5. Discussion and Conclusions

5.1 General Introduction

In this chapter, I provide an overview of the studies comprehensively presented in Chapters 2–4, which provides a means to summarize and discuss the main conclusions and managerial implications of the findings of this thesis. I conclude by presenting some limitations that mark this research, as well as some further research directions it suggests.

The main goal of this thesis has been to gain a greater understanding of multichannel customer behavior and how firms can manage their multichannel marketing activities. It consists of three essays pertaining to multichannel customer behavior but involving different aspects of multichannel customer management. The focus in Chapter 2 is on the existence of multichannel shopper segments and the investigation of their covariates, with consideration of multiple phases of shopping and multiple categories. Chapter 3 investigates customer responses to forced channel migration in terms of customer attitudes, including reactance, customer satisfaction, and future usage intentions. Finally, Chapter 4 addresses the effect of channel elimination on customer purchase incidence and average order size, with consideration of various factors that might have an impact on this relationship.
<table>
<thead>
<tr>
<th>Chapter 2</th>
<th>Chapter 3</th>
<th>Chapter 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Title</strong></td>
<td>Multichannel Shopper Segments and Their Covariates</td>
<td>Customer Responses to Forced Channel Migration</td>
</tr>
<tr>
<td><strong>Data</strong></td>
<td>Survey data</td>
<td>Survey data</td>
</tr>
<tr>
<td><strong>Methodology</strong></td>
<td>Latent class analysis</td>
<td>Experimentation</td>
</tr>
</tbody>
</table>
| **Results** | 1. Three customer segments:  
a. Multichannel enthusiasts  
b. Uninvolved shoppers  
c. Store-oriented customers | 1. Forced channel migration leads to customer reactance and dissatisfaction (customer reactance fully mediates the relationship between migration and satisfaction). | 1. The elimination of the print catalog channel has a negative effect on purchase incidence (but no effect on average order size). |
| | 2. Psychometric covariates are helpful for predicting segment membership. | 2. Customer reactance also occurs among users of the online channel. | 2. Print catalogs drive purchases through telephone and online channels. |
| | 3. Multichannel-based consumer segments differ across product categories. | 3. A reinforced strategy using rewards (rather than punishments) helps mitigate the negative consequences of forced migration. | 3. Several factors have an impact on customer responses to channel elimination:  
a. Past customer behavior (+)  
b. Multichannel use (+)  
c. E-mail communications (+)  
d. Time trend (+) |

1. Three customer segments:  
a. Multichannel enthusiasts  
b. Uninvolved shoppers  
c. Store-oriented customers

2. Psychometric covariates are helpful for predicting segment membership.

5.2 Summary of the Findings

Table 5.1 contains an overview of the important results derived from three different empirical studies. Readers should note that I have used different data sources and methodologies to analyze the data in three studies; therefore, the table also provides information on the methodology and the type of data used in each study.

With its focus on multichannel shopper segments and their covariates (see Table 5.1), the research in Chapter 2 identifies three consumer segments. Segment 1 includes multichannel enthusiasts who have positive attitudes toward the use of all channels. The store-focused segment (Segment 3) orients toward stores instead of other channels, whereas the uninvolved shopper segment (Segment 2) is characterized by lesser preference for any channel or shopping phases in general. The results also reveal that psychographic covariates, such as shopping enjoyment, loyalty, and innovativeness, can help predict segment membership. For example, multichannel enthusiasts tend to be more innovative and consider shopping a pleasurable experience, whereas store-focused consumers generally are more loyal than are multichannel enthusiasts. As for uninvolved shoppers, they do not gain hedonic utility from shopping, as confirmed by their channel orientations. Our category-specific analysis suggests that multichannel consumer segments differ across product categories, such that the enthusiasts are relatively few in the clothing category but account for a majority of consumers in the electronics category. The covariates of multichannel orientation also may differ between categories. Finally, no research shopping segment emerges in the overall segmentation, though my coauthors and I observe the research shopping phenomenon in two product categories (mortgage and holidays). Further research could help extend our understanding of this interesting phenomenon.
The study summarized in Chapter 3 considers customer reactions to a forced channel migration and employs three experimental settings. The results reveal that forcing customers into another channel leads to customer reactance, and this customer reactance fully mediates the relationship between forced migration and satisfaction, which is critical because dissatisfied customers tend to defect. Furthermore, the study findings confirm the importance of customer reactance by showing that it occurs among not just users of an existing channel but also users of a new channel. An incentive-based (reinforced) channel migration strategy might alleviate these negative consequences of forced migration though. For example, monetary rewards largely solve the channel migration problem, whereas punishments lead to reactance scores as high as those provoked by forced migration. Chapter 3 also addresses the bidirectional effect of monetary incentives; that is, they are associated with less reactance when they are used as rewards, but nonmonetary punishments provoke less reactance than do monetary ones. Finally, high and low value customers do not indicate any strong differences in their responses to a forced channel migration strategy, which seems to contradict prior literature pertaining to fairness theory (Tyler and Lind, 1992; Bolton and Lemon, 1999), distributional justice (Dowd, 1975), and customer relationship management (Verhoef, Franses and Hoekstra, 2002; Shankar, Smith, and Rangaswamy 2004). High and low value customers and their varying responses to different multichannel firm strategies remain issues that require further attention from researchers.

Finally, Chapter 4 presents results pertaining to the effect of channel elimination on customer behavior. Print catalogs remain useful tools to drive customers to purchase from online and offline channels; their absence leads to a decrease in purchase probability. Notably, this effect occurs not only for the telephone channel but also for the online channel. The results also reveal various factors that influence customer responses to catalog elimination. First, customer relational intensity and customer loyalty are associated with higher purchase
levels in the channel elimination condition for telephone and online purchase channels. Second, significant cross-channel effects influence purchase incidence after a channel elimination, such that multichannel customers are less likely to be affected by the negative consequences of channel elimination. Third, e-mail communications have a positive effect on purchase incidence. Fourth, the time trend has a positive effect on purchase incidence when the catalog channel is eliminated. That is, customers who do not receive print catalogs eventually learn to initiate the shopping process and direct themselves to the online channel for their information searches. However, this process involves a long-term adaptation, and it could take a while for customers to adapt fully to a shopping process that begins without print catalogs. Notably, these results indicate no significant effect of catalog elimination on the average order size (in €) per month. In other words, the average order size does not change—as long as customer decides to initiate the shopping process. The reminder and purchase driver functions of catalogs thus persist, but their function as full-content information sources and a search channel is questionable.

5.3 Managerial Implications

The results of these three different essays have important implications for managers in their efforts to develop multichannel customer management strategies. Specifically, the key practical insights derived from these studies could assist managers in three areas: (1) implementing and pursuing a segmentation strategy in multichannel operations, (2) effectively conducting and managing a firm-driven channel migration strategy that steers customers to preferred channels, and (3) managing channel reduction strategies, including the elimination of certain channels from customers’ reach. I discuss the managerial and practical implications of each study next.
The identification in Chapter 2 of a large segment of consumers who are enthusiastic about using multiple channels should encourage managers to maintain well-coordinated channels that provide similar prices and products; otherwise, multichannel enthusiasts will become frustrated with the retailer. The multichannel enthusiasts segment also provide an argument against single-channel strategies. These different segments suggest the need for specific strategies; marketers should create retail formats that provide multichannel enthusiasts in particular with an enjoyable shopping experience in which they can innovate. New marketing media and social networks (e.g., Twitter, Facebook) may be helpful for developing and coordinating such attractive multichannel strategies. Uninvolved shoppers instead want more efficient and less frenetic channel formats, which will enhance their attitudes toward shopping in general. Firms that pursue the store-focused segment should improve the store experience by enhancing in-store shopping enjoyment. Finally, marketers must recognize the importance of category characteristics in their multichannel segmentation; managers from different sectors should conduct ad hoc research and manage their consumer base accordingly.

The finding in Chapter 3 implies that managers also should consider the negative attitudinal consequences of a forced channel migration strategy, even among customers already using the new channel. Monetary rewards might offer a more effective strategy to encourage customer channel migration. Managers can steer their customers to preferred channels by offering rewards to those who use the new channels rather than simply blocking customers from conventional channels. In contrast, punishments designed to steer customers to new channels may have serious and negative consequences; carrots are more effective than sticks. Although forcing high value customers into a new channel can destroy their value, this study has shown that they do not exhibit more severe reactions than do low value customers. In conclusion, firms should take great care when implementing a forced strategy.
According to the Chapter 4 results, marketers need to realize that eliminating their catalog channel is not yet an option. Because customers still prefer catalogs, which in turn drive customers to enter various purchase channels, they must remain as an integral part of the remote shopping industry. However, if they do pursue a channel elimination, managers need to attempt different strategies in relation to their various customer segments, especially those based on transactional histories. Behavioral segmentation, based on customers’ purchasing patterns for various strategies and occasions, would be helpful in this sense. To help offset the negative effects of a channel elimination, managers need to maintain communication with their customer base through e-mails. Finally, the results imply that firms should follow a pattern of increased communication during the initial phases of the channel elimination and slowly substitute this strategy with a lower level of communication. The time trend effect shows that the negative effect of channel elimination vanishes over time, and customers will begin to initiate their shopping process through online information channels.

5.4 Limitations and Further Research Directions

The scope of this dissertation entails several limitations that also offer perspectives and directions for further research. I summarize these limitations and research opportunities for Chapters 2–4 in this section.

The investigations in Chapters 2 and 3 lack actual or longitudinal data, which may limit the generalizability of the findings. However, the features of these studies—including the lower usage rates for some channels in certain shopping phases (Chapter 2) and the need for experimentation to attain comparable situations and measure customer responses to different migration strategies (Chapter 3)—make it difficult to obtain actual data. The increasing use of new channels by customers and companies’ increasing experimentation with
channel migration may support additional research that features actual data about multichannel segmentation and forced channel migration. Similarly, this thesis ignores relatively new channels, such as Web logs, virtual communities, and mobile commerce in general. The adoption levels for these new channels remain too low to address the focal topics of this thesis, but new marketing media and channels offer a fruitful topic for further research.

Category- or industry-specific differences might demand further investigation of the issues covered herein. For example, in Chapter 2, the covariates of the segments in the cross-category analysis are not consistent. Chapter 3 provides empirical evidence about the consequences of forced channel migration but only in one setting. The study in Chapter 4 is limited to the elimination of the print catalog channel, though business practice features various forms of channel elimination. Customers may respond differently to these various forms, especially across different product and service categories. Accordingly, research should extend the findings pertaining to multichannel segmentation, forced channel migration, and channel elimination with data from other industries, markets, channels, and product categories.

New advances and opportunities for the analysis of clickstream data also offer great promise for ongoing research. For example, extensive clickstream data could allow researchers to understand how channel elimination influences the patterns of clicks in Chapter 4. Similarly, clickstream data could clarify customer responses to forced channel migration in terms of compliance, channel switching, and churn and thereby extend the findings about the attitudinal responses of customers to migration strategies in Chapter 3.

5.4.1 Additional Avenues for Future Research
Moreover, general issues in multichannel customer management require additional research attention that extends beyond the scope of this thesis (though the findings in Chapters 2–4 also suggest their importance). Therefore, I conclude with some additional avenues for research in multichannel customer management.

In particular, research needs a greater focus on segmentation in multichannel customer management (Neslin and Shankar, 2008). Chapter 2 shows that multichannel shopper segments exist, and my study identifies them according to the customers’ orientations toward the use of multiple channels. In Chapters 3 and 4, I observe that customer responses to firms’ multichannel strategies vary according to several demographic, attitudinal, and behavioral variables. These results confirm the importance of thorough and detailed segmentation schemes for multichannel customer management. The segmentation of customers in multichannel environments offers an interesting and fruitful research avenue.

Channel use and channel preferences in multichannel environments influence customer behavior. Specifically, Chapter 2 reveals that customers’ orientation toward various channels influences segment membership, Chapter 3 shows that current channel usage has a strong effect on customer responses to forced channel migration, and Chapter 4 indicates that customer channel use affects customer responses to the elimination of a print catalog channel. Researchers accordingly should focus more on customer channel usage and channel preferences, as well as their effects on customer responses to various marketing strategies, in ongoing research.

Certain multichannel activities, such as forced channel migration and channel elimination, have negative consequences on customers’ attitudes and behavior. This finding reflects the importance of a key multichannel issue addressed by Neslin and Shankar (2008) “should the customers be right channeled,” or in other words, “should the customers be encouraged or forced to use an optimal channel?” Marketers need greater understanding of
several such issues, including right channeling activities with respect to the effect of incentives, customer and channel characteristics, and customer attitudes.

Another research avenue that moves beyond the scope of this thesis involves the financial consequences of multichannel marketing, whether related to costs, profitability, or the revenue consequences of multichannel firm strategies. Very little research has investigated this issue (Gensler, Leeflang, Skiera and Boehm, 2010) or the potential effect of new channel introductions or eliminations on customer equity or shareholder value. A few studies provide some empirical evidence about the influence of multiple channels on brand equity (Pauwels and Dans, 2001), but additional research should focus on this crucial question to uncover the financial consequences of multichannel strategies from a firm perspective.

Finally, new marketing media (e.g., eBay, podcasts), social networks (e.g., Facebook, Twitter), comparison shopping engines (e.g., Shopzilla, Price Grabber), and social computing sites (e.g., MySpace, Tripadvisor) create new challenges for researchers and multichannel marketers. The trend of consumers and firms using new marketing media and related referrals is growing (Mashable, 2009), and though some practice-based research focuses on this domain (Forrester Research, 2006), we still know very little about these channels. Moreover, the increasing availability of Web analytics such as Omniture, Webtrends, and Google Analytics provides researchers with new opportunities to analyze and assess customers’ use of these channels in the current multichannel scene. Further research should consider and focus on the new and growing numbers of channels to gain a thorough understanding of multichannel customer behavior.