Multi-channel Sales Distribution

Lena Langegger & Rebecca Sjölander

- Should Online Retailers Expand Offline?
Acknowledgements

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Declaration

The thesis has been conducted in Borås, Sweden. We hereby declare that this thesis is our own work. All empirical data received from the different companies and specialists have been approved to be shared within this paper. Where other references have been used, they have been acknowledged.

Signature:

Lena Largeger

Borås, June 3rd 2013
Abstract

The retail industry is in a motion of fascinating developments, it can be currently alleged that it is one of the most innovating fields within research. Online retailing in particular has experienced major changes in recent years. However, these developments are slowing down as online retailing is entering a mature state. Online fashion companies now have to consider new strategies to further evolve their businesses. Innovative Online companies have taken action towards a multi-channel sales distribution strategy, some have even gone as far as adopting an omni-channel approach. With that statement, this study attempts to add different insights to the topic by focusing on the issue of online expanding offline from a company point of view. Empirical data included company and industry specialist interviews as well as a questionnaire that was used for pre-research and developing propositions. This resulted in three findings that involved both advantages and disadvantages in Online fashion retailers evolving offline. Firstly, whether or not an Online fashion company should expand offline depends entirely on the ambition level and type of company interviewed. Secondly, it can be concluded that Online fashion companies have the desire to keep their current business model, though they cannot continue with the same strategy in the long run. Lastly, if an offline presence is established, a traditional expansion strategy cannot be used, but innovative concepts are required (mixed realities). If this strategy is taken seriously, expanding offline could be the solution to reach a higher level of online retailing and company success.

Keywords: Multi-channel strategy, pure Online fashion retailers, Online expanding offline, distant sales distribution, Online business model evolvement.
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General layout

Chapter 1: Introduction
In the first chapter, a general statement of the overall outlook of the industry is given. This includes the developments within online retailing. Furthermore, the problem discussion is developed, stating the previous research within the field of study but also the main issues as well as the aim and purpose of the chosen topic. In addition the research question is established. Moreover the delimitations of the study are stated openly and further definitions of sales channels and sales distribution concepts are included in order to make it clear for the reader.

Chapter 2: Theoretical framework
The theoretical framework is based on previous research. The framework begins with a chapter on multi-channel strategies, including both advantages and disadvantages of adopting such a strategy. It further evolves into synergies and how this can be implemented to a multi-channel strategy and how it affects the channels. This leads on to the chapter on information consistency, which is needed when a company opens several sales distribution channels as to not create confusion and dissatisfaction amongst the consumers. Further into the theoretical framework, the matter of cross-channel integration is specified and how several channels can be used together to reach the customer. As closing arguments of the theoretical framework, knowledge on pure-play Online retailers, online channel for businesses, online goes offline and online merges with offline (mixed reality) is given as to set the base for the empirical research and results. At the end of the theoretical framework a brief summary is also present to highlight the most important statements.

Chapter 3: Methodology
The methodology chapter consists of the different approaches the authors used to reach their conclusions. This includes a qualitative and quantitative research method, using interviews and questionnaires to receive empirical data whilst having a combination of inductive and deductive approach. In addition, reasons to why this methodology is used are given.

In addition under chapter three, information about the different companies that were interviewed is specified. The companies are Consortio Fashion Group, owners of the three major distance-selling brands Haléns, Bubbleroom and Cellbes, nelly.com, Ellos and estella.se. All which have been interviewed for empirical data. Further, industry specialists are introduced. These individuals form as additional support to the company interviews; as to either encourage what has already been stated by the companies or to oppose the ideas. The industry specialists interviewed are Malin Sundström, a researcher at the University of Borås, Bill Webb, consultant and head lecturer at the London College of Fashion and Peter Sjölander, Chief Executive Officer at Helly Hansen, chairman, board
member and senior advisor for several companies and at times guest lecturer at top business schools and events around the world.

Chapter 4: Results
The results of the empirical data are here established. This involves drawing the most relevant information from the questionnaires, company interviews and industry specialists in regards to the primary proposition. From the outcomes in the questionnaire, three propositions are developed and used to pull results from the company interviews and industry specialists.

Chapter 5: Analysis
Chapter six includes the analysis of the results and propositions. Here, the different outcomes in the results are compared with each other and the data outlined in the theoretical framework.

Chapter 6: Conclusion
In the conclusion, the research questions are answered in a very concise manner. In addition the authors discuss the findings established. It also includes recommendations for the companies in the industry as well as to deliberate advantages and disadvantages of expanding offline.

Chapter 7: Future research
The chapter regarding future research includes the study’s further developments and in which manner the empirical findings could be used. Included is research in the field of how online companies can establish an offline channel, what investments are needed and which concepts could work.

Chapter 8: References + Appendix A-D
Located under chapter eleven are the references used to create the study. In addition, the appendix can be found under this chapter as well, included are the questions asked at the interviews, questionnaire and two tables addressed in the theoretical framework.
1. Introduction

The last decade has been characterised as having a drastic change in the retail landscape. Online Shopping has changed the retail industry for the past 15 years, starting to flourish and gaining its acceptance in the early 2000’s. Amazon.com, launching in 1995 was one of the first online stores and is today’s global leader in e-commerce, however they did not become profitable until 2002 when online shopping became globally accepted as another mean of purchasing products (Dignan, 2002, amazon.com, 2013). In 2002, Forrester Research (2001) forecasted United States online retailing sales having a worth of $36 billion; with a constant growth of 20.9%, the sales worth in 2006 would be $81 billion (Monsuwé et al., 2004). Between 2002 and 2008 Business-to-Consumer e-commerce grew worldwide by 174% (Lieber & Syverson, 2011). In 2012, online retailing accounted for 8% of the total retail sales in United States; in several countries however, such as United Kingdom this number is significantly higher (Bell et al., 2012). Forrester research (2011) has made an estimate that in 2015 online retail sales in China will increase to $160 billion, resulting in more than a triple increase of 2010’s sales (Bell et al, 2012), as well as United States of America will increase to a sales worth of $279 billion in 2015.

According to Bodhani (2012) a presumption that e-commerce would bring the death to the brick-and-mortar shopping was erroneous and has now been replaced with a more nuanced vision of future shopping: the future of combining different sales channels. The development of new distribution channels has resulted in an increasingly complex environment for both retailers and consumers (Sonneck & Ott, 2010). Multi-channel strategies have increased, especially due to the growing importance of the online channel. Over the past couple of years the majority of retailers have abandoned their single channel sales distribution in favour of a multi-channel approach. According to Garner’s (2002) research, approximately 75% of retailer respondents had a multi-channel retailing strategy either in place or in plan to enhance the firm’s overall performance. The growth rate of the online shopping has outpaced the ones using traditional channels (Weitz, 2010), which made it increasingly attractive for brick-and-mortar stores to add an online channel to their sales channel mix. As a result, having an online channel nowadays can no longer be perceived as an exception but as a widely applied business strategy, which generates a significant amount of revenue (Gallino & Moreno, 2012). Though there are differences in today’s multi-channel approaches in comparison to earlier attempts. For quite some time, the different channels have been treated and managed strictly separate from one another. A recent tendency is to integrate competing channels by emphasizing the benefits of each channel. So-called cross-channel concepts are dependent on several channels to successfully close a purchase. While the purchase process might start in one channel it is
concluded in another. An example of this sales concept is *buy-online-pick-up-in-store*, whereby the consumer is able to purchase products online and later pick them up in a nearby physical store (Gallino & Moreno, 2012).

However, the rise of the online channel did not only serve as a complement to brick-and-mortar strategies, it also provided a chance for entrepreneurs to launch pure play online ventures. Especially in the beginning, the prospects for online business models were bright, whereby large amounts of money were invested (Weitz, 2010). Although recently, investors have become more cautious as it turns out that building enduring online businesses, which generate sufficient profit is more difficult than previously assumed (Perlroth, 2013). According to Ross (2010; as cited in Ha & Stoel, 2012), Online shopping has started to mature and slow down its growth, the competition however keeps on increasing as more and more retailers make an appearance online. Consequently, online companies that are already present on the market are modifying their business strategies by slowly establishing themselves in the offline environment. Pure Online retailers are now looking to further compliment their business by adding an offline presence (Avery et al., 2012). For instance, the American Online company Bonobos has changed their pure online strategy to adopting physical stores (New York Times, 2012). In addition the German company Zalando.com opened an outlet in Berlin (berlin.de, nd) and the Swedish Online business Stayhard.se has made an appearance offline in Gothenburg (stayhard.se, 2013). Hereby online ventures are applying multi-channel strategies in reverse to the former brick-and-mortar stores. There is a growing belief that offline brick-and-mortar stores can enhance competitive advantage to direct online channels (Avery et al., 2012). As stated by Walmart.com Chief Executive Officer, Raul Vasquez “There was a time when the online and offline businesses were viewed as being different. Now we are realizing that we actually have a physical advantage thanks to our thousands of stores, and we can use it to become No.1 online” (Bustillo & Fowler, 2009 p.B1 as cited in Avery et al., 2012, p. 97). Outlet stores, showrooms, pop-up stores and printed magazines are examples of channel extensions that enable online brands to test their offline presence (Glenapp, 2013). By interacting with the real world Online retailers attempt to overcome issues related to pure online shopping (such as the “touch and feel” experience). Though, so far having an offline presence as a former pure-play Online retailer is in an experimental phase. Thus Online retailers are trying to implement offline channels, but they do so in a very limited scope.
1.1. Problem discussion

Since the growth of e-commerce, companies have been forced towards having an online presence and consequently adopting a multi-channel strategy. Companies that formerly were brick-and-mortar stores have now developed online stores to compete with other companies; increase customer base, brand awareness, market shares and general revenue (Geyskens et al. 2002; Wolk & Skiera, 2009). To successfully launch a multi-channel business depends on numerous requirements, among them, which are of high importance, are sufficient capital, allocation of assets, well-developed infrastructure, human resources, channel integration and evaluation (Neslin et al., 2009; Berman & Thelan, 2004). Furthermore, multi-channel concepts demand monitoring of the specific channel performance in order to ensure profits in spite of initial investment costs (Wolk & Skiera, 2009), although it is misleading in this context to evaluate a channel without relating it to the other channels. As retailers continue to expand their sales distribution channels, due to the increase in competition and pursuit to increasing revenue, they are today faced with the problem of trying to integrate these channels in the most suitable way. More recent research agrees on synergies between channels (high integration of channels), in contrast to operating each channel separately, as a main driver for successful channel management. Higher cooperation among channels increases efficiency and effectiveness of all channels (Rosenbloom, 2007).

Apart from the previously mentioned, two other fields have been of special interest for researchers: consumer behaviour in online environments and cross-channel effects. Particularly factors and motivations that influence consumers in their purchasing decision when buying online are thoroughly researched and examined, either in broad (Zhou, et al., 2007; Vazquez & Xu, 2009) or specifically in a multi-channel environment (Schoenbachler & Gordon, 2002; Montoya-Weiss et al., 2003; Kim & Park, 2005). Channel choice, migration, cannibalisation, and the resulting consequence for multi-channel companies are other fields that have gained larger attention in recent years (Deleersnyder et al., 2002; Kollmann et al., 2012). Cross-channel however may not only affect negatively in the manner of cannibalisation, but also the attitude towards the parent- and sub-channels can either be positive or damaging (Kim & Park, 2005).

As above, consumer behaviour and how it affects the retail industry, including why companies are being pushed towards channel expansions are known fields of research that can easily be studied (for instance Zhou et al., 2007 and Rosenbloom, 2007). However it is little known to why companies specifically act the way they do. As well as the points of view from businesses within the industry on why and for what reasons pure Online retailers move backwards in the expansion channel strategy to open offline is absent. There exists a vast body of research on brick-and-mortar stores expanding online (Enders & Jelassi, 2000;
Rosenbloom, 2007; Ansari et al, 2008), but very scarce information on why Online businesses go offline. The need for Online retailers to expand has only recently been seen as a new subject of matter and especially in the apparel industry, therefore little has been researched on this topic. Some new research proposes that opening a store has a positive impact on online sales; no immediate cannibalisation takes place after launching offline, but online sales are continuously increasing over time (Avery et al., 2012).

Online businesses going offline is a very recent development, which has just started to come into focus for some brands. In contrary, many traditional retailers have opened up online shops, as it is a logical channel extension. Whereas an Internet presence (website, mail service etc.) is widely applied and expected, measures that fundamentally change the business are still less prevalent (for instance there exists still a remarkable number of brands, who are lacking or are just launching an online store or are restricting online delivery to certain countries) (Lieber & Syverson, 2011). It can be assumed that companies have not opened up an online store yet due to channel conflicts and/or supply chain limitations.

1.1.1. Problem definition
Through adding an online channel to the sales channel mix, retailers benefit from features strictly connected to the Internet. A detailed description of the advantages of an online channel is presented under the headline Online channel for businesses. The presented outline displays that there is a large amount of information on why companies with an offline presence have now established online and it is in a manner, a common and logical evolution. However, what happens to pure Online retailers when they need to expand? Presently, Online retailers do not have any natural fields of expansion. Online companies have started to adopt a mobile sales channel, where the systems are quite similar and fewer resources are needed. Although, this is not developing the business as a whole, but rather keeps the same strategy by using a different sales tool. Most Online retailers have neglected the option of evolving offline, thus loosing the ability to strategically cover all possibilities of reaching their target market.

Purpose
The purpose of the study is to develop a further understanding of Online retailers expanding offline and discusses whether or not it is beneficial for the company. We assume that adding an offline channel (store) to the sales channel mix is the future for online businesses. Going offline is generally not a cost based initiative, but a growth based one, as offline channels are typically more local, more complex and less cost-efficient by nature. On these grounds, the thesis argues the benefits and weaknesses of Online businesses expanding offline, rather than focusing on costs.
Aim
The general aim of the thesis is to add to the research on multi-channel and cross-channel sales distribution channels, with special focus on online brands. This study further aims to argue from a company’s point of view rather than from a customer-based perspective, such information can already be found (for instance Bravo et al., 2011). Although consumer opinions and attitudes are considered in the study to show the overall picture, the main focus is on strategic channel decisions made by Online retailers.

1.1.2. Research questions
Is it through an offline expansion that Online fashion retailers can positively develop their business strategy?

What are the advantages and disadvantages for Online fashion businesses to consider this as an option and is this approach relevant for today’s market?

1.2. Delimitations
Due to the locational-based empirical resources, the study has been delineated very specifically. The study includes the most recent developments in retail and multi-channel strategy. The introduction and theoretical framework have not been restricted to any specific market, although the empirical research has been limited. The main empirical research in the form of company interviews has been narrowed to Borås, Sweden, due to the placement of the headquarters. In addition to the company interviews, industry specialists have been questioned, that are currently working in Western Europe. The questionnaire was also limited to the European market, where the people targeted had knowledge concerning the apparel industry, yet this cannot be guaranteed 100% due to the distribution via social media (Facebook and e-mail).

The questionnaire has not been specified towards textiles, rather been focused on consumer sales channel behaviour. However, the company interviews have been directed towards the textile industry. This was further restricted to Swedish companies that act on the Swedish market and are selling to European countries, Central Eastern Europe and Russia. For the industry specialists, the interviews were focused on the textile industry since the participants work within the field and therefore have a deeper knowledge.
1.3. Definitions

In order to classify the different companies, it is important to distinguish the different channels and in which environments these channels play. Furthermore, as the research is focused on channel strategies it is of vital significance that the channels are defined thoroughly. The definition of multi-channel strategy includes the distribution channels of brick-and-mortar stores, catalogue, e-commerce, m-commerce and outlets.

1.3.1. Sales distribution channels

Brick-and-mortar stores
Stores constitute as an initial sales channel and embody up until today many benefits compared to later channels. Hence, traditional retail stores still gain significant higher profits than distant sales channels (e.g. Online), in a Multi-channel environment (pwc, 2013). Especially products with high delivery costs (Ward, 2001) or complex items that require personal interaction and a close examination are sold mainly through stores (Black et al., 2002). Clothing in particular requires the right fit, touch and colour, which are better evaluated in a store than on a screen. Finally, bought products are obtained and taken home immediately, without any delivery time.

Catalogue
Catalogue-order is regarded as the first distant selling channel. Generally the targeted group is less price sensitive, spends more and are mostly situated in the grey market (Kim et al., 2006; Ihrlund, 2013, pers. comm., 4 March). Easy return, detailed pictures as well as a careful description of the products is of high importance for catalogue shopping. These features can however be applied to all distant channels.

Online
The main benefits of online shopping are high convenience and variety of merchandise (Kim et al. 2006). On the Internet a greater amount of items/assortment can be displayed without any noteworthy rise in costs. Furthermore, shopping is not restricted to opening hours but accessible around-the-clock. It is common with Internet settings to offer options for personalisation, such as customized marketing (Wind & Rangaswamy, 2001, as cited in Shankar et al., 2003), an aspect that is rather difficult in offline environments or catalogue. From a company point of view customer activities can be tracked easily and without being noticed by the consumer. This leads to companies being able to obtain information about consumer preferences continuously, which can be used to maximize the productivity of the offered assortment.
Mobile
The introduction of smartphones marked a starting point for mobile retailing. Although this aspect of retailing is still far from being fully developed, smartphones offer completely new possibilities regarding communication, customer relations and sales channels. Portable devices offer the convenience of local browsing, which in today’s fast moving society is becoming increasingly important. (Clarke, 2001) Currently, retailers are mainly using mobile for marketing purposes, such as mobile websites, advertising, information update, mobile couponing, networks and customer service (Shankar et al., 2010).

1.3.2. Sales distribution concepts

Multi-channel
Multi-channel is a concept/strategy that involves a company using several different distribution channels to supply the same products to their consumers. (Levy & Weitz, 2009 as cited in Zhang et al., 2010) The main advantages to introduce a multi-channel distribution strategy are the increase in customer base, improved convenience for the customer, added sales and brand awareness (Beheshti & Salehi-Sangari, 2007). However, the main disadvantages are costs of managing multi-channels and the increased risk of cannibalisation between the different channels, where customers simply choose to switch to another better-suited channel for their purchase (Rosenbloom, 2007).

Omni-channel
The strategy of omni-channel can be seen as an evolution of the multi-channel concept in which the strategy for all distribution channels is the same. The main benefit of adopting an omni-channel strategy is the consumer convenience, where the customer receives the same products and knowledge throughout all channels. However, it does include heavy investments in costs, resources and time. (Wordpress.com, n.d)

Cross-channel
Cross-channel concepts enable consumers to effortlessly use several channels to complete a single purchase (Chatterjee, 2010). A good example is the term buy-online-pick-up-in-store, where a customer purchases the product in the online store, but instead of getting the product delivered home, picks up the purchase in a physical store. Cross-channel must therefore have a well-developed infrastructure and information system, since the channels are highly dependent on each other in terms of information sharing, logistics, pricing and general management. (Berman & Thelan, 2004)
2. Theoretical framework

The theoretical framework has included information published in the field of online multi-channel retailing and the strategies that are involved. In addition, advantages and disadvantages are included to aid in the readers’ development of opinions. In the following chapter, knowledge regarding multi-channel strategies, synergies, image and information consistency, cross-channel integration, pure-play Online retailers as well as online goes offline are established. The main focus of the theoretical framework is multi-channel strategies, which involves the sub-factors synergies and image and information consistency. The concept of multi-channel strategies is later developed into cross-channel integration, where the different sales distribution channels are joined to enable an easier transaction between the company and the consumer. To end the theoretical framework, a deeper understanding of pure-play Online retailers and online going offline is given, which sets a base for the analysis of the empirical research.

2.1. Multi-channel strategies

The phenomenon of multi-channel retailers can be defined as a set of activities that involves selling merchandise and/or services to targeted individuals through several channels (Levy & Weitz, 2009; cited in Zhang et al., 2010, p. 168). This is not new but has been around for quite some time. Goods and products have been offered by retailers through different purchase channels for decades, in order to attract consumers in different settings and environments. In regards to this, retailers have been able to satisfy and meet consumer needs, for instance regarding time issue and convenience. (Zhang et al., 2010)

It has become obvious that e-commerce, globalization and increasing international competition have made it more challenging for retail companies (Rosenbloom, 2007) to manage their business. Companies have now several choices in which channels they can use to reach out towards their targeted consumer (Rangaswamy & Van Bruggen, 2005). Even though catalogue-order marked a successful starting point for multi-channel strategies, the phenomenon was rather neglected among researchers until the increasing importance of online shopping was noted. (Schröder & Zaharia, 2008). The recent pressure to add e-commerce as another marketing approach has pushed retailers to turn towards a more multi-channel company (Schoenbachler & Gorden, 2002). With the addition of an online channel as a further possibility for consumers it has forced companies whether of small or large scale to include the Internet as a channel for attaining its designated consumers. Moreover, companies are confronted with the issue of merging online channels with established channels.
By creating a business that is advanced with channels and applications that supplement one another, retailers can connect with their targeted consumer through various ways, exposing them to the brand in whichever channel they choose to browse or shop in. (Bodhani, 2012) In addition, some even want to encourage their channels to compete against one another as to deliberately force a level of channel differentiation (Sands et al., 2010). So the saying “bricks-and-clicks” is no longer just some neat expression, but a full on marketing channel strategy (Rosenbloom, 2007).

2.1.1. Advantages

There are several benefits to adopting a multi-channel sales strategy, involving the addition of new customer segments, increased sales, improved brand awareness, competitive advantage and most of all, adding further convenience for the customer (Beheshti & Salehi-Sangari, 2007).

By adopting a multi-channel sales strategy, it could provide a new selection of options for competing in an intense global competitive environment (Rosenbloom, 2007). In addition, a well-formulated multi-channel strategy is much more difficult for competitors to copy in short-term (Rosenbloom, 2007). According to Olafsen (2001) it holds the opportunity for retailers to entice and provide their consumer with a distinct and convenient experience that builds loyalty across several channels (as cited in Sands et al., 2010). With this possibility retailers can more easily track the behaviour of their consumers and gain a better understanding of the decision-making processes and how to optimize their business (Rangaswamy & van Bruggen, 2005, as cited in Sands et al., 2010). Moreover, a brand with a well-integrated multi-channel strategy is seen in the eyes of the consumer as a single retail entity with several distribution alternatives, making them more loyal and comfortable (Coelho et al., 2003).

According to several studies, consumers have a habit of when exposed to multi-channels, purchase more frequently1 and therefore businesses increase their profitability. This is due to companies reaching more consumers and the convenience gained. An increase in brand loyalty is also received than compared to single-channel consumers. (Berman & Thelen, 2004; Schramm-Klein & Morchett, 2005; Tate et al., 2005; Valos, 2009, as cited in Sands et al. 2010) However, an increase in loyalty only occurs when the consumers are aware of that they are dealing with one company throughout the different channels (Sonneck & Ott, 2010).

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1 The difference between having a single- or a multi-channel strategy has been noticed in not only retail, but also within several other such as the banking industry. It has been observed that banks that have adopted a multi-channel strategy have increased their consumer rate and profitability with up to 50% compared to their competitors that are still using a single-channel strategy (Robinson, 2006).
Multi-channel strategies hold great advantages if established rightly. The strategy allows retailers to focus on each of the channels strength, opportunities and success, thus optimizing the channel to make their brand more interesting to multi-channel consumers (Berman & Thelan, 2004). A simultaneous increase of sales in all channels can be achieved by focusing on the particular strength of a channel and the interaction of the different channels (Zhang et al., 2010). In addition, the strategy enables the retailer to overcome restrictions related to one of the channels, thus enabling a solution for every consumer (Berman & Thelan, 2004).

Furthermore, there evolves an opportunity to leverage intangible and tangible assets such as brick-and-mortar stores using their capacity in warehouses to service new online operations when introducing a multi-channel strategy. This allows assets to be integrated in different channels, saving resources and together forming a stronger bond. (Berman & Thelan, 2004) For more defined advantages for each channel, see appendix C.

2.1.2. Disadvantages

According to Rosenbloom (2007), multi-channel retailing is rather a rule than an exception. However, not only good things come from new developments, the main challenge of multi-channel retailing is to avoid cannibalization of one channel by another. The introduction of additional channels might not attract new customer segments, but simply offers a possibility for existing customers to switch channels. (Rosenbloom, 2007) This cannibalization is more evident in regards to online activities, in which it can consequently lead to having a negative effect on profits in offline, brick-and-mortar stores (Alba et al. 1997). This may be due to the fact that there are no geographical boundaries on online-based activities, where retailers limit their consumers (Biyalogorski & Naik, 2003; as cited in Sands et al., 2010).

It is important to note that the introduction of new channels is not something that can be done overnight, but rather something that has to be structured and thoroughly planned in the form of resources. The usage of a multi-channel strategy is a long-term commitment and investment in infrastructure, which includes several resources such as capital and human skills. (Fites, 1996) Not all retailers can afford the big investment needed financially or in the form of managerial resources (Berman & Thelan, 2004). Despite the many advantages of multi-channel strategies giving more opportunities to reach more consumers, it also demands a lot from the company. Managers responsible for the channels must now deal with the wide range of complexities affecting a multi-channel strategy. These issues include communication problems as more people are needed, the integration of high-technological online channels and mobile channels with conventional channels (Coelho et al., 2003; Rosenbloom, 2007). The strategy
for integrating several sales channels has to be cautiously developed, since poor integration may result in dissatisfaction among consumers and consequently the loss of consumers and sales to competitors. (Rosenbloom, 2007) See appendix D for assessing the readiness for a multi-channel strategy according to Berman & Thelan (2004).

There is even an argument that states that having a multi-channel strategy affects a retailer's profit and brand loyalty negatively, in the form of active multi-channel consumers jumping from channels to find the same products but at a different price (Coelho et al. 2003; Berman & Thelan, 2004). Coelho et al., (2003) reasons that profitability of the different channels when compared to pure channel players are lower due to retailers being forced to choose where to focus their resources towards and perhaps cannot focus enough on all channels such as a single channel retailer can. Additionally, when looking at one channel independently, multi-channel companies might have a lower profit rate than single channel companies. As mentioned earlier, this may depend on consumers jumping from channel to channel and/or if one channel gains a consumer, another channel has lost one. It is however important to note that when measuring profitability, a multi-channel company has to be measured as a whole and not just one channel individually. Lastly, as the channels become more and more fragmented, it becomes increasingly more difficult for a retailer to satisfy the consumers and in return, consumers expect more from the retailers. This can result in consumers becoming frustrated with the company and choose to move to other retailers where their expectations are met. (Berman & Thelan, 2004)

2.2. Synergies

According to Rosenbloom (2007) the word synergy has become an everyday term in business, especially in the context of merges and acquisitions. However, within multi-channel strategies, synergy means that one channel can positively reinforce the efficiency of other channels (Rosenbloom, 2007). One of the many reasons for choosing a multi-channel strategy is that the integration allows synergy between channels, creating customer benefits (Goersch, 2002). Retailers can through synergies improve their customer base and brand extension whilst maintaining their capabilities (Goersch, 2002). Kollmann et al., (2012) argue that synergy between the channels can be effectively attained by focusing on service at every stage of the purchasing process, as well as through constant focus on the customer rather than the channel (Schoenbachler & Gordon, 2002). If managed carefully, every channel adds value to the company by being used in specific situations or by different consumer groups.
One of the most common examples of positive synergies between channels is using online channels to research information about a product before purchasing it via an offline channel (brick-and-mortar stores). However, there is great potential for more synergies across channels, such as to have more channels available for customers while at the same time, lowering the costs of distribution. (Rosenbloom, 2004; Rosenbloom, 2007) In result, each channel would use the best-suited options of distribution, and the process would achieve a balance of efficiency between other channels (Rosenbloom 2007).

2.3. Information consistency

Through the usage of multi-channel strategies, customers are met with benefits of convenience, control and reduced risk. However, this requires that all channels have the same accessible information. Whether or not the same products and product range are available through the different channels, the same information should be present. (Chen et al., 2009) Inconsistency effects the customers’ limitations of channel choices and the association between the different channels. Customers faced with image and information inconsistency of multi-channel retailers might become confused, discouraged or even disappointed by the retailer and in result, choose to stop purchasing from that specific retailer. (Chen et al., 2009)

2.4. Cross-channel strategies

The term multi-channel retailer usually refers to businesses that use different sales channels when interacting with the consumer. The difference between multi-channel and cross-channel can however be found in the level of interaction amongst the channels. Multi-channel retailers operate the different channels separately, thus the entire purchase process (order placement, payment and delivery) takes place within one channel. This practice simplifies the management processes, since each channel is treated as a closed entity. Cross-channel concepts on the other hand, enable consumers to seamlessly use several channels to complete a single purchase. (Chatterjee, 2010) Hence, the distinct channels are highly dependent in terms of information sharing, logistics, pricing and general management.

Ensuring smooth processes requires carefully designed and efficient infrastructure as well as a focused information system (Berman & Thelen, 2004). According to Lee & Kim (2010) there exists a positive relation between consumers’ shopping orientation and the perceived integration of channels, whereby information consistency specifically constitutes as an important aspect. Cross-channel systems significantly change the perception consumers have regarding information
credibility. In contrast to merely claiming information uniformity across channels, integrated channel systems ensure that information given by one channel is reliable across all (Gallino & Moreno, 2012). Further, coherent information also results in a perceived certainty of product availability; an aspect that has clear impact on purchase decisions (Bendoly et al., 2005). As a consequence synergies between the independent channels can enhance market share, customer base and profit (Berman & Thelen, 2004).

Examples for cross-channel activities are buy-online-pick-up-in-store or order-in store-delivery-to-home. Buy-online-pick-up-in-store concepts imply the option of buying a product online and later on picking it up in a nearby physical store. This strategy saves delivery fees for the customer while at the same time still providing most of the benefits of online shopping. Further, the consumer has the possibility of physically examining the product in store. If an individual does not conclude the purchase online it is still ensured that the product will be available at the given store. (Bendoly et al., 2005; Gallino & Moreno, 2012) Noteworthy, buy-online-pick-up-in-store strategies increase in-store sales (and thereby increase general revenue), but decrease online sales. This phenomenon can be explained by referring back to the perceived accuracy of stock information (Gallino & Moreno, 2012).

Order-in-store-delivery-to-home has been implemented long before buy-online-pick-up-in-store strategies. Offering consumers the service of getting their products delivered from local stores, marked the beginning of store and online based home deliveries (Burt et al., 2010).

Cross-channel integration is facing some difficulties, which can if not dealt in the right manner be of a disadvantage. As described before, cross-channel is built on information consistency across all channels used. This aspect of cross-channel distribution makes it difficult for a retailer to adapt to local competition or channel specific competition (e.g. cross-channel businesses might not be able to compete with pure Online retailers, as they cannot offer online discount prices in store). (Tang & Xing, 2001) Chatterjee (2010) discovered in his research that price conscious consumers are more likely to return purchased items from a cross-channel retailer than from a multi-channel business.
2.5. Pure-play Online retailers

Pure-play ventures can be defined as businesses that operate solely in the online environment (strictly spoken, these companies only sell third-party products, as opposed to business models with an offline warehouse). In the context of this study, however, pure-play online is defined, in accordance to Boyer (2001) as retailers that apply a single sales distribution channel (Internet) strategy.

Gaining publicity and evoking consumers’ attention are key aspects of pure-play businesses (Ashworth, 2012). Due to the high competition within the online market it is crucial for companies to gain awareness in order to maintain and grow the business. Furthermore, well-structured delivery systems and return policies have become of growing importance. These systems build or diminish consumer satisfaction, depending on the level of performance. (Xing & Grant, 2006) Further, trust related issues are especially prominent with pure Online retailers. Online businesses are less tangible than traditional retail models (products cannot be physically evaluated and credit card information has to be published on the internet), wherefore trust constitutes as a critical factor for purchasing decisions (Ha & Stoel, 2009). Additionally, technology (such as webpage design and navigation) is more important in an online context than it is for brick-and-mortar stores, since it has an impact on every step of the purchasing process and brand communication. Among other factors, ease of use is of high importance; easy navigation and smooth processes influences not only intentions but also general attitudes towards online shopping (Monsuwé et al., 2004).

2.6. Online channel for businesses

The adoption of an online channel for offline retail businesses has turned into a logical step when expanding in the industry, which is established in the introduction chapter. However, as with many new expansions, there are both positive and negative issues.

2.6.1. Advantages

An important benefit of online retailing is the significantly lower investment costs necessary to start up the company. Opening up a store, for instance, requires capital for rent, interior and store personnel, all of which is not necessary when launching an online store (however, this excludes the capital needed for warehouses). (Wang, 2007)

Online retailing further entails opportunities to reach additional markets and to attain broader market coverage, which leads to enhanced customer base as well as more frequent consumer interactions with the brand (Hulland et al., 2007). Online
companies can enable customer access around-the-clock and are therefore not concerned with opening hours or working schedules for store personnel. Regarding the width and depth of assortment, online environments offer almost unlimited opportunities for companies (Kim et al. 2006), whereby Online businesses are clearly superior to physical retailers in this aspect. Moreover, Online companies are relying heavily on fast and accurate transportation. Up until today the transportation costs are decreasing (Sahin et al., 2009), and are not anticipated to increase in the near future. Finally, (see online channel clarification) customer activities can be tracked more easily as compared to the offline environment.

2.6.2. Disadvantages
An issue with online retailing is the limited possibilities to examine the products. Although Online companies are continuously improving the display of the assortment, it will never be possible to touch and try on items. (Levin et al., 2003) In regards to that, the return rates of online shopping are significantly higher than the ones of regular stores. In addition, return is free by law for consumers in some European countries, which means companies have to cover these costs. These additional costs noticeably decrease company’s profits. (Mukhopadhyay & Setoputro, 2004) Although, for example in Sweden, as consumers can be made to pay for returns, it might negatively affect competitor advantages and brand image.

Payment is another factor that can cause trouble for Online companies and the customers, since Online companies cannot receive payment in cash. Consumers might be hesitant to share credit card or debit card account details on the Internet (Levin et al., 2003). However, nowadays it is a lot more common than in the past to purchase via online banking.

Furthermore, even though initial investment costs for setting up a homepage might be comparatively low, capital is still required for technological set ups, infrastructure and advertisement. Competition within the online environment is high, especially since it is not locally restricted. In addition it is harder to attract attention on the Internet, especially if no offline presence is given. (Krishnamurthy et al., 2005) Due to that, companies have to consider extending the budget dedicated to marketing actions. The homepage must also be carefully designed in order to keep customers on the website; every additional click might lead to a loss of potential purchases. Finally, customers expect and are used to very fast delivery times. In many cases, companies must therefore promise delivery times of two to three workdays in order to stay competitive. To achieve this, the Online business has to have a very well structured network of logistics and warehouse management. (Holloway & Beatty, 2003)
2.7. Online goes offline

Pure-play Online retailers have so far mainly focused on the Internet as their sole sales distribution channel. The restriction to a singular channel appeared to be the most common strategy; it does however also limit the potential customer base of the company. In recent years Online retailers therefore started to extend their businesses by entering the offline domain (Enders and Jelassi, 2000). Offline extensions have the possibility of becoming important aspects with regards to business sustainability of online ventures (Ashworth, 2012)

There exists only a very limited range of research on the topic of online expanding offline; however, one explanation for the growing interdependence of online and offline is based on consumer behaviour. Consumers display a split online and offline identity, which they interchange frequently. Thus consumers are accustomed to interact within both online and offline environments and move between them. (Rau, 2004, as cited in Bravo et al., 2012) Still, as offline concepts are not widely implemented by online retailers yet, consumers can easily perceive this particular channel extension as odd or ill fitting. Strategies, which are seen as not coherent with the overall image or strategy of a company might result in rejection (Bravo et al., 2011). In general, the offline extension strategies of Online retailers have negative effects on the brand image of the parent brand, as the perceived gap between the channels is too wide (Bravo et al., 2012). On the upside, new strategies are more likely to be noticed and remembered than commonly used approaches. (Bravo et al., 2011)

The following model displays the value chain of an Online retailer, from a traditional and modern viewpoint. It demonstrates that integration backwards as well as forward has taken place, compared to initial pure-play concepts. Given that the research was published in 2000, it can be assumed that most Online retailers apply back-end integration today, as they have their own warehouses.

![Value chain of an Online retailer, backwards integration](image)

**Figure 1:** Value chain of an Online retailer, backwards integration

Source: Enders and Jelassi, 2000
2.8. Online merges with offline – Mixed reality

Today with the advances of technology an amalgamation of physical with virtual realities are available for consumers and can be defined under the term mixed reality. According to Coutrix and Nigay (2006, p. 44), “A real object is composed of a set of physical properties and in the same way a digital object is composed of a set of digital properties. A mixed object is then composed of two sets: a set of physical properties linked with a set of digital properties.” Within mixed realities, the two are complemented by each other and thus enrich the consumer experience. Consequentially, the technology enhances a consumers’ perception of reality and is replaced with a virtual one (Steuer, 1993; Graham et al., 2012).

Augmented reality, bricks-and-clicks and physical and visual realities are all terms that undergo the concept of mixed reality. In short, the vision of mixed reality is quite simple; by designing computer software, an augmentation and enhancement of individuals’ senses and perceptions of reality can be created. A consumer would be able to see and hear things that would otherwise not be available. Additionally, information or product search would be available in no time. (Insley, 2003) Information concerning the real world then becomes interactive and technologically modifiable to the user, as knowledge about products can also be transferred into real life (Azuma, 1997; Chen, 2009). The intention of the usage of a mixed reality is as a supplement to the physical reality, rather than creating a completely separate environment (Olsson et al., 2011).

As retail continues to grow, the future will most likely include both physical and virtual realities. Mixed reality can be used to create virtual objects that can be imposed on real objects. It could work in the manner that a shopping application is created by a store that would run on a smartphone where the real-store environment is available. It can also be used in person-to-person communication, meaning that a consumer could be located in a physical store by themselves but is in need of a friends advice and could interact with a video image or an avatar for support (Barlow et al., 2004). Mixed reality allows product engagement in the matter of allowing product information by a simple picture of the product or by touch recognition. Furthermore, by creating a virtual version of oneself, inserting personal details, garments could be virtually seen how they would suit and fit ones body. This would remove the issue of needing to try on a garment in fitting rooms (Barlow et al., 2004).
2.9. Summary

The first key concepts are the benefits that Online retailers gain when applying a multi-channel strategy. Beheshti & Salehi-Sangari (2007), Rosenbloom (2007), Rangaswamy & van Bruggen (2005) all present specific advantages in their studies, namely the addition of new customer segments, increased sales, improved brand awareness, competitive advantage, convenience and the possibilities to track consumer behaviour on several levels. Further Berman & Thelen (2004) and Zhang (2010) agree that multi-channel strategies allow retailers to focus on channel related strengths, while at the same time internal and external interaction and integration have to be considered. According to Sonneck & Ott (2010), an increase in loyalty only occurs when the consumers are aware of that they are dealing with one and the same company throughout the different channels.

To develop a critical understanding of the concept, disadvantages of multi-channel strategies have to be taken into consideration as well. Cannibalisation of channels (Biyalogorski & Naik, 2003; Rosenbloom 2007) and the resources needed to launch additional sales channel (Berman & Thelan, 2004), as well as poor integration and fragmentation (Coelho et al., 2003; Berman & Thelan, 2004) can negatively affect the business and is therefore something to be evaluated before adapting a multi-channel strategy. Synergies constitute an important factor within the multi-channel environment. Through synergies one channel can positively reinforce another (Rosenbloom, 2007). Synergies can be achieved by focusing on the service level throughout every step of the purchasing process (Kollman et al., 2012), as well as by constantly concentrating on the consumer (Schoenbachler & Gordon, 2002). Synergies can reside in every channel by using the best-suited and most effective option for sales distribution (Rosenbloom, 2007).

The perception a consumer has about a certain brand is dependent on the consistency of the brand image and the information across all channels (Chen et al., 2009). If this is different throughout the channels, consumers can feel discouraged to continue their involvement with the brand. Consumers shopping behaviour is positively influenced by the perceived integration of different channels (Lee & Kim, 2010), whereby the effects on the perception of information credibility and the certainty of product availability are of importance (Bendoly et al., 2005; Gallino & Moreno, 2012). There are issues regarding cross-channel concepts as well, such as the limitations in possible adaptation to a local market (Tang & Xin, 2001) and higher return rates compared to multi-channel companies (Chatterjee, 2010).

Gaining publicity and evoking consumers’ attention are key aspects of pure-play Online businesses (Ashworth, 2012). Low investment costs (Wang, 2007), broad market coverage (Hulland et al., 2007), and wide assortment (Kim et al., 2006)
are main advantages of being a pure-play Online retailer. Moreover transportation costs are in general very low and decreasing, factors that are extremely beneficial for an industry sector that is reliant on fast deliveries (Sahin et al., 2009). More important for this study are the disadvantages that are implied in being a pure-play distant selling company. Consumers cannot examine the products in the same manner as in a physical store. Due to this, and the limited payment methods, trust is an essential aspect (Levin et al., 2003). In addition, costs are a factor. Although the initial capital needed for opening an online channel is relatively low, there are follow up costs to be considered; main points are technological set ups, infrastructure and advertisement (Krishnamurthy et al., 2005). Finally, Online businesses have to have a very well structured network of logistics and warehouse management (Holloway & Beatty, 2003).

Offline extensions will become crucial aspects with regards to business sustainability of online ventures (Ashworth, 2012). Consumers are accustomed to interact within both online and offline environments and move between them. (Rau, 2004, as cited in Bravo et al, 2012). However, since the concept has come into focus rather recently, this particular channel extension might be perceived as odd or ill fitting. Concepts, which are seen as not coherent with the overall image or strategy of a company, can therefore result in rejection (Bravo et al., 2011). On the plus side, new strategies gain consumer attention (Bravo et al., 2011). Finally, the issue of front-end integration of Online retailers has been touched by researchers already around the millennium (Enders & Jelassi, 2000), however the topic has rather been neglected since.

In order to evolve the different concepts, the next level is to actually merge two realities, the physical and virtual environment. Mixed realities exist of a set of physical properties linked with a set of digital properties (Coutrix & Nigay, 2006). The technology enhances a consumers’ perception of reality and replaces it with a virtual one (Steuer, 1993; Graham et al., 2012;). The consumer can see and hear things that would not be available in a strictly physical reality (Insley, 2003). However, the intention of the usage of a mixed reality is as a supplement to the physical reality, rather than creating a completely separate environment (Olsson et al., 2011).

Mixed realities can have significant impact on modern shopping behaviour and possibilities. Barlow et al. (2004) proposes that virtual fitting rooms, additional online information and social shopping are examples of the possibilities mixed realities offer.
3. Methodology

Information has been collected though printed literature, published online articles as well as through empirical data gathered through a questionnaire and interviews with key individuals. A few Internet sources have been used in an aid to support online articles, although these have been carefully examined and compared as to ensure their reliability and validity. Due to the limitations, the generalizability of the study is questionable, since more international resources are needed (main research has been conducted in Sweden).

Process throughout the thesis

The thesis is originally built on observations seen in the industry, which are presented in the introduction and further elaborated in the problem discussion. A particular research issue was observed that is presently lacking in the theoretical field, namely Online businesses expanding offline.

The theoretical framework is required to give a more focused literature base for the study. Hence, concepts and keywords are presented that have an importance to the research subject. Although multi-channel and cross-channel strategies in particular might not be strictly relevant for the thesis’ topic, these concepts have to be outlined for the reader to be able to understand the impact that expanding offline has on Online businesses. By adding an offline channel, Online fashion retailers have to change from a single channel (online) to a multi-channel strategy (online and offline). This modification affects the business model as well as the general business strategy of a company.

The thesis further aims to argue mainly from a company perspective. However, throughout the theoretical research it became evident that in order to draw conclusions for companies, additional standpoints were required as a large amount of research is conducted from a consumer perspective. The study is therefore, in addition to the company statements, developed from consumer opinions and industry specialist viewpoints.

The decision to have a questionnaire that focuses on consumer channel behaviour was formed due to the need to restrict the study more specifically. The findings in the questionnaire were used to create a direction for developing the interview questions. In addition, the questionnaire assisted in the building of propositions, which are used as guidelines to draw the most relevant results for the study and are later answered in the analysis. Although companies’ opinions are considered as most important to the study, it was only possible to draw more general results through a consumer behaviour study, where a greater number of respondents are attainable. At this early stage of the study it was of main relevance to detect general tendencies, rather than specific viewpoints. As confirmed later in the
research process, consumers have great influence on business strategies and must therefore be considered when evaluating business developments.

The interviews give in contrast to the questionnaire specific insights and deeper knowledge. After interviewing representatives of Online fashion retailers it became obvious that the responding companies were rather conservative in their business strategies and generally refuse to genuinely consider innovative concepts. However, the presented study addresses how Online fashion retailers can possibly evolve their business models. Due to the conservative approach of the Online companies, a second independent source of empirical data was required in the form of industry specialists. The industry specialists were anticipated to have a more critical view on the industry developments and could therefore state more conceptual and strategic opinions.

To bring the individuals opinions into a broader context the empirical data retrieved from the company and industry specialist interviews were put in relation to the earlier established theoretical framework. A theory developed by Berman & Thelan (2004) was emphasized in particular, where the readiness of companies adopting a multi-channel strategy is discussed. The empirical data stated opposing opinions in regards to whether Online fashion retailers are ready to expand offline, which the authors of this study perceived as important to evaluate deeper. Therefore, a model was developed based on the theory of Berman & Thelan (2004), which was then used to analyse the empirical data.

The decision to separate the analysis into two different sub-chapters (Company interviews and Industry specialists) was done due to the opposing argumentations to the addressed issue. However, in the conclusion they are brought together to answer the research questions.

**Qualitative and quantitative research method**

This study includes both empirical and secondary data and has been conducted through using a mixed methodology study (Tashakkori & Teddlie, 1998), this incorporates the point of view of the pragmatist in which both qualitative and quantitative research methods within different phases of the study are embraced and combined. By using a combination of the two research methods we are not constrained by either one, but can use the advantages of each method to strengthen the study. (trans. Nilsson, 2008) However, this can have a negative effect as without any restrictions, the authors may lose focus when using both methods simultaneously.

The secondary data was collected based on the research field that both authors had decided upon. The material was gathered by using a qualitative approach, whereby only the most relevant information is presented. The criteria for importance were publishing journals, authors, citations, date published as well as
relevance to the topic. Naturally, only the most suitable data for the research question was included in the theoretical framework.

The empirical research was conducted through both qualitative and quantitative methods. In order to receive some general statistics on the topic, a questionnaire was designed. Here, percentages and numbers were sought after, rather than individual opinions. The clearly stated results were used to develop the research further, where issues were highlighted and served as an aid to restrict the research. In addition, the questionnaire also helped develop propositions as well as the interview questions. Due to the scope of the study, a qualitative method was required when gathering data from company and industry specialist interviews. By using a qualitative interview method, in-depth and personal experiential information around the topic, can be found (McNamara, 1999; trans. Nilsson, 2008). The goal of interviewing individuals within the field is to receive a subjective understanding, as to gain a deeper understanding of the behaviour and an explanation by the interviewees in their own words. (Seidman, 1998) Through the usage of qualitative interviews there arises possibilities of asking follow up questions, which would otherwise not be possible through other means such as questionnaires. In addition as there is an easier possibility to receive the opinions or experiences pursued after. (Seidman, 1998)

An issue that arises however with the over-usage of a qualitative research method is the validity of the information gained, as the author is much more involved in the study and can therefore influence and interpret the information towards a manner that is more beneficial to the study. This may result in the study to become biased or portray a certain aspect and this is something that needs to be taken in consideration throughout the whole study. (trans. Nilsson, 2008) To ensure validity, the research question was constantly referred back to.

**The research cycle**

*The research cycle* (Krathwohl, 1993 as cited in Tashakkori & Teddlie, 1998) is used, where a combination of induction and hypo-deduction is performed. Through the use of induction in the information gathering, general and theoretical results can be drawn to determine whether or not the information is useful or not. This includes facts and observations, which later turns towards general interpretations in the form of generalizations and theories. The inductive logic of general inferences or theories through deductive reasoning becomes predictions, propositions and expectations of particular outcomes of the study. (Tashakkori & Teddlie. 1998) For this reason, this method is of relevance to this thesis.

To summarize, the approach is built on observations, which leads to a proposition on the specific topic. This proposition is supported by empirical and secondary data that further develops the proposition or create new propositions. In the case of this study, the developed propositions are related to additional empirical data,
which results in conclusions of a more general stature. The consequences of using the research cycle is then that the initial step is created through using a subjective reasoning, resulting in disregarding other more objective observations. In this manner, if the first observations established are less relevant then claimed, the importance of the studies outcome could be influenced negatively.

![Diagram of the research cycle]

**Figure 2: The research cycle**

Source: Tashakkori & Teddlie (1998)

The research is based on industry developments observed by the authors, through general information gathering (newspapers, articles, fashion business blogs, trend forecasting agencies etc.) and university-lectures, previous to the actual study. Therefore it is claimed that pre-knowledge of the subject was existent. During the introduction and problem discussion a first primary proposition was developed. This statement is evaluated in the study and finally either supported or rejected. Further, out of this primary proposition the research questions were developed.

**Questionnaire**

The questionnaire was designed to act as an additional set of data to the research. It is therefore used as a method for developing propositions, which are used as a base to analyse the data received from the interviews. In order to receive the information that the research demands, a 15 question based survey was constructed (see Appendix B). The questions were designed to give general tendencies about online shopping behaviour as well as attitudes towards multi-channel approaches of online businesses. The questionnaire is based on mostly closed questions, which guarantees an easier analysis, however also includes a few open questions to receive a more personal view. While designing the closed questions, inspiration was drawn from the Osgood method, where the questions were judged from important to not important or yes to never. The answers are therefore multiple-choice. However, the Osgood method is not strictly followed,
but rather used as guidance. (Tashakkori & Teddlie, 1998) The open questions were answered with complete sentences.

The questionnaire was solely spread via the Internet, through the network of the Swedish School of Textiles, e-mail and the social network Facebook. 181 individuals responded to the online survey, which resulted in 35% being male, 65% female, all between the ages 15-65, although the mean average lies between 20-30. The questionnaire was not statistically analysed using a specific method (such as the Osgood method), but rather drew results by creating a pie chart for each question and therefore receive percentages. This is justifiable as the questionnaire only serves as an additional aid to the empirical data found through the main interviews. Hence, the drawn results are confirmed with the findings from the empirical interviews.

As entailed in online surveys the range of participants is broad; in the manner of profession as well as age. Nonetheless, the importance lays in the participants’ familiarity with online environments, more specific, Online companies and online shopping. In regard to this, the chances of the individuals shopping online is seen as having a very high possibility since the survey was received and filled in online. To ensure that a great majority shop online, this aspect was addressed in the survey. Further experience with European online shopping was seen as a very important aspect due to the study’s delimitations, which greatly influenced the choice of environment the survey was shared in. However this still cannot be guaranteed for every individual participating in the survey. The choice of environment might furthermore bias the results, as the percentage of participants who are studying or working within the textile industry is rather high. The acquaintance with the subject might show results in greater favour of the proposition. Consequently, measures have been taken to level out this impact as much as possible.

**Proposition building**

To specify the research questions, three additional propositions were added. The reason to add propositions was to focus the study further. The research questions address a more general topic, and are then specified within the different propositions. These addressed three major issues that were evident when drawing results from the primary research gained from the questionnaire. The propositions were created by combining the data that was most interesting for the chosen subject, but also the most clearly stated. The propositions would later be used as underlining guidelines throughout the interviews. If the qualitative approach used in the interviews is not restricted, then the results could become too broad and inconclusive. Furthermore, the propositions aided in drawing results from the interviews as well as used for the analysis. However, the questionnaire involves consumers opinions, which is an aspect that is not sought after in the thesis, therefore the propositions and results are somewhat biased. Although, this plays a
minor role as the Online companies are focused on consumers and both sides are dependent on each other.

**Interviews**

The companies selected for interviews have been chosen based on several key factors. The main requirement was that they started as a distant selling company (which includes catalogue and Online retailing) and not as a physical retailer. First, only companies that started as Online retailers were considered, though it turned out that most of the companies in question initially worked with catalogue as their main distribution channel. A second aspect was that they were based in Sweden. This restriction was mainly motivated by organisational reasons rather than demanded by the scope of study. The authors had to restrict themselves locally in order to be able to visit the companies. The desire was to talk to companies, which have started online and added a physical store to the sales channel mix. However, this very recent development has mainly taken place outside of Sweden and due to that, there have been issues with contacting these kinds of companies.

Interviews for empirical data was chosen due to the need for in depth knowledge in an innovative field (Tashakkori & Teddlie, 1998). The interviews were conducted with key individuals at pure Online retail stores, Peter Lindholm atnelly.com, Sara Ihrlund at Consortia Fashion Group (owners of Bubbleroom/Haléns/Cellbes), Per-Olof Gustafsson at Ellos and Klas Ekdahl and Albena Marcoff at estella.se. The interviewees were required to have deep insight in the general business strategy of the company. Further, each chosen individual was specialised either in marketing or sales distribution strategies. During the meetings, the interviewees were recorded, notes were taken as well as transcribed in order to be sure that all information was documented and could later be verified. The interviews were held at the different head offices of the different Online companies and took between 15 minutes to an hour. 22 questions were designed beforehand to have as guidelines at the interview, for both the interviewee and the interviewers (see Appendix A). The questions were designed using The funnel method (Tashakkori & Teddlie, 1998). Hereby the primary questions address broad aspects of the topic, further on the questions are limited and restricted to a few concrete issues concerning the study’s subject. The funnel method is applicable to the mixed methodology approach, which is in use throughout the research (Tashakkori & Teddlie, 1998). Although these questions were used at all interviews, minor alterations were made to configure to the company spoken to, in addition, follow up questions were asked to get further details and explanations to answers received.

In addition to interviews with companies, individuals who are specialised within the area of online retailing and online consumer behaviour have been questioned. The authors of this study define industry specialists as individuals that have an
extended knowledge concerning the fashion retail industry. This is based on two main requirements; first of all, years of working experience in the industry (research is hereby included, although researchers usually work for academic institutions instead of companies) and secondly experience as an external advisor. The second aspect is seen as crucial to ensure that the respondents elaborate the topic in question critically and are not arguing from a company’s perspective.

Most of the interviews were held face-to-face, however due to financial resources, the interview questions were also sent out via mail. Bill Webb in particular was contacted through mail, but rather than answering the questions, replied with a copy of his recent research results, which addressed the study’s topic. Each chosen individual acts as advisors for companies in the fashion sector. Further, they are lecturing at universities, including the Swedish School of Textiles. Bill Webb and Peter Sjölander have had several years of working experience within the fashion industry, while Malin Sundström is still active as a researcher on strategies for Online businesses and Online consumer behaviour.

The industry specialist interviews were used as additional data to support the information received in the company interviews as well as with the questionnaire. Much like the company interviews, the individuals have been recorded, notes taken and transcribed in order to insure that all data has been collected and can be confirmed. 12 questions were created as guidance during the interview; most questions were focused on general online industry developments including how consumers would react to a pure online company adopting a multi-channel sales strategy. Furthermore, follow up questions were asked when the desire to receive further understanding and clarifications to responses given to the different questions. (See appendix A)

**Graphic model development**

In order to analyse if Online fashion companies are ready to apply a multi-channel strategy, a graphic model was created by the authors of this study. The model, presented under the heading *The readiness for a multi-channel strategy*, is based on the research results of Berman & Thelan in 2004 (appendix D). This study proposed an 18 question based checklist for retail businesses, that aids in examining the company’s readiness for multi-channel strategies. The checklist is divided in three categories, namely *consumer concerns*, *managerial concerns* and *financial concerns*. Each of these parts consists of several questions, which have to be answered in order to evaluate if the business is prepared to apply a multi-channel strategy.

As the Berman & Thelan (2004) study was conducted in the beginning of the millennium, it addresses traditional Brick-and-mortar retailers that plan on adding an Online store to the sales channel mix. The authors of this study are however suggesting that it is applicable to Online companies adding an offline store as
well. It mainly discusses the issue, if a company is ready to change its current business model or if these changes would negatively affect the company’s profitability. Thus, the study rather argues from a strategic and organizational standpoint. Adding an additional sales channel changes the traditional online business model and therefore the research of Berman & Thelan (2004) is relevant.

To simplify the analysis, the checklist (appendix D) has been transformed into a graphic model by the authors. Instead of questions, the model works with keywords and graphical signs. Hereby, the quintessence of a single question or several questions combined is represented by a keyword (for example “can you reach additional market targets through additional channels” (Berman & Thelan, 2004, p. 149) equals increase of customer base).

Content wise, five instead of three main categories were defined, which are complemented by several under-points. These under-points are sorted according to the authors perceived importance to the research- the more important the closer it is to the main category (for example increase/decrease is the most important under-point for customer base). In the graphic those aspects relevant to the research have been highlighted (as seen in black). Although the other categories (noted in green) are also of importance, they have not been researched in detail throughout the study and will therefore be neglected in the analysis.

In the theoretical framework the focus has been set on channel characteristics, advantages and disadvantages of such, channel integration, synergies and some aspects of consumer behaviour. Hence, the categories taken into account for the analysis are channel integration, costs and customer base. Generally it is used to examine if Online companies should consider multi-channel strategies and/or the readiness of adopting it.

**Analysis approach**

From the questionnaire results, propositions were developed that addressed the research topic more thoroughly and included the most important findings. This allows the study to be narrowed further, giving a more detailed direction, specifically in regards to the qualitative approach used in the succeeding empirical findings (interviews). If the qualitative approach is not restricted, then the results could become too broad and indecisive. Differentiating to the results of the interviews, the questionnaire is not compared to the theoretical framework; the statements drawn are rather specified as propositions as they have to be verified by other data.

The propositions established influence the choice of questions asked during the interviews. The results of the interviews were first compared to published secondary data and theories and later used to answer the propositions. Thus, the quantitative data was used to aid in the development and analysis of the
qualitative findings. Conclusions are then drawn in accordance to the research question.

**Evaluating the validity & reliability**

An issue that arises however with the over-usage of a qualitative research method is the validity of the information gained, as the author is much more involved in the study and can therefore influence and interpret the information towards a manner that is more beneficial to the study. This may result in the study to become biased or portray a certain aspect and this is something that needs to be taken in consideration throughout the whole study. (trans. Nilsson, 2008) To ensure validity, the research question was constantly referred back to. Therefore the authors of this thesis mainly use the results that can be supported by several sources, although contradictory statements are also of interest to discuss further.

The choice of environment for the questionnaire might furthermore bias the results, as the percentage of participants who are studying or working within the textile industry is rather high. By being familiar with the subject of online retailing, participants might answer in greater favour of the primary proposition. This can positively affect the conclusions to thesis research questions, however can be viewed as negatively as the answers given might not be completely accurate for the current market. Consequently, measures have been taken to level out this impact as much as possible, such as sharing the questionnaire in online Facebook groups that have no professional connection to the fashion industry.

There are concerns within the thesis that requires further explanation in order to secure the reliability (see also chapter: Generalizability) and validity of the data collected and presented. One issue addresses the manner in which Bill Webb responded to the interview questions. Bill Webb answered with a summary in the form of a PowerPoint presentation of his own research and thoughts on the topic of online expanding offline. Therefore, his answers are on a higher level interpreted by the authors of this thesis than a personal interactive interview. Furthermore, additional follow up questions were not possible to ask, this limits Bill Webb’s answers and the insight knowledge gained. However, correlated with the other industry specialists, the answers are still seen as suitable for the study and he is therefore mainly addressed as a supporting source throughout the thesis.

Another issue that arises in the thesis is that of the private relationship with Peter Sjölander, being the father of one of the authors. It can therefore be perceived that the answers are more supporting to the topic than it is in reality. However, as can be seen in the thesis, Peter Sjölander takes a position where he is opposing some aspects or has a critical standpoint towards Online companies expanding offline. In addition, he is in agreement with the other industry specialists, which therefore validates the use of his opinions.
3.1. Detailed description of interviewees

Empirical data has been collected through interviews with key individuals in Swedish companies located in Borås, Sweden. The companies contacted are Consortio Fashion Group, nelly.com, Ellos and estella.se. All of the contacted companies are distance selling companies, either having started their company through catalogue or online. In addition, the interviewed companies, with an exception of estella.se, are selling private labels next to external brands, without any real emphasis on either.

Interviews were held with industry specialists, due to their active roles in the fashion industry. This allowed additional empirical data to be collected, either to support or oppose the data discovered through the company interviews. The industry specialists questioned were Malin Sundström from the University of Borås, Bill Webb, head lecturer at the London College of Fashion and Peter Sjölander, Chief Executive Officer of Helly Hansen and an active lecturer and senior advisor.

3.1.1. Companies

Consortio Fashion Group

Consortio Fashion Group is a distance selling company, which has a heritage in mail ordering, that dates back to 1949, starting through the usage of catalogue. It is fully owned by Consortio Invest, a Private Investment Company. Today they operate three major brands/online stores, with six offices in five different companies, which are quite different from each other along with one secondary brand. These brands Haléns, Bubbleroom and Cellbes, and the secondary brand called discount24 are all e-commerce focused with the support from catalogue. Discount24 is a relatively new brand selling overstock and so on from the other three brands. Furthermore they also have a small part in two outlet stores for Bubbleroom, located in Tökfors and Solmyran, but a different company largely run these. Consortio Fashion Group operates within 12 markets, Nordics, Baltics, Russia, Ukraine and the Central Eastern Europe as they name it. (Ihrlund, 2013, pers. comm., 4 March) In 2011, with roughly 450 employees they achieved a turnover of 1,5 billion SEK (Ihrlund, 2013, pers. comm., 4 March).

Since 2008 Consortio Fashion Group has made large geographical expansions, through the usage of new cooperation’s in partner set-ups. In these markets they are not there on their own, but that other online companies purchase their products and present on their site. A recent collaboration with Neckerman, has opened up doors to Austria, where products from Haléns and Cellbes are present, but on the Neckerman website. (Ihrlund, 2013, pers. comm., 4 March)
Consortio Fashion Group is presently doing a lot of changes within the company itself. Shifting from what once was a catalogue driven, mail order, company to being a pure online, e-commerce distance selling company. In addition, Consortio Fashion Group are changing market strategies, sales strategy and service offerings. Between the different brands and markets there has been a differentiation in systems, and a decision has now been made to combine them into one. Furthermore, warehouse and logistics are being altered, to the closing of warehouses in the Central Eastern Europe and have only warehouses in Borås. This includes the implementation of a new warehouse management system, which is to be introduced within the coming months. (Ihrlund, 2013, pers. comm., 4 March)

The individual contacted at the company was Sara Ihrlund, who studied the logistical program at Handelshögskolan in Gothenburg. After university she worked at MQ, a Swedish clothing company as a logistic controller, after a year she became responsible for logistical and supply chain management. At Consortio Fashion Group, she is also responsible for supply chain and logistics.

Consortio Fashion Group was chosen for this specific study due to fact that they own three of the largest distance selling brands in Sweden. In addition, both Haléns and Cellbes have a long history and have therefore established a secure business model as well as undergone changes in their company strategy.

**Nelly.com**

Founded in Borås, Sweden in 2004, Nelly.com is an e-commerce based company focused on fashion clothing as well as beauty products. Presently, Nelly.com has over 850 different brands in their product range, which mostly targets men and women between the ages 18-35. The vision of company is to “provide an appealing selection of fashion and beauty products for all those fashion conscious women and men across Europe”. (nelly.com, 2013) In 2011, Nelly.com had with 96 employees a turnover of roughly 638 660 000 SEK, an increase from the previous year (allabolag, 2013).

In 2007 the company was bought by the CDON Group, which as of today is the largest Online retailer in the Nordic region, owning nine online retail stores with four different product categories. This consists a broad assortment of movies, games, music, clothing, nutritional supplies and toys. Today, they have a customer base of over two million active consumers. (cdongroup.com, 2013)

Nelly.com was selected based on their fast growing position in the online market. Furthermore, since it is a relatively young brand, the are expected to be more open to recent developments in the industry.
**Ellos**

In 1947 Olle Blomqvist established the manufacturing and trading company Ellos by selling products through catalogue. Already by 1956, Ellos reached their first million SEK, 10 years after, their first 100 million SEK. Throughout the following years, Ellos launched their distance selling company in different countries, starting in the Scandinavian markets and then launching in recent years Russia, France and Switzerland. In 1997, Ellos joined Redcats, formerly known as the La Redoute group as part of their distance-selling group. Redcats is today, owned by the French company PPR. (ellos.com, 2013)

Already by 1996 Ellos created an online site for their company, however this was just an information based website, where contact details could be found and other additional material about the company could be located. However in 2002, a new website was built, which now included products which could be ordered and bought online. Although, already four years after, a new master website was launched with new real-time functions, better pictures and better search functions. (ellos.com, 2013; Gustafsson, 2013, pers. comm., 12 April) In 2011, the company had a turnover of over 2 billion SEK with 677 employees (allabolag.se, 2013).

For the same reason as Consortio Fashion Group was contacted, Ellos has a long history within distance selling, being one of the first to adopt an online channel. Furthermore, Ellos is a large company with several decades of experience with business strategies and models.

**Estella.se**

Founded in Borås in 2012 by Klas Ekdahl and Albena Marcoff, estella.se is a young brand that offers women appealing brands on their terms with a luxurious touch. The idea of the company rose when the founders realised the need for a dedicated provider of branded clothing for women. The company’s motto is “Love brands” since they are so admiring of the brands they sell, likewise their values luxurious, modern and personal, which reflects the passion for brands. (estella.se, 2013)

One of estella.se’s exclusive features is the personal packaging every customer receives when ordering from the company. The package is in a fancy cardboard box; the products are wrapped in satin paper with ribbons around with a personalised note, wishing all the best with the purchase. (Ekdahl & Marcoff, 2013, pers. comm., 30 May)

The reason to adding Estella.se as a source was based on the desire to include viewpoints from a start-up company. This was of special interest to see whether new start-up companies have a different standpoint to business strategies than older more established businesses.
3.1.2. Industry specialists

**Malin Sundström**
Malin Sundström is a researcher at the University of Borås specialised in consumer behaviour and their purchasing attitudes and motivation as well as channel choice. Furthermore she has taken a research interest in e-commerce and online consumer behaviour. She has long experience in commissioned research as well as professional teaching together with companies and organisations with retail and distance selling. (hb.se, 2013)

In 2006, Malin Sundström received the “female graduate scholarship” at the University of Borås. The following years, she researched and published different works concerning consumer behaviour within the retailing industry. In addition, Malin Sundström is manager for the Swedish Institute for Innovative Retailing (SIIR), which is an institution for research programmes and trade research. (hb.se, 2013)

Malin Sundström was of special interest due to her deep knowledge in the online industry. Furthermore, she works together with Swedish brands, including some of the companies that this thesis has interviewed. In addition, as manager of the Swedish Institute for Innovative Retailing, Malin Sundström focuses on innovation and new developments in the industry, which holds importance for the thesis.

**Bill Webb**
Bill Webb’s professional career has evolved for over 25 years within fashion retail management and consulting. Graduating with a Master in Economics from Cambridge University in 1969, Webb started his career by joining Jaeger in 1970 as a market analysis manager. This starting point would later lead him to his last job as Retail Marketing Director before becoming an active consultant in 1990 and a lecturer at The London College of Fashion in 1995. (linkedin.com, 2013)

Today, he is senior lecturer at The London College of Fashion within the field of retail management and marketing. Furthermore, he continues to travel around the world for lecturing and training purposes as well as he works with small consulting projects in the retail sector. (ebeltoft.com, 2013)

Bill Webb was chosen for his extended knowledge in fashion retailing. Also, his main focus is on critically describing the industry due to that he is only lecturing and advising, but no longer working for a company.
Peter Sjölander

Peter Sjölander has worked for multi-national sports and fast moving consumer goods companies for 27 years. He has held positions in marketing, category management, product, sales and general management and worked and lived in multiple countries. He is currently the Chief Executive Officer of Helly Hansen, sits on five other companies’ board of directors and is a senior advisor (consultant) to several fashion companies throughout Europe. Peter Sjolander is also a frequent guest lecturer at universities, summits and conventions, mainly on multi-channel strategies. He has a Masters of business administration from Handelshögskolan in Gothenburg.

Naturally, Peter Sjölander was selected as an industry specialist due to his many years of working experience, but also because of his specialisation on multi-channel strategies. Both aspects are of great importance to this thesis.
4. Results

In regards to the primary proposition established in the problem discussion, the empirical data received from the questionnaire and interviews are here established. The most relevant information is drawn from the empirical data, which can later be analysed in the next chapter. First discussed are the outcomes from the questionnaire, where three propositions are developed. Together with the propositions results from the company interviews and industry specialists are drawn.

4.1. Questionnaire

The questionnaire serves as a supplement to the main empirical collection and was conducted in order to serve as a preliminary base for the development of propositions, the interview questions and the final analysis of such (see appendix B).

The relevance and reliability of the questionnaire, according to the authors, is only received if the participants are acquainted with the topic and able to position themselves, either positively or negatively towards it. To ensure that this is the case, an early question addressed the participants’ online shopping behaviour. A majority of 46% agreed to shop online, whereas a minority of 3% have never purchased anything via the Internet. As this percentage is quite small the impact on the general results can be neglected. The remaining 51% however shopped sometimes or rarely online. Specified reasons against online shopping were mainly size and material issues. Despite how well an item is displayed on the Internet it is still only a picture/ video and cannot be felt. Other obstacles are returns and shipping costs as well as trust related issues (credit card theft).

The majority of participants do purchase on the Internet, mainly due to matters of convenience and the wider range of assortment. It is very easy and fast to obtain products through online shopping channels, especially since the delivery times are decreasing constantly and online shops can be accessed around-the-clock. Although discounts and price comparability are an issue, it is mainly (apart from convenience) the variety of products and brands that drive online buying.

Though, the focus of the study is not on online shopping in general, the greater interest lies in whether or not the participants could overcome their issues related to whichever of the channels by combining them throughout their purchasing process. 41% of the participants shop from several channels simultaneously, whereby 31% even shop from several channels of the same brand. These numbers show a clear tendency towards multi-channel shopping, especially when the individuals that only sometimes display multi-channel behaviour are included.
Multi-channel is currently becoming more and more integrated, which resulted in a 54% majority of individuals that would interact with several channels to complete a single purchase (buy-online-pick-up-in-store). There exists however a 12% minority who reject the idea completely. Despite the fact that this percentage is equal to the number of individuals that do not purchase from multiple channels, cross-channel is not refused by the same individuals. On the contrary, a significant part of the individuals that refuse cross-channel do purchase from multiple channels. It is possible that the unfamiliarity with the concept of cross-channel has a greater impact than negative attitudes against the strategy in general. This assumption can be made based on the notion that cross-channel is a further development of multi-channel and therefore should rather be welcomed than rejected by individuals that embrace shopping from multiple channels. Only a total of approximately 3% reject both multi-channel and cross-channel.

In regards to multi-channel and cross-channel strategies it is required that information consistency across channels is given. It is hereby equally important that online information is found in physical stores in the form that store personnel are familiar with the online assortment (approximately 80% in the questionnaire find this very important). Slightly less than half of the participants have had troubles with information inconsistency among the channels, which can result in negative attitudes towards multi-channel concepts.

Noteworthy is that a significant number of individuals (40%) state that there exists at least the possibility that multi-channel access positively affects their shopping behaviour, whereby an additional 28% is certain of it. Merely 8% reject the notion entirely.

The phenomenon of multi-channel however can be found in literature (see theoretical framework/ problem discussion), wherefore the first part of the questionnaire is only adding to the current body of research. What has to the authors’ knowledge not been included so far is the attitude consumers have towards Online companies going offline in order to enhance and improve their multi-channel approach. The questionnaire suggests that almost half of all persons asked (48%), would shop from an offline facility of an, up until now, pure Online retailer. Another 35% answered that they might shop from such a store if the possibility was given. This adds up to an 83% majority that has a positive mindset regarding online going offline. An insignificant number of participants (4%) are against the idea of buying products offline from an Online retailer. If this number reflects the amount of persons that reject shopping online (3%) can only be assumed, nevertheless an offline facility solves issues related to online purchases. It is therefore rather likely that individuals who embrace online shops (due to assortment, time etc.) would not buy from the offline channel.

After evaluating the answers to the open question it can be assumed that the attitude towards online going offline is more ambivalent. There are still a
significant number of individuals who are positive towards the idea. The ability to touch, try and feel the product is frequently mentioned as well as the lack of shipping costs and return hassle. Further, the integrated use of several channels was mentioned (information online, buying offline), however this was rare. Customers seem not to be acquainted with the idea yet, and therefore perceive the offline stores as a surrogate instead of a supplement to the initial (online) business. Doubts are mainly expressed if Online retailers will be able to keep the range of assortment in store, which they have, online. As this is seen as a major benefit of online stores, it is expected in stores as well. Customers are associating online brands with certain aspects and advantages, and necessary limitations of such in stores might affect the business negatively. Therefore it is suggested that Online retailers should focus on optimizing their existing business model, particularly, as offline stores of Online retailers are anticipated to differentiate themselves from regular department stores. Again, it is not perceived as an addition to online shopping but a different experience is demanded.

A further obstacle is the price consistency among the different channels. A number of participants doubt that prices will stay as low as they are currently if Online retailers open up offline. This goes in line with the assumption that outlet stores might work best for Online retailers, as they usually offer lower prices. Moreover, outlets (as well as showrooms/pop up stores) are not expected to carry the whole assortment and can therefore cope better with limitations. Of further interest is the location of such stores; in contrast to normal outlets these stores might benefit from being located in big cities instead of being a destination store.

4.1.1. Establishing propositions

Referring back to the fact that there is a majority of participants who embrace channel development of Online retailers, propositions are made, which serve as a base for the main part of empirical data in this study (interviews) as well as the final analysis. The propositions comprise of the quintessence of the results from the questionnaire.

Proposition 1: Before online can successfully go offline, a greater synergy of channels has to take place within the industry (e.g. Offline retailers that connect their online stores better to the main business), in order for the consumer to be more familiar with the idea of integrating channels.

Proposition 2: In the long run Online companies have to go offline, but only if being able to differentiate themselves from usual department stores.

Proposition 3: Outlets have greater chances of success as they do not have to carry the whole assortment and also offer lower prices.
4.2. Company interviews

Interviews were held with four pure Online companies within the textile industry. nelly.com, Consortio Fashion Group, Ellos as well as estella.se. In addition three interviews were held with individuals ranked as having expert opinions on online retailing, e-commerce and online customer behaviour. The questions asked were developed to receive a deeper understanding of the different companies’ sales channel distributions and what structure and future developments they have on the strategy they use.

The results of the interviews have been conducted in regards to the propositions developed earlier. Generally it can be concluded that from a company’s point of view the main proposition (stated in the problem discussion) is rather refused than accepted. The majority of the companies interviewed are focusing on the online business itself and are aiming on increasing the customer traffic on the websites, rather than considering an offline presence. More specifically, merely opening up a small number of stores is not seen as an option, due to the investments needed, which is to be anticipated (Ihrlund, 2013, pers. comm., 4 March; Ekdahl & Marcoff, 2013, pers. comm., 30 May).

The main argument against physical stores is the limited assortment a store can carry in comparison to the parent online channel (Lindholm, 2013, pers. comm., 4 March). Consumers are associating Online businesses with a very broad product choice. The same amount of items could never be displayed in a physical store and would therefore lead to disappointment in the long run. Further, considering the resources needed, opening an online store is still relatively cheap according to Lindholm (2013, pers. comm., 4 March), while the investment needed for an offline presence is significantly higher and as for now; the profits are not tempting enough. Furthermore, an offline presence demands more from the company’s organisation (Ekdahl & Marcoff, 2013, pers. comm., 30 May). If the increase of online sales turns out to be less than expected, only then are offline strategies seen as an alternative (Ihrlund, 2013, pers. comm., 4 March). In accordance to Ihrlund (2013, pers. comm., 4 March) and Lindholm (2013, pers. comm., 4 March), neither believes that costumers are actually expecting their Online business to open offline. Ihrlund (2013, pers. comm., 4 March) states that the customers who have been active buyers of the brands definitely do not expect an offline store. This is mainly defended by the long history of the two brands Haléns and Cellbes, which have been around since 1949, customers are used to having them as distant selling brands (Ihrlund, 2013, pers. comm., 4 March). Lindholm (2013, pers. comm., 4 March) however believes that in the future, if an offline store was added that it would lead to a change in customer behaviour and an adoption of a cross-channel strategy would occur. However currently, the addition of mobile distribution as a sales channel appears to be of greater interest to the companies than the option of an offline strategy. This might be due to the fact that the traffic
on smartphones/tablets can be measured and the companies can therefore make an assumption on the impact a well developed mobile application will have on the business (Ihrlund, 2013, pers. comm., 4 March; Gustafsson, 2013, pers. comm., 12 April). Moreover, the mobile channel shares many similarities with the online channel with regards to processes and systems, and especially in the case of distribution centres no major investments have to be made. The more similar the channel, the better and easier it is to implement. (Ekdahl & Marcoff, 2013, pers. comm., 30 May) This is an issue with offline stores, since the infrastructure and logistics require different strategies than the online business provides (Ihrlund, 2013, pers. comm., 4 March; Lindholm, 2013, pers. comm., 4 March).

It is very interesting though, that both Consortio Fashion Group and Ellos are defining their main competitors as being retail stores (although obvious online competitors are given as well). The focus is on winning over customers that frequently go to physical stores, not other online brands. (Ihrlund, 2013, pers. comm., 4 March; Gustafsson, 2013, pers. comm., 12 April) This notion is logical in the manner that online sales are still significantly lower than offline sales. Estella.se however don’t see retail stores as their pure competitors since bricks-and-mortar stores are losing customers to online stores (Ekdahl & Marcoff, 2013, pers. comm., 30 May).

Although offline presences are not seen as a real option, all interviewed companies either have or at least had outlets; mainly to sell overstock with the exception of estella.se (Gustafsson, 2013, pers. comm., 12 April; Ekdahl & Marcoff, 2013, pers. comm., 30 May; Ihrlund, 2013, pers. comm., 4 March; Lindholm, 2013, pers. comm., 4 March). These outlets do not have a high status, though. Lindholm (2013, pers. comm., 4 March) from nelly.com described this very clearly. First products are sold at full priced sales via the web-shop, then discounts online as in sales promotions, following this step, the item will be put on a special online outlet site (members.com) and only after that will it be sold in physical outlets. However, it is important to discuss that there are still close links to the offline environment. Consortio Fashion Group is selling through partners in some Eastern European countries that do apply offline strategies. Therefore a part of the assortment is offered in retail stores in these particular countries. Moreover, in the case of Bubbleroom (the youngest and most fashionable brand of the Consortio Fashion Group) there has been a trial with an offline presence, but as mentioned before the limited assortment caused dissatisfaction and therefore the store was closed. As hypothesized after analysing the consumer survey it is difficult for an Online business to simply launch an ordinary store. The concept has to be thought through in detail and brought to another level or used for another purpose. Representatives of Consortio Fashion Group, estella.se and nelly.com, could imagine stores for marketing purposes, to gain customer awareness and thereby extend the customer base. Lindholm (2013, pers. comm., 4 March) mentioned that it is still cheaper to open a store in central Stockholm than
having a full marketing campaign, nation wide. This concept would entail a local store with the main purpose of exposure. As physical stores of online brands are a recent development, they are attracting attention from consumers and media. Another possibility would be to use stores as a distribution channel for private brands. The assortment of a private label can be better displayed in a store than a whole portfolio of brands can. However, this requires a well-developed branding strategy for these brands. If a private brand manages to create awareness separated from the umbrella brand, it is seen as an option (Ihrlund, 2013, pers. comm., 4 March). By now, all interviewed companies, with an exception of estella.se, are selling private labels next to external brands, without any real emphasis on either. Consortio Fashion Group is at least trying to change this by emphasizing the brand names rather than the Online retailers name.

Aspects that indicate the advantages of an offline channel have been addressed briefly in the interviews as well. Two major disadvantages of online retailing have been defined as being the lack of real fitting rooms (clothes cannot be tried on and touched) (Ihrlund, 2013, pers. comm., 4 March) and missing face-to-face contact with customers (Lindholm, 2013, pers. comm., 4 March). Both factors are critical when it comes to customer trust. It is easier to go in a store and return or change an item bought, since the consumer can talk to the personnel. Generally, there are fewer returns as well, as the consumer has examined and tested the actual item pre-purchase.

Proposition 1 states that improved integration of channels is crucial in order to successfully implement additional channels, particularly the offline channel. Although none of the interviewed companies are applying cross-channel strategies so far, internal integration is being developed. Ihrlund (2013, pers. comm., 4 March) states that steps have been taken to integrate internal processes (logistics, production etc.). More specifically by centralizing the warehousing of all three brands, processes are becoming more smooth and effective. These developments show tendencies to deal with the whole company, which includes all three brands, as one entity, however the distribution to the customer is still kept separate. Therefore this particular proposition is not proved, although there are inclinations towards the expected development. Gustafsson (2013, pers. comm., 12 April) emphasizes that the main business strategy of Ellos is to drive traffic to the website. This aim can only be accomplished if processes are focused within the company. Although in the case of Ellos, improved communication and service channels are prioritized over integration of distribution channels. Integration is closer linked to customer service than optional distribution channels. As for estella.se, which are a newly started company, their main issue is integrating the different systems that they use presently and avoid any larger investments in doing so. External systems such as order management, is still manually completed. (Ekdahl & Marcoff, 2013, pers. comm., 30 May)
4.3. Industry specialist interviews

According to Webb (2013, pers. comm., 12 April) it is crucial to elaborate on how the physical retail space can support online retailing business models. In contrast to the general opinion of the online industry that has been outlined earlier (company interviews), establishing offline locations is seen as an opportunity to evolve online retailing further; particularly in a slow maturing online market. However, according to Sjölander (2013, pers. comm., 2 May) it is not given that an online company should expand offline. Whether or not the company should evolve depends entirely on the resources and growth ambition. In addition, a company’s consumer strategy also affects the choice of expanding offline. Companies that are based on reaching consumers on a rational level, offering the best products at the best price (working with promotions and offers), will never be a strong brand because they are time-limited until another competitor comes with a better offer. Companies that however wish to bond with consumers on an emotional degree, have to allow the physical experience with the brand. (Sjölander, 2013, pers. comm., 2 May) If a company wishes to become a *power brand*, where the customers are met in all possible channels, then of course, an offline presence is needed. To be able to build emotional ties to the brand, customers need to be able to physically step into a store and live the brand. (Sjölander, 2013, pers. comm., 2 May) Aligned with proposition 2, the concept of physical online stores is taken to another level. According to Sundström (2013, pers. comm., 12 April) opportunities and developments can be found in opening up pop-up stores or ordinary stores that are somehow linked to the online business. A merge of both the online and offline environment is key to benefit from both channels simultaneously as well as to avoid customer dissatisfaction. Rendering to Sjölander (2013, pers. comm., 2 May) if an offline store is added, online access has to be available in the store so that the consumer in a manner can still view all products. An example for merged store concepts is retail spaces that include virtual fitting rooms. Here, only a limited assortment is displayed in the physical store, the product choice is however complemented by online access, where all products are displayed. Virtual fitting rooms allow consumers to actually “try” on virtual clothes by projecting a merge of the person’s reflection and the clothes on a virtual wall. Customers can therefore see the reflection of themselves with the virtual garment on. This scenario not only illustrates the possibilities given through merging sales channels, it also visualizes the concept of showrooming. Assuming that there will be an increase in showrom-like retail spaces in the future (Webb, 2013, pers. comm., 12 April), Online retailers might not have to offer the whole assortment in store, as customers are getting used to having limited assortments displayed but still being able to access all products online.
In the past, multi-channel included bricks-and-mortar stores and an online store. Today, multi-channel is so much more. Sjölander (2013, pers. comm., 2 May) expresses that even within online, multi-channels have developed. With the recent developments of new communication channels online such as social media, Sjölander (2013, pers. comm., 2 May) states that when looking at online sales channels, these have to be involved as they catch consumers and drive traffic towards the web store. “A good example of this is Ralph Lauren, they meet you everywhere”. This leads to companies that have multiple channels, which are operated separately, towards adopting omni-channel/cross-channel strategies (Webb, 2013, pers. comm., 12 April). According to Sundström (2013, pers. comm., 12 April) it is not about detail in retailing any more, but “retail is everywhere”. Thinking about each distribution channel as a closed entity is outdated in the manner that nowadays one strategy should be applied to all channels. If the channels are managed separately, information inconsistencies can occur. Furthermore, synergies between channels are economically very important, this includes connecting the supply chain as well as the distribution centres. It has to be effective to be able to serve customers in several channels. Especially when online companies expand offline does cross-channel become important, as there are a lot more steps in the process and this increases costs heavily. (Sjölander, 2013, pers. comm., 2 May)

Sjölander (2013, pers. comm., 2 May) also speaks of synergies as being a *seamless universe*, in the manner of the channels having no separation from each other, but that the customer can choose whichever way they want to purchase a product. In such a method, no benefits are lost and no cannibalism occurs between the different channels. However, creating a seamless universe starts with a centralised distribution centre. (Sjölander, 2013, pers. comm., 2 May) Moreover, consumers do not perceive brands as being divided in several channels; they evaluate the brand as a whole and want to have their desires satisfied, whichever channel this occurs in (Sundström, 2013, pers. comm., 12 April). It therefore is up to the company and their ambition level to meet the customers. This merge of business concepts might evolve in a way that in the future there will be no “Online retailers and Brick-and-Mortar store retailers, we will be having *Retailers*” (Sundström, 2013, pers. comm., 12 April).

In contrary to earlier statements (company interviews), the industry specialists do not put emphasize on outlets as an offline opportunity. Proposition 3 is therefore primarily rejected. Since offline is here treated as a chance to evolve the business model, it is logical in a manner of taking a step into the future of retailing, whereas opening outlets represent a more pragmatic approach, in which they are complementing current business concepts. According to Sjölander (2013, pers. comm., 2 May), physical outlets are strategically not the best for a brand however are greatly needed, especially in the fashion industry, as products are bound by seasons and regularly discontinued. Travelling to outlet villages has also become
a trend as weekend fun for customers that encourage spontaneous purchasing. However, everyone online, even third party distributors, sees the virtual outlets. This is not always optimal as forced sales and price competition can occur. (Sjölander, 2013, pers. comm., 2 May) As it lays in the nature of industry specialists, the interviewed individuals are more concerned with what lays ahead (for instance 10 years) than keeping current business strategies. Long-term thinking is perceived as crucial to successfully operate in the market and therefore new developments have to be given attention, be monitored and closely evaluated.

An obvious change in business strategy is the shift from a market being dictated by companies, towards consumer focused business models (Ihrlund, 2013, pers. comm., 4 March; Gustafsson, 2013, pers. comm., 12 April). This includes gaining consumer loyalty either in a rational manner or at an emotional level. Nowadays, consumers are driving innovation. Especially in Sweden, the customers are comparatively open to and informed about new developments (Sundström, 2013, pers. comm., 12 April) and are expecting the companies to capture and incorporate current trends. This could include Online businesses opening offline channels. The service driven thinking requires better-educated store personnel, apart from online customer services. A possible future scene even involves over the counter service in physical stores, as known from prior eras (Sundström, 2013, pers. comm., 12 April). In addition, the personnel have to be informed about online and offline assortments (currently store personnel do not really have to have an overview over the online stock) and also help the customer familiarize with new technologies and purchasing models (Webb, 2013, pers. comm., 12 April). This involves Online companies making the investment of opening up an offline store, however in Sweden, few are willing to take such a risk as the market is seen as too small and the investments too large (Sjölander, 2013, pers. comm., 2 May; Sundström, 2013, pers. comm., 12 April). Sundström (2013, pers. comm., 12 April) argues that customers are ready for Online companies to open offline and this new innovative expansion is something that will be accepted. However, there is a risk that it might be something that they do not want.
5. Analysis

The analysis consists of data drawn from the results found in the empirical findings received from the questionnaire and interviews. Throughout the analysis, the literature presented in the theoretical framework is placed in relation to the results. The theoretical statements are hereby supported, developed or opposed.

5.1. Company interviews

To be able to draw the right conclusions from the analysis it is necessary to keep in mind that the interviewed companies are distant selling companies, which includes catalogue and Internet, however all of the companies are mainly focusing on extending the online channel. Furthermore, some offline presences are already established such as outlets, though they are neglected and therefore not considered as having any influence on the businesses model, which is described as online retailing.

After establishing the problem discussion and theory for the study but prior to the empirical findings, the authors of the thesis agreed with Ashworth (2012) that extending to the offline environment would be an opportunity for Online businesses. Up until now, physical retailers have been pushed towards a multi-channel approach (Schoenbachler & Gorden, 2002), whilst Online companies have not. Therefore, the companies interviewed rejected the proposition that expanding offline is the future for Online fashion retailers. Instead, these brands are focusing on their core online business instead of considering front-end integration. This is mainly based on the assumption that the main advantage of Online retailing is the range of unlimited assortment (Kim et al., 2006). As seen in the results, the Online fashion retailers agree on the importance of a wide assortment, which could hardly be displayed in an ordinary store (Ihrlund, 2013, pers. comm., 4 March; Lindholm, 2013, pers. comm., 4 March). Therefore the concept of online going offline has to be approached from a different angle. An accepted benefit of extending offline is the high level of exposure gained (Lindholm, 2013, pers. comm., 4 March). As further stated by Ashworth (2012), evoking customers’ attention and increasing the customer base and market coverage is highly important for Online businesses. In accordance with this, the results indicate that marketing is perceived as important and consumers’ wants and desires are shifted to the centre of attention (Ihrlund, 2013, pers. comm., 4 March). Moreover, Online retailers are aiming on winning over traditional offline customers (Ekdahl & Marcoff, 2013, pers. comm., 30 May; Gustafsson, 2013, pers. comm., 12 April; Ihrlund, 2013, pers. comm., 4 March) and are thereby reaching out to new target segments.
An additional reason to stay a pure Online retailer is the comparatively low investment costs needed to add extra online channels (Wang, 2007). Opening a new online platform is considered cheap, whereas offline extensions are regarded as being costly and the profits are not tempting enough (Gustafsson, 2013, pers. comm., 12 April; Lindholm, 2013, pers. comm., 4 March). The adoption of a multi-channel strategy involves long-term commitment and investments in infrastructure (Fites, 1996). However, Online retailers are well advised to consider follow up costs of the pure Online business (Krishnamurthy et al. 2005), which also includes infrastructure, technological set up and advertisement. By including these factors, the revenue from offline channels might become more interesting, despite the high investments. Ihrlund (2013, pers. comm., 4 March) admits that if the increase in online sales will be less than expected, offline might be an option. As for now, expanding with a mobile channel, is more natural as the resources are fairly similar to online (Ekdahl & Marcoff, 2013, pers. comm., 30 May).

Infrastructure and logistics is especially emphasized on as being crucial to the success of Online businesses (Holloway & Beatty, 2003; Ihrlund, 2013, pers. comm., 4 March). However this area is only touched within the research and was therefore not further elaborated. Nevertheless, the fact that transportation costs are decreasing (Lindholm, 2013, pers. comm., 4 March) is beneficial for this industry sector, which is reliant on fast deliveries (Sahin et al., 2009).

Although multi-channel strategies are not targeted, Online retailers could benefit highly from positive aspects of such, as outlined by Rangaswamy & van Bruggen (2005), Beheshti & Salehi-Sangari (2007) and Rosenbloom (2007). The presented study holds the opinion that by applying multi-channel strategies, companies increase their customer base, add new customer segments, improve their brand awareness and gain competitive advantage. In agreement with Olafsen (2001), multi-channel strategy provides the opportunity for increased experience across the channels (as cited in Sands et al., 2010). As mentioned before, from the Online companies point of view, offline strategies are mainly perceived as beneficial in regards to marketing actions. Marketing does increase customer base as well as it reaches additional customer segments (Lindholm, 2013, pers. comm., 4 March), especially new strategies attract more attention than those more commonly used (Bravo et al., 2011). Regarding competitive advantage, offline extensions are of benefit in the manner that the two largest companies interviewed (Consortio Fashion Group and Ellos) have defined brick-and-mortar brands as their competitors (Gustafsson, 2013, pers. comm., 12 April; Ihrlund, 2013, pers. comm., 4 March) and would therefore increase their existence in the offline market. The target customer can consequently be reached through the offline presences. However, both nelly.com and estella.se, which are of smaller stature, have defined their main competitors as online companies in their specific segment (Ekdalh & Marcoff, 2013, pers. comm., 30 May; Lindholm, 2013, pers. comm., 4 March) and would therefore not need an offline presence. On the other hand, the
offline approach can only be used as a differentiation strategy to other Online fashion retailers, however not to physical store based brands.

By adopting a multi-channel approach, obvious restrictions within the online industry can be overcome (Berman & Thelan, 2004). These restrictions involve issues with trust, payment (Levin et al., 2003; Ha & Stoel, 2009), face-to-face contact as well as physically examining the product (Levin et al., 2003; Gustafsson, 2013, pers. comm., 12 April; Ihrlund, 2013, pers. comm., 4 March; Lindholm, 2013, pers. comm., 4 March).

Biayalogorski & Naik (2003), Rosenbloom (2007) and Alba et al. (1997; as cited in Sands, 2010) define cannibalisation as a potential negative aspect of multi-channel retailing. The results of the interviews indicate that in the case of Online retailers cannibalisation effects are somewhat intended, this is supported by the research created by Sands et al., (2010). The brands are concentrating on increasing the traffic on the website (Gustafsson, 2013, pers. comm., 12 April; Ihrlund, 2013, pers. comm., 4 March) and are thereby tolerating or even supporting the cannibalisation of other channels.

Thus, synergies between channels are not anticipated, yet. In multi-channel companies, synergies can positively affect the processes within the different channels (Rosenbloom, 2007). According to Kollman et al. (2012), synergies can be achieved by improving the service throughout the whole purchasing process. In addition constant consumer focus is crucial (Schoenbachler & Gordon, 2002). As presented in the results, efforts are taken by the online brands to improve the service and communication level throughout the sales channels (Gustafsson, 2013, pers. comm., 12 April). Especially Consortio Fashion Group is shifting to a consumer focused business model. Integration of processes and channels is merely desired on an internal level. (Ihrlund, 2013, pers. comm., 4 March) As with the synergies, external integration is lacking as of now. The different brands and distant selling channels are kept separate, which is an issue since poor integration and fragmentation of channels can negatively affect the business, according to studies by Coelho et al. (2003) and Berman & Thelen (2004). Particularly consumer loyalty is affected if the customer is not aware that he/she is dealing with one and the same company throughout the different channels (Sonneck & Ott, 2010). In accordance to that, Online fashion retailers claim that their consumers are not loyal (Ihrlund, 2013, pers. comm., 4 March). However, in the case of Consortio Fashion Group, internal processes will be improved, for instance, integrated warehousing strategies are applied in order to operate more smoothly and effective (Ihrlund, 2013, pers. comm., 4 March). This results in Online companies saving resources and forming stronger bonds between the different channels (Berman & Thelan, 2004).
Without the creation of synergies between channels and brands, cross-channel strategies cannot be successfully implemented. Since channel integration has not taken place so far, the information given in each channel is less credible (according to Gallino & Moreno, 2012) as compared to companies that offer cross-channel options such as buy-online-pick-up-in-store. However, without cross-channel distribution, local adaptation is possible (Tang & Xing, 2001). Nevertheless, information consistency and transparency are very important aspects for Online retailers (Lee & Kim, 2010; Ekdahl & Marcoff, 2013, pers. comm., 30 May). Ellos especially, attempts to be transparent in regards to pricing and the usage of the same pictures across the channels to achieve brand image consistency (Gustafsson, 2013, pers. comm., 12 April).

According the Chatterjee (2010), a benefit of managing each channel separate is that the return rates are higher in cross-channel environments, compared to multi-channel businesses. Overall, returns have to be smooth (Xing & Grant, 2006; Ihrlund, 2013, pers. comm., 4 March). However, the interviewed Online fashion retailers are not relating their return rates to alternative online business models, but are comparing the data with the return numbers of Brick-and-Mortar retailers (Ihrlund, 2013, pers. comm., 4 March). In general the return rates of Online businesses are significantly higher than the ones of Brick-and-Mortar retailers, since the product cannot be physically examined (Gustafsson, 2013, pers. comm., 12 April). The additional costs of returns may decrease the companies’ profits (Mukhopadhyay & Setoputro, 2004). It can therefore be assumed that adding an offline channel could positively affect the total number of returns of the entire business, as the return rates of the physical store will be significantly lower than the ones of the parent channel. Although returns are a great issue for Online businesses, according to Gustafsson (2013, pers. comm., 12 April), a customer who returns often also consumers more and is therefore perceived as a valuable customer.

### 5.2. Industry specialists

The industry specialists disagree with the company representatives on the importance of offline extensions. Aligned with Ashworth (2012), offline concepts and how they can support Online businesses is seen as important to consider (Webb, 2013, pers. comm., 12 April).

Traditional retail concepts are neglected when deliberating the options for offline strategies. In order to successfully enter the physical retail space, Online fashion retailers have to take the concept to another level (Sundström, 2013, pers. comm., 12 April; Webb, 2013, pers. comm., 12 April). If Online fashion retailers are merely launching regular stores, the attempt might result in rejection, as these concepts are not coherent with the customers’ overall image of the brand (Bravo
et al., 2011). Instead of regular stores, the key for success is to merge online and offline channels within the physical space (Sundström, 2013, pers. comm., 12 April). According to Coutrix & Nigay, (2006) a so-called mixed reality exists of a set of physical properties linked with a set of digital properties. Technology is enhancing consumers’ perception of reality (Steuer, 1993; Graham et al., 2012) and enables the individual to see or hear things that do not exist in physical realities (Insley, 2003). Smooth technology in the online industry is already important (Monsuwé et al., 2004), however in mixed realities, this is emphasized even more since two channels have to be combined. It can be assumed that through the virtual extension of reality, consumer disappointment in physical online stores can be avoided (Sundström, 2013, pers. comm., 12 April). Olsson et al. (2011), proposes that the intention of mixed realities is to supplement the physical environment, but not to create a separate reality. In the context of this study the other way around might be more suitable; physical environments complement online and/or virtual realities. Mixed reality concepts include for instance virtual fitting rooms, additional online information and social shopping (Barlow et al., 2004). Sundström (2013, pers. comm., 12 April) further proposes pop-up stores, as well as ordinary stores that are linked to the brands online store, as opportunities to develop offline extensions.

Previous to the merge of online and offline environments, distribution channels have to be better integrated. This is especially true for the back-end of the business where the integration of channels is critically important to maintain or increase profitability (Sjölander, 2013, pers. comm., 2 May). A business with a fragmented multiple supply chain will find it difficult to match supply and demand and will run up its cost base. According to Sjölander (2013, pers. comm., 2 May) and Webb (2013, pers. comm., 12 April), retailers are currently evolving from having multi-channel to becoming an omni-channel business and creating a seamless universe between the different channels. This enables consumers to use several channels simultaneously to complete a single purchase (Chatterjee, 2010). Since fragmentation of channels and poor integration can have negative impact on the business (Coelho et al., 2003; Berman & Thelan, 2004), omni-channel retailing is perceived as beneficial for Online businesses. As Coelho et al. (2003) stated, profitability in a multi-channel context, is lower than in a single channel company since focus cannot be given to all channels used. It can thus be discussed that omni-channel is the solution to this prevalent issue, where Sundström (2013, pers. comm., 12 April) suggests that one strategy should be applied throughout all channels. Further, the customers evaluate companies as a whole (not as separate channels) and it is therefore crucial that their desires are satisfied without hassle, whichever channel is chosen (Sjölander, 2013, pers. comm., 2 May; Sundström, 2013, pers. comm., 12 April). This supports the results of a study conducted by Sonneck & Ott (2010), which suggests that to increase consumers’ loyalty it has to be obvious that the consumer is dealing with the same company throughout all the channels. Sjölander (2013, pers. comm., 2 May) in agreement with Sonneck &
Ott’s (2010) study also states that in order to build and increase consumer loyalty, a company has to decide whether it is reaching a consumer on a rational or emotional level. Furthermore, the brand image is highly affected by brand image and information consistency across all channels (Chen et al. 2009).

The synergies between the channels can be achieved by improving service (Kollman et al., 2012) and increase focus on the consumer (Schoenbachler & Gordon, 2002). Sundström (2013, pers. comm., 12 April) mentions also that in the future, service is going to have to improve and especially store personnel have to be better educated. Particularly knowledge about both the online and offline assortment is important; in addition, the personnel have to be able to introduce the consumer to new technologies and purchasing models (Webb, 2013, pers. comm., 12 April). Moreover, by having a centralized distribution centre, synergies have an easier way of evolving naturally. With seamless synergies between channels, benefits are not lost, but rather supported by the different strengths in all channels. (Sjölander, 2013, pers. comm., 2 May) Thus, synergies might consequently go alongside with new business models.

5.3. Analysis of propositions

The prior established propositions are answered and analysed based on the results of both company and industry specialist interviews.

Proposition 1: Before online can successfully go offline, a greater synergy of channels has to take place within the industry (e.g. Offline retailers that connect their online stores better to the main business), in order for the consumer to be more familiar with the idea of integrating channels.

The first proposition was partly supported by the study’s findings. Though, the importance of synergies were primarily emphasised by the industry specialists. Online fashion retailers are gradually integrating their internal sales distribution processes, but are not concentrating particularly on synergies. The aspect that synergies are necessary for the consumers to get familiar with offline extensions of Online fashion retailers is however rejected. Online fashion retailers and industry specialists disagree on the matter if consumers are ready for Online retailers to go offline (industry specialists support the statement, while the retailers are doubting it), however neither is connecting the readiness to channel integration.
Proposition 2: In the long run Online companies have to go offline, but only if being able to differentiate themselves from usual department stores.

In general, the need for differentiation is seen as essential for Online fashion retailers that intend to open a store. Regular store concepts cannot meet the expectations and associations connected to online retailing. Innovative concepts or marketing driven strategies on the other hand are perceived as beneficial. If Online retailers have to go offline remains questionable, due to contradicting results and opinions.

Proposition 3: Outlets have greater chances of success as they do not have to carry the whole assortment and also offer lower prices.

In the view of Online fashion retailers, proposition 3 is correct, as the limitations of physical stores regarding assortment and price are emphasized. Outlets on the contrary, are not required to carry the whole assortment and products are usually sold for lower price. However, industry specialists are disagreeing, since opening outlets does not evolve the online business and is therefore seen as a step backwards. Although, it was admitted that outlets are necessary, it is not accepted as a method to develop the business.

5.4. The readiness for a multi-channel strategy

The development process of the presented model has been explained in detail in the method chapter. The model presents the main categories and sub-points, which have to be taken in consideration when applying a multi-channel strategy. The aspects presented in black are the ones relevant for the study and are therefore analysed in this chapter. To further clarify the model, it is important to mention that the sub-points are sorted according to the perceived importance to the study.
5.4.1. Application of the graphic model

**Customer base**

As outlined in the results of the company interviews, offline stores are mainly seen as marketing measures. The main perceived benefit of having a store is to reach a different target customer and for matters of exposure (Lindholm, 2013, pers. comm., 4 March). Marketing actions are generally aimed on expanding customer base; therefore it is assumed that launching a physical store as an Online retailer will result in an extended customer base. Additionally, due to the originality of the action, it is attracting greater attention than traditional marketing campaigns. Hence, it is assumed to be quite effective.

**Channel integration**

Synergies between the channels are not communicated to the customer yet. There are measures taken to transform fragmented business strategies into one integrated strategy (Ihrlund, 2013, pers. comm., 4 March), however this is done on an internal level. While interacting with the customer, the silo-strategy (keeping business units separately) is still applied. However as communication channels are becoming more integrated and overlapping (Gustafsson, 2013, pers. comm., 12 April), distribution channels have to follow in the long run. The focus is however still mainly on the online channel and the aim to drive traffic to the websites. Other channels are therefore rather neglected. Although information consistency is perceived as significantly important by the authors, it has not been thoroughly discussed during the interviews. Therefore it is assumed that this issue is not addressed on as much by brands as it should be. Particularly, since it has come up in the industry specialist interviews as being of importance.

**Costs**

Generally it is agreed on, by the company respondents, that adding a sales channel is very costly for brands. Moreover, in comparison to opening online channels: offline channels are expensive to establish (Lindholm, 2013, pers. comm., 4 March; Sjölander, 2013, pers. comm., 2 May). In addition, the strategies for managing online channels are seen as being very different from brick-and-mortar concepts (Lindholm, 2013, pers. comm., 4 March). According to Sundström (2013, pers. comm., 12 April), this common mind-set has to change among brands, in order to be able to do successful business in the future. The understanding of the use and function of the offline channel has to change in order for it to become of interest for companies. Although resources for adding a distribution channel might be available (Ihrlund, 2013, pers. comm., 4 March) it is not worth striving for, from a company’s point of view. In particularly, for it to be successful, it is presumed that an entire offline retail network is required, which involves high costs. More innovative concepts are not given deeper thought.
6. Conclusion

It is hard to generalise whether or not it is beneficial for an Online fashion retailer to expand offline. However, the main advantages are greater customer attention, increase in customer base (to reach traditional offline consumers), broader market coverage, reduced return rates, increased consumer loyalty and improved information credibility. However, the study shows that expanding offline is still not perceived as advantageous by Online fashion retailers. Although industry specialists advise Online retailers to consider offline presences to support their online revenues, companies prefer to focus on their core business and reject the idea of physical stores. Two main reasons against offline extensions are the limitations in displaying the online assortment in store and the relatively high investment capital needed. Therefore it can be concluded that expanding offline is not seen as a current option by Online fashion retailers. However, industry specialists oppose this argumentation. They hold the view that offline presences are becoming essential for Online fashion retailers. However, innovative concepts have to be applied, as traditional store concepts would lead to consumer dissatisfaction in this particular context. A merge between offline and online is suggested to be key for successfully adding an offline sales channel. To profitably expand offline and to benefit from the aspects mentioned above depends on integration strategies and omni-channel approaches. So far this is mostly lacking with regards to Online fashion retailers.

Based on the analysis it can be claimed that Online fashion retailers are theoretically prepared for multi-channel approaches (more specific, offline extensions), given that the overall mind-set towards this strategy will change. However, to be entitled to claim that Online fashion retailers are ready for an offline extension, developments and improvements of channel integration and infrastructure have to take place beforehand.

There exist resources to launch an offline distribution channel. However, there has not been enough thought on the subject yet to suggest that the questioned companies are ready to apply an offline strategy in the near future, despite all potential benefits. As a first step, channel integration has to be improved to pave the way for omni-channel strategies and channel extension.

Conclusively, the matter of whether or not online companies should expand offline lies entirely with the respondent in question. From a company point of view, expanding offline is not seen as an option today, as they are focused on short-term developments in the online environment. However, in the view of industry specialists, expanding offline is a great opportunity to increase their success long term.
Generalizability of the research

Due to the limitations and scope of the study, it is hard to generalise the results. However, it can be claimed that the conclusions show general tendencies within the online retail evolution. The study could however act as a pre-study, which in order to be generalizable needs more resources and a broader range of empirical data. Although for the Swedish market, the conclusions are sound.

Contribution to the research field

The most evident contribution this study has to the research field Online retailing is the discussion of an expansion strategy for Online fashion companies, more precisely Online companies establishing an offline channel. Presently, there is a lack of research from a company perspective on Online expansion strategies and therefore the thesis fills in some of the missing gaps. Although, in order to receive some perspective on the field, consumer behaviour has been touched upon in directing the focus of the thesis, in regards to consumers expectations of Online companies’ improvements. In addition, the study contributes to establishing further understanding on the differences in opinions between Online companies and industry specialists on the topic of evolving Online businesses.

It was observed that there was a big difference between the research within the field and developments in the industry. In contrast to expectations regarding a very innovative field, the already established research holds little revolutionary ideas; therefore the study aims to present recent development, which paves the way for researchers to evolve further. Researchers are still focusing on offline going online and the adopting of multi-channel strategies, whilst some industry players have undergone changes moving from multi-channel to cross-channel to omni-channel. Our topic includes all of these developments above, but also discusses innovative possibilities to go backwards (Online companies opening brick-and-mortar stores). It can be debated whether or not the study contributes to the overall research field or helps emphasizing a new field of research on Online retailing.
6.1. Discussion

The matter of an Online company expanding offline still holds both positive and negative actions. Thus before entering into a new channel, both the advantages and disadvantages have to be taken in consideration and be evaluated to conclude whether or not the benefits over exceed the weaknesses and are worth the investments. Furthermore, a decision has to be made on how the expansion offline will differ from the online presence and other offline competitors as to evoke attention and new customer base.

6.1.1. Advantages

The advantages for remaining, as an online company, are that it is still a small logistical as well as small employee expense in the sense that no excessive locales other than warehouses are needed such as stores, extra storage spaces for stock, store personnel, and so on. Furthermore, instead of limiting the product range within a store atmosphere, the space is unlimited and the amount of brands and products can still be high. In addition, online shopping holds great benefits to comfortable customers in the form of convenience, as can be seen in the analysis of the questionnaire.

The main benefit for creating an offline distribution channel for a pure-play Online company is the reach towards a new customer base, those customers who either have trust issues with online purchasing, or those who simply want to touch, feel and try on clothing before purchasing. In addition, some customers enjoy the experience of interacting with store personnel and receiving personal assistance. However, by adding an offline channel there is an increase in competition with other multi-channel distribution companies, this can also increase the competitive advantage between other pure-play Online companies. Customers are already showing a behaviour of multi-channel purchasing, therefore, according to the questionnaire responses, 48% are certain that they would purchase if a pure online store opened offline, 35% answered that they might shop there if the possibility was available.

6.1.2. Disadvantages

Changing from being a pure-play Online retailing company to becoming a multi-retailing company, with the inclusion of offline sales distribution involves a major logistical change and challenge. The amount of brands have to be compressed and sorted through thoroughly, a store cannot have too many brands or products without becoming overwhelming and discouraging for the customer. While on the other hand, online stores are infinite in space with the possibility of having an extensive product search function. In addition, image and information consistency can vary between the different channels. Approximately 80% of the individuals
aske in the questionnaire find consistency very important and with a lack of this, customers can become frustrated and disinclined to continue purchasing from the company.

The disadvantage of remaining online is the limitation of the customer base to comprise of only online consumers. Many are still sceptical to trusting online stores with credit card and personal information, as they are afraid of information or over- or double-charging of products. Furthermore, returns of purchased products are still considered a hassle to Online companies, as the matter of registering returns, stock amount irregularities and repackaging of products produce additional costs. Moreover, the main issue with purchasing fashion products such as clothing or accessories is the ability to touch, try on and see the product in every angle before purchase. This increases the reason for returns, additional costs and loss for the online company.

6.2. Recommendations for companies

As outlined above, both strategies have its advantages and disadvantages. The authors of this thesis therefore will not decide for one concept over the other, but will take a more nuanced position. The Online fashion retailers interviewed in this study share the opinion that their current online business model is the key for future success. As this might be true for now it is highly doubted that business concepts, which do not evolve are sustainable in this extremely fast moving environment. While online sales are still increasing, focusing on the online channel by bringing traffic to the website is a logical strategy to apply and therefore most likely profitable. However, Online businesses are no longer an exception and the market is slowly entering its mature state. New innovative concepts have to be designed, in order to differentiate a company in the market.

As a first recommendation it is suggested to change from a short-term perspective to a long-term view. This does not imply that the whole business has to be changed immediately and that all processes are adapted. However by looking further into the future, businesses can prepare themselves for changes and will not be taken by surprise. Aligned with this notion it is essential to think of possible options for innovation. The Online retailers have reacted differently to the idea of establishing an offline channel; though most have thought of it in traditional ways. Due to this, the notion was rejected since the benefits were not obvious. Our study supports the statement that opening a traditional brick-and-mortar store is most likely an unsuccessful strategy for Online retailers. However, physical stores in general are perceived as beneficial for Online retailers if thought of in an innovative manner (for instance merge between online and offline).

Moreover it is recommended to shift the focus from one channel to integrating all available channels. Thinking in silos is risky, as the consumer does not evaluate
each channel separately but the company as a whole. Instead of cannibalising traditional channels (e.g. catalogue), internal and external processes should be integrated. This is manageable by applying one strategy for all channels. Hereby it is still possible to emphasize certain channel strengths, where information and image inconsistencies can be avoided. Furthermore, integrating channels is the first step to introduce cross-channel or merged concepts, such as in stores with mixed realities.

In short, physical stores that are connected to the parent Online business could be a beneficial option to evolve for Online fashion retailers. By establishing offline, Online retailers can overcome the issues implied in pure online retailing. Moreover, through complementing the physical space with digital features, the limitations of regular stores compared to online stores are levelled out.
7. Future research

In general, research on the topic appears to be behind the developments that can be observed within the industry. As this study proves, Online retailers have already surpassed what researchers deem the future for retailing is. Most research is still conducted on traditional retailers and adopting multi-channel approaches, more specifically on how and for what reasons this strategy should be applied. Online retailing has been researched upon; however there have been few studies on future strategies and the possible evolutions of pure Online companies. Most of today’s companies have already undergone the change from being pure-play to multi-channel businesses. However, the entire field of omni-channel, cross-channel as well as the integration of all distribution processes, has not been researched thoroughly yet.

Although the research question has been relatively constricted, the study still holds possibilities for future research. Some fields available for deeper evaluation are: which features would make it more motivating for online retailers to expand offline and what amounts of resources and/or investments are needed to establish an offline channel. In addition, which particular offline store concepts would work and how should they be launched as well as how consumers would behave if online companies expanded offline. In regards to the two first fields of future research mentioned above, Online companies are today having difficulties in finding any real benefits in establishing an offline sales distribution channel. There are risks of high costs and investments in both human resources and technology (infrastructure, logistics, IT systems), all whilst having to consider consumer loyalty and satisfaction. Here, it would be of interest to research what the exact investments are and what factors actually would encourage Online retailers to expand offline and take the risk. Could it be an increase in market shares, consumers readiness or want for offline presence or is it something entirely different that has not been thought of yet?

Considering and evaluating which store concepts would work successfully for an Online retailing company is also something that can be further researched upon. As the study has concluded, for an Online retailer to open offline, the store cannot have a traditional store concept. The store has to be special in the sense that it attracts consumers’ attention and curiosity. Therefore, the main research would be, which particular concept? This would of course include the need for a consumer behaviour study on how consumers will react to an Online retailing company expanding through an offline channel. Furthermore, research would have to be made on what consumers actually expect an offline channel of an Online retailer to look like and what products should be present.
Evidently, there are still fields of research that can be executed due to that it is an innovative topic. Future research on the matter can act as either a compliment to the study or evolve into a separate research ground.
8. References


physical stores spend. *The International Review of Retail, Distribution and Consumer Research.* Vol. 20 Iss. 4: 397-410


Appendix A

Company Interview

1. What kind of developments do you see in the Online environment today?

2. How would you describe your business model?

3. What channel strategies do you use today? Why?

4. What do you think about the Multi-channel strategy?

5. Do you have thoughts on applying a multi-channel approach or do you already have one?

6. If not, why have you chosen to be a pure online company?

7. Do you think this affects your profitability in the long run since you are limiting your consumer-access?

8. Have you deliberately refused multi-channel or is it due to lack of resources?

9. Who do you see as your direct competitors?

10. Do you see multi-channel online companies as direct competitors? Why?

11. Do you do studies on online consumer behaviour?

12. Do consumers expect online to go offline or do they reject the idea?

13. Will multi-channel strategy increase consumer base or are you afraid that if you adopt, consumers will choose either/or?

14. What kind of resources do you need to open a new sales channel?

15. Are there any issues with having a pure online sales channel and if this would change if an offline channel was created?

16. Do you think there is a future for pure online brands?

17. What is your opinion on pure online companies opening offline stores, do you think that it is the future?
18. Do you think that if several pure online ventures become a multi-channel, it will affect the whole industry?

19. To summarise- can you actually refuse multi-channel strategies? In the long run?
Expert Interview

1. What kind of developments do you see in the online environment today?
2. What do you think of a multi-channel strategy?
3. Do you think pure-online companies should be more engaged in multi-channel strategies?
4. What do you think of online companies going offline?
5. Do you think this is something that will benefit their customer base?
6. Do you think consumers are ready for online stores to open physical offline stores? Is it expected or sought after?
7. How important do you believe the synergies between channels are? Is this something that has to be improved first before thinking of going offline?
8. Do you think customers will be comfortable with the idea of cross-channel, buying online and picking up in store? If this beneficial to online going offline?
9. What offline concepts do you believe will be successful for online companies? E.g. outlets or something completely new
10. Do you think offline stores will affect the online business negatively, as some of the main benefits of online shopping can’t be applied in stores? E.g. unlimited assortment
11. Will it be successful, online going offline?
12. Is there a future for pure-online stores or do they have to adapt some kind of multi-channel strategy?
Appendix B
Questionnaire – Multi-channel strategies in Online Retail

1. Gender? *
   - Male
   - Female

2. Age? *

3. Do you shop online? *
   - Yes
   - Sometimes
   - Rarely
   - Never

4. If no, why do you not shop online?

5. If yes, why do you shop online?

6. Do you shop from several channels simultaneously? (physical store, online, mobile) *
   - Yes
   - Sometimes
   - Rarely
   - Never

7. Do you shop the same brand through different channels? *
   - Yes
   - Sometimes
   - Rarely
   - Never

8. If you could, would you use two channels for one purchase? i.e buy online, pick up in store. (saving shipping cost) *
   - Yes
   - Maybe
   - Indifferent
   - Never
9. How important is it for you that information online is applicable in-store? *

1 2 3 4

Select a value from a range of 1, Not important, to 4, Very important.

10. Have you had negative experience with inconsistent information? Online/In-store *

- Yes
- Sometimes
- Rarely
- Never

11. How important is it that the corporate design (logos, colours, style) is the same through all channels? *

1 2 3 4

Select a value from a range of 1, Not important, to 4, Very important.

12. Does the accessibility of multi-channel shopping affect your purchasing habit positively? (increase in shopping) *

- Yes
- Maybe
- Indifferent
- Never

13. How important is it for store personnel to be informed about the online assortment? *

1 2 3 4

Select a value from a range of 1, Not important, to 4, Very important.

14. Would you shop from a pure online store at an offline facility (online store opening an outlet/physical store)? *
   e.g. If Zalando.com/Nelly.com/Asos.com opened an outlet or own store with their brand

- Yes
- Maybe
- Indifferent
- Never

15. What are your thoughts on pure online stores (i.e Nelly.com, Asos.com, Zalando.com) opening offline physical stores? *
## Appendix C

### Table 1: Unique advantages of specific channels

<table>
<thead>
<tr>
<th>Channel</th>
<th>Advantage</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Web</strong></td>
<td>Can offer virtually unlimited space to describing an item  &lt;br&gt;Access to a global market and to markets without retail stores  &lt;br&gt;24/7 ordering capability  &lt;br&gt;Freedom from postage and catalog reproduction costs associated with catalogs  &lt;br&gt;Ability to verify shipping status without customer service personnel  &lt;br&gt;Integration of video and audio in the sales presentation  &lt;br&gt;Ability to easily compare offerings of merchants, prices, product features  &lt;br&gt;Ability to customize mailings to past and ongoing customers  &lt;br&gt;Enables disabled shoppers to browse and shop in a barrier-free environment  &lt;br&gt;Allows retailers to more effectively stock slow-selling merchandise  &lt;br&gt;Allows retailers to carry product lines not offered in stores  &lt;br&gt;Internet sites appeal to market segments that prefer Web-based shopping  &lt;br&gt;Utilizes automatic interface techniques: collaborative filtering, cookies, Web log analysis and real time  &lt;br&gt;Enables mass customization through visualization and questionaire to consumers on their specific needs  &lt;br&gt;Enables prices to be easily and quickly changed  &lt;br&gt;Allows for automation of consumption, e.g. flowers sent same day each month</td>
</tr>
<tr>
<td><strong>Store</strong></td>
<td>Immediately, Consumer can see item and take home on same trip  &lt;br&gt;There are no shipping costs for items taken home by shopper  &lt;br&gt;Ability to see, feel, try out, and test item as well as substitute items  &lt;br&gt;Interaction with store personnel  &lt;br&gt;Satisfies “shopping as a social activity”, which other channels cannot</td>
</tr>
<tr>
<td><strong>Catalog</strong></td>
<td>Portability – catalog can be read on train, in waiting-rooms, etc.  &lt;br&gt;Long shelf life  &lt;br&gt;Control over color is better in catalog than on Web site  &lt;br&gt;Access to a global market and to markets without retail stores  &lt;br&gt;24/7 ordering capability  &lt;br&gt;Transferable and shareable among customers  &lt;br&gt;Satisfies more sensory needs (visual and smell) than Internet</td>
</tr>
<tr>
<td><strong>Kiosk</strong></td>
<td>Can reach consumers without Web access  &lt;br&gt;In-store kiosks can enable retailers to avoid lost sales due to out-of-stock situations  &lt;br&gt;High levels of video/audio quality</td>
</tr>
</tbody>
</table>

(Berman & Thelan, 2004)
### Table II Assessing organizational readiness for a multi-channel retail strategy (answer each question separately for each new channel alternative)

<table>
<thead>
<tr>
<th>Issue</th>
<th>Consumer concerns</th>
<th>Managerial concerns</th>
<th>Financial concerns</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Can you reach additional market targets through additional channels?</td>
<td>Do you have a clear understanding of the costs of adding new channels?</td>
<td>Are you able to finance additional capital requirements for new channels?</td>
</tr>
<tr>
<td></td>
<td>Will the additional channels generate cross-selling opportunities?</td>
<td>What are the opportunities for leveraging assets through using multiple channels?</td>
<td>(Web site development, computer hardware and software, logistics infrastructure)?</td>
</tr>
<tr>
<td></td>
<td>Are customers going to accept the additional costs (time, monetary, psychic, energy) associated with the new channel?</td>
<td>Do you have adequate personnel with know-how in managing the new channel?</td>
<td>Do you have the financial capability to withstand losses in initial periods of new channel development?</td>
</tr>
<tr>
<td></td>
<td>How will the new channel affect our brand image with customers?</td>
<td>Are the synergies between the existing and new channels clearly understood by managers?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you have the operational knowledge to effectively run additional channels?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Are you able to maintain a consistent image across channels?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Should your pricing strategy be the same across all channels?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you have the ability to effectively integrate all its channels?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Do you have a mechanism for constant communication across channels?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Can you find a strategic partner to undertake some channel functions so as to strengthen its management know-how?</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Do existing channel managers share a collective vision of the retailer’s overall strategy?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Do you have the logistics infrastructure that enables a customer to order at one channel (Web, catalog, or in-store kiosk) yet pick up merchandise in the store?</td>
<td></td>
</tr>
</tbody>
</table>

(Berman & Thelan, 2004)
THE SWEDISH SCHOOL OF TEXTILES
UNIVERSITY OF BORÅS

Visiting adress: Bryggaregatan 17 • Postal adress: 501 90 Borås • Website: www.textilhogskolan.se