Rapp et al. (2015). Perceived customer showrooming behavior and the effect on retail salesperson self-efficacy and performance. *Journal of Retailing*, 91(2), 358–369.
- Wagner et al. (2013). Effects of cross-channel synergies and complementarity in a multichannel e-commerce system – an investigation of the interrelation of e-commerce, m-commerce and IETV-commerce. *The International Review of Retail, Distribution and Consumer Research*, 23(5), 571–581.

5.5 Case Study: B&Q

5.5.1 Profile, History and Status Quo

*B&Q*¹ is one of the *Kingfisher Group*'s main retail brands, along with *Castorama*, *Brico Dépôt* and *Screwfix*. For more than 40 years, *B&Q* has been successful in the DIY business and has become one of the largest home improvement retailers in Europe. *B&Q* generally operates via large-scale warehouses with extended opening hours, a wide range of products and highly trained staff, although there are also some smaller mini-warehouses with standard products for basic needs. Every week, over three million customers visit one of these stores.

Richard Block and David Quayle founded the company in 1969. They opened their first store in Southampton (UK) as *Block & Quayle*, which was later abbreviated to *B&Q*. From the very beginning, Block and Quayle's unique selling proposition was for their company to provide high-value service, long opening times and a wide range of products to serve every unique customer need, including tools, screws, hardware, outdoor furniture, building supplies, lights, and bathroom and kitchen accessories. Ten years later, the company massively expanded with more than 20 stores evenly distributed throughout the United Kingdom. By 1982, *B&Q* had upgraded their retail stores and become a wholly owned subsidiary of the *Kingfisher Group*. During that time, both founders left the business. Under the direction of the *Kingfisher Group*, *B&Q* grew rapidly through acquisitions and expansions.

In the mid-1990s, *B&Q* became an international business, opening the first overseas home improvement centre in Taiwan and a subsidiary in Shanghai, as well as launching

Table 5.4 Historical overview of *B&Q*'s development and internationalisation. (*B&Q* 2015a)

	Company Development
1966	Company founded by Richard Block and David Quayle
1979	Expansion with 26 <i>B&Q</i> stores in the United Kingdom
1982	<i>B&Q</i> becomes part of the <i>Kingfisher Group</i> Expansion to 280 stores
1995	Opening of the first larger <i>B&Q</i> Warehouse store
1996	The first store outside the United Kingdom opens in Taiwan
1998	<i>B&Q</i> merges with French retailer <i>Castorama</i> <i>B&Q</i> becomes the largest home improvement retailer in Europe
1999	Shanghai store opens
2001	Launch of the website www.diy.com

¹ As well as the explicitly cited sources, this case study uses the websites www.diy.com and www.kingfisher.com, as well as various annual and interim reports and investor relations presentations.

the website www.diy.com (see Table 5.4). *B&Q* celebrated the opening of their first store in Hong Kong in 2007. Today, the company manages over 320 stores, mostly located in the UK and China, employing over 36,000 people and offering approximately 40,000 different products. As a result of this expansion, in 2013/14 the company reported retail sales of 3.7 billion GBP with profits of 187 million GBP. Together with other ventures like *Castorama*, *Brico Dépôt* and *Screwfix*, the *Kingfisher Group* is currently the largest home improvement retailer in Europe and the third largest in the world.

This success is primarily based on *B&Q*'s customer retention strategies. In recent years, *B&Q* invested over 60 million GBP in omni-channel activities to offer a homogeneous shopping experience to its customers through their different retail, online and mobile channels. This investment should provide the technology and software needed to respond to changing shopping behaviours.

5.5.2 Omni-channel Strategy and Digital Applications

Mike Durbridge, *B&Q*'s omni-channel director, has explained that digital infrastructure must always support the customer at every stage of the purchase process via a consistent user interface and design, making it easier and faster to browse through the different product categories, become inspired and ultimately reserve and order the desired products. For Durbridge, it is important to offer customers a wide range of purchase methods. Based on this idea, *B&Q* has developed different digital applications for their omni-channel strategy, in addition to local stores.

Digital Touchpads

Every store is equipped with large digital touchpads that allow the customer to search and browse for specific products. Additionally, the display directs the customer to precisely where the product is located. The touchpads also provide product installation instructions, how-to guides, project-specific shopping lists and product recommendations. All this information can be printed for free in-store or sent via email.

Club System

B&Q has also established an online club system which lets customer earn personalised rebates and coupons for future purchases. In addition, if a customer provides their membership number during the purchase process, the company saves all necessary information in case they want to change or return the product. So the customer no longer needs to retain the physical receipt.

Website

The company website www.diy.com was launched in 2001, providing 24/7 access to every product (including 20,000 extra products for home delivery only). In addition, the website provides expert advice, inspirational room ideas and tutorials, customer reviews and ratings, gen-

eral information, community activities and recommended links. The website has a responsive design for mobile devices. This was an essential move for Durbridge, as by 2013 half of *B&Q* website traffic already came from mobile devices, split evenly between tablets and phones.

Mobile App

B&Q has developed a mobile app and has offered free Wi-Fi in its stores since 2012. Aside from the service benefits of the Wi-Fi connection, customers can use the *B&Q* app on their mobile devices as a verification process for club membership offers. The app also provides localised promotions and product and company information. Another important feature of the mobile app is that customers can scan the barcode of every product, giving them access to product pages, instructional videos and reviews. Customers receive a unique identifier, which lets *B&Q* track data from individual customers across the different offline and online channels throughout the search and purchase process, including desktop, mobile or in-store touchpoints.

Click & Collect

One crucial success factor for *B&Q*'s omni-channel strategy is the *Click & Collect* service, which lets customers search for specific products and pay online via the website. Later, the customers can collect the item from their local store. Depending on when they place the order, many items will be available for collection in-store the next day. Products which are available for *Click & Collect* will be marked with a blue button on the product page. Customers using this service can choose a store to collect their item from (see Fig. 5.8).

After the purchase process is complete, the customer receives a confirmation e-mail and a telephone call from the store, explaining when the item will be available. The customer can

Choose a store to collect from

Please enter your location

Go

Nearest 4 stores to your location

- A** Warehouse 1
- B** Warehouse 2
- C** Warehouse 3
- D** Warehouse 4



Fig. 5.8 *B&Q*'s Click & Collect service. (Adapted from B&Q 2015b)

collect the item, with no need for further payment. In 2015, Mike Durbridge explained that the *Click & Collect* service is the central driver for all omni-channel activities. The ability to not only search for a product but also purchase it to collect in-store without long delivery times is essential for a convenient customer journey. This kind of service has proven very successful, particularly in the UK. In a company survey in 2014, 95 % of all shoppers reported that they planned to use the *Click & Collect* service during the Christmas season. Furthermore, 40 % stated that they also buy extra products when collecting their order from stores, generating additional sales. According to Durbridge, the biggest challenges faced by a *Click & Collect* service in the near future is to reduce customer waiting times to a maximum of a few hours and to make the collection process even more convenient, for example via drive-through options.

Home Delivery

Customers can also order almost any product from the website for home delivery, including heavy and bulky products such as timbers, bricks and blocks. All these items are marked with a “delivery booking service available” indicator. Customers purchasing these items online can enter their delivery details and automatically be offered the earliest available delivery date (usually 24 hours after purchase). Customers can also change this date whenever they want. *B&Q* also provides free delivery on orders over 250 GBP.

Art Technology Group Platform

Since 2015, *B&Q* has implemented an *ATG platform* on their website. This content management system allows the company to deliver a personalised buying experience for each customer. After the customer logs in, this technology creates bespoke websites on every digital touchpoint with individual product information, personalised search options and recommendations. The *ATG* features also help the customer find the products they want faster and let them pre-order products and receive coupons. The system also provides staff with the same level of individual customer purchase information, which supports in-store consulting services.

B&Q was the first business-to-consumer company in the *Kingfisher Group* to launch this kind of platform, providing personalised content on their website, mobile sites, in-store and contact centre systems. The main differences for customers were changes to the navigation systems on these digital channels. Instead of searching for a specific product or product category, the customer now browses through digitally designed rooms on the website. Thus, instead of searching for, say, a table, they can now look at different furnished rooms and get inspiration for what kind of furniture would be appropriate for their own living rooms. In this way, the system always generates individual customer journeys to a product.

5.5.3 Improving Customer Communication

With this kind of omni-channel strategy, *B&Q* has evolved a different approach to customer communication. Based on the premise that today’s customers want to receive information through their preferred channel, it is important for *B&Q* to contact potential consumers at

the appropriate time and via the most appropriate channel. A personalised approach with homogenous branding and relevant product content is much more effective at boosting customer loyalty than simple promotions or coupon drives.

Vicky Garfitt, *B&Q's* digital marketing manager, explains that: “Loyalty is a two-way street: to foster loyalty in our customers, we have to provide the right sort of experience for them online and in store. However, in order to get the most out of a loyalty scheme, it’s important to have a dedicated team, which is able to put effort into both launching and sustaining it. A considerable amount of work and resources goes into maintaining a loyalty scheme and it’s only through cross-department collaboration, focus on the customer and the integration of requests that retailers can hope to make a real change inside the business” (Garfitt 2013). Therefore, it is also important to invest in new technology and take the risk that individual ideas may not work out. The chance to build quality, long-term relationships with customers through these channels is far more important.

5.5.4 Summary and Outlook

Having presence across different channels and providing a high-quality user experience is not simply a way to gain new customers and foster brand loyalty, it is also a way to quickly adapt to changing shopping behaviours. The *Kingfisher Group* has recognised these opportunities and invested in omni-channel technology, trying to roll out platforms and business models across their different retail brands.

They have also optimised their distribution and logistics treatments to ensure all their products can be delivered on demand to the appropriate store via the most efficient routes. *B&Q* and *Screwfix* are currently the most prominent and important brands here.

“Where there are opportunities to expand and innovate we will do so using a combination of existing and new formats. We will pursue low risk market entry and new flexible store format strategies based on the utilisation of current skills and capabilities available within the Group” (Kingfisher Group 2015).

Questions

1. Describe or illustrate three different customer journeys to the same product via *B&Q's* offline and online channels.
 2. Besides the fact that the customers have different ways to buy products, what are the major advantages of this kind of omni-channel strategy?
 3. Evaluate the opportunities and risks involved when a formerly pure e-commerce company like *Zalando* opens a local store.
- ▶ Look at the service section of the company website www.diy.com to analyse different customer journeys.
 - ▶ Read the interview on <https://econsultancy.com/> (2013) with *B&Q* director Mike Durbridge about the advantages of an omni-channel strategy.

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