

Crossing the multi-channel

It used to be so simple. Buy products. Advertise products in newspapers. Display products in stores. Sell products from stores. How things have changed, writes *Stephen Ogden-Barnes*.

Multi-channel retail conferences have been ‘must attend’ events in 2006, with multi-channel taking over from Radio Frequency Identification (RFID) as the hot topic in the field. It’s easy to see why. Many retailers are coming to terms with the problems caused – or opportunities missed – by various elements of their retail offer not fitting together as well as intended. Businesses now market using printed press, TV (public, pay-per-view and in-store) mobile phone messaging and iPods. They display product online, in-store or in a catalogue. They offer collection in-store, delivery via distribution centres, mail despatch or local agents. Some products are only available in certain stores, some are ‘special order’ from central warehouses or suppliers.

Product information and after-sales service may be obtained in-store, via call centres or the internet. A customer can reserve product by email, text messaging or telephone ordering. And that’s just the tip of the iceberg. Try getting a refund or a product exchange!

Multi-channel is the key term used to summarise this new generation of marketing, trading and distributing options for a new generation of multi-channel consumer. Recent research by UK-based Zendor has shed some interesting light on the evolution of the traditional consumer, with 83 per cent of male shoppers and 77 per cent female claiming to be multi-channel shoppers. The research reported that “1 in 5 purchases made on the high street are influenced by a catalogue or website”.

“Marketing battles take place in the mind of a consumer or prospect. That’s where you win. That’s where you lose.”

Jack Trout, Big Brands, Big Trouble

In February 2005, a US research project titled *Evolution of the Multi-Channel Consumer* (or EMC2) from Fry Inc. and comScore Networks that focused on the multi-channel consumer showed:

- 34% of consumers shopped online before they ever visited a store
- 39% went directly to a retailer’s website before conducting any prior online research
- 36% of shoppers had bought online and picked up in-store; 81% of those had a positive experience
- 1/3 who picked up in-store waited 10 minutes or more for the item, although only 5% expected to wait this long
- 36% had used in-store kiosks
- Consumers were three times more likely to buy home electronics online and pick up the product in-store compared to books, music and videos

The research concluded that “it’s no secret that online shopping behaviour differs dramatically by product category, and we’ve now charted a similarly large degree of variation in how consumers shop different products across channels”.

In response to this trend, some innovative retailers are gaining ‘first mover advantage’. UK computer

Learn hands-on

The Department of Accounting and Finance at Monash University's Caulfield campus has established a facility to give students an insight into the rapidly changing business environment and to provide practical application of theoretical concepts taught in the Faculty of Business and Economics.

The Treasury Dealing Room, created at a cost of \$1million and currently sponsored by the National Australia Bank, has a computer-based system which replicates Australia's financial institutions using software developed by staff from the Department of Accounting and Finance. The system integrates real-time financial data and back-office reconciliation of transactions bringing together market information, development of strategies, communication and profitability. Market information is conveyed on one screen and multi-landline telephones, linked to tape recorders, are used to ascertain views about the expected outcomes from other participants including the central bank, the interbank market, banks, brokers and corporations.

The Treasury Dealing Room is used for research and teaching at undergraduate and postgraduate level, together with practitioners from the banking and finance industry. The centre aims to enhance teaching and research in banking and finance, especially in the treasury related area; to pursue sponsorship which will promote research and to become self-funded through the provision of specialist training courses to the banking and finance industry practitioners in the areas of: Treasury operations and management; domestic money market operations and foreign exchanges synthetics; equities; portfolio and investment management; financial modelling; economic forecasting techniques.

In conjunction with the above, the centre aims to attract distinguished scholars and policy makers from within Australia and overseas to participate in research and conferences and to engage in consultancy activities utilising the expertise of the members of the centre.

The Treasury Dealing Room recently received a grant of \$200,000 from Monash University's Learning and Teaching fund to further develop the dealing room and is seeking additional sponsors.

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retailer PC World's Collect @ Store service meets the needs of the 'duo consumer' (they browse online and in-store) by allowing them to choose a product online, then check local store stocks, reserve the item and specify a collection time, according to Retail Bulletin. Other businesses are also ahead of the game: American Eagle in the US and Next in the UK are both fashion retailers with a clear, well-performing multi-channel strategy. The debate on multi-channel effectiveness centres on three key themes: presence, synergy and optimisation.

Presence: Which channels does your organisation use and how effective is this mix in meeting the needs of your target consumers, attracting new consumers, guiding buying behaviour and delivering unique competitive advantage?

Synergy: How well do multi-channel elements work together as a strategic mix? Are there contradictions in either the mediums, messages, brand experience or delivery which create uncertainty in the consumer's mind?

Optimisation: To what extent are the diverse multi-channel elements performance-managed and optimised? For many businesses, the art – and science – of optimisation is of increasing significance in a multi-channel world. Key questions include: which pricing structure and promotional profile and duration yields the optimum return? How effective is your website in influencing, generating or supporting sales and developing brand awareness?

Get to know your multi-channel consumer a little better. Research has revealed that multi-channel customers spend more than those who use just one purchase channel, they shop more often and make more impulse purchases. In addition, online shopping is in many countries growing at a much higher rate (up to 15 times higher) than high street sales in many countries. Welcome to the world of multi-channel.

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To view the full paper email mbr@buseco.monash.edu.au