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Published in:
International Review of Retail, Distribution and Consumer Research

DOI:
[10.1080/09593969.2018.1445657](https://doi.org/10.1080/09593969.2018.1445657)

Published: 27/05/2018

Document Version:
Peer reviewed version

[Link to publication in Bond University research repository.](#)

Recommended citation(APA):
Yrjölä, M., Spence, M. T., & Saarijärvi, H. (2018). Omni-channel retailing: propositions, examples and solutions. *International Review of Retail, Distribution and Consumer Research*, 28(3), 259-276.
<https://doi.org/10.1080/09593969.2018.1445657>

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Accepted for publication The International Review of Retail, Distribution and Consumer Research on Feb 15 2018.

Mika Yrjölä, Mark T. Spence & Hannu Saarijärvi (2018): Omni-channel retailing: propositions, examples and solutions, The International Review of Retail, Distribution and Consumer Research, DOI: 10.1080/09593969.2018.1445657

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Omni-channel retailing: propositions, examples and solutions

Customers are not passive agents, but intrinsic to the value creation process. Because retailers are the customer's link to the marketplace they are uniquely placed to develop value co-creation opportunities that give themselves a strategic advantage. Omni-channel retailing is a means to create an advantage by forging deeper customer relationships and potentially developing new markets. Omni-channel retailing can appeal to the heterogeneity in customers' shopping orientations with the aim of providing a seamless cross-channel experience. However, without a clear strategic purpose, omni-channel initiatives can easily result in unbeneficial – or worse, counterproductive – investments. To address this, the purpose of this paper is to formulate guiding principles to facilitate decision making with respect to developing an omni-channel marketing strategy. Consequently, two complementary research streams are presented. The first pertains to strategic considerations regarding omni-channel retailing; the second pertains to value co-creation as seen through a service-dominant logic lens. These research streams are then linked to derive five propositions– along with examples and solutions – to assist retailing decision makers when developing an omni-channel marketing strategy. These propositions underline the importance of viewing channels as value-facilitating resources that should be aligned with the customer's decision journey.

Keywords: omni-channel retailing; decision making; consumer decision journey; customer value; value co-creation; customer heterogeneity

Introduction

“Strategic planning with a service lens is inherently uncertain and dynamic. It recognizes that markets, customers, resources, and contexts are constantly changing. The best the firm can do is evaluate possibilities for what the future might look like and how it might help customers get jobs done, and then seek to quickly adapt to what it learns.” Bettencourt, Lusch and Vargo (2014, p. 60)

Customer shopping behaviours are becoming increasingly heterogeneous. Responding to differences in how consumers complete their decision journey is adding complexity to business processes; but is also opening new value creating opportunities to forge a deeper relationship with customers. Customers are increasingly using complementary channels as an integral part of their shopping experience (Dholakia et al. 2010; Beck and Rygl 2015). For instance, in a survey of 6000 smartphone users 71% indicated that conducting online research while in-store is an important aspect of their shopping experience, with many turning to the retailer's own site or app (Google 2014). The distinction between physical and online channels has therefore become blurred (Brynjolfsson, Hu and Rahman 2013). Customers can now embrace different channels at different stages of their shopping process. These channels, customer touchpoints or mediums through which the company and the customer interact (Neslin et al. 2006; Beck and Rygl 2015), provide different kinds of benefits to customers, such as convenience, the level and format of product information, and the richness of the shopping experience (Dholakia et al. 2010; Gensler, Verhoef and Böhm 2012). Because retailers are the customer's link to the marketplace they are uniquely placed to develop omni-channel strategies that result in a competitive advantage.

In contrast to multi-channel retailing, that is, offering shopping opportunities through different and separated channels, omni-channel retailing examines channels as an holistic offering to appeal to the heterogeneity in customers' shopping orientations – such as varying levels of 'need for touch', 'need for cognition', or degree of 'self-reliance' – with the aim of providing a seamless cross-channel experience (Verhoef et al. 2015). Because channels can be developed to assist the customer throughout their decision journey, there is an opportunity to forge deeper relationships with customers. Such co-creation opportunities and resources are likely to lead to competitive advantage

(Lusch, Vargo and O'Brien 2007). Despite these insights, a 2015 study of North-American retailers by RIS found that no retailers admitted to “always” providing a seamless channel experience (Skorupa 2015). Further, Forrester’s (2014) study of 256 US/European decision makers found that only about one third “strongly agreed” that “Our c-suite understands the importance of omni-channel”. Their study noted that, “[T]here is a significant disconnect between what consumers want from an omni-channel retailer and the omni-channel capabilities that retailers are providing today” (Forrester, 2014, p. 1).

For those responsible for overseeing retail operations, omni-channel activities increase the complexity of the business environment in general and retailers’ business processes in particular (Verhoef and Lemon 2013; Picot-Coupey et al. 2016). This complexity arises from factors such as the increasing number of customer touchpoints, the adoption of new channels to create multiple, complementary paths to purchase, and the need to forge alliances with media/technology partners to develop value creating and value capturing resources. Marketers must rethink the traditional 4P view of ‘place’ and consider it a collection of value networks and processes (Lusch et al. 2007). Providing a means to facilitate a customer’s pre-purchase search and evaluation is an example of a value creating network. For example, over two thirds of customers would like to access in-store inventory online and half would like to buy online and pick-up in store, yet neither service is commonly available (Forrester, 2014). Complexity further arises from information system integration, the likely existence of online versus offline silos, the heightened need for coordinating internal and external resources, and the likely necessity of internal cultural change that may be met with resistance. Without a clear strategic purpose, omni-channel initiatives can easily result in unbeneficial investments.

In light of the seemingly limitless array that innovative retailers are discovering by which they can interface with customers coupled with the fast pace of technological advancement this manuscript is not intended to be prescriptive – although examples and solutions are shared. Rather, the purpose of this paper is to formulate guiding principles to facilitate decision making with respect to developing an omni-channel marketing strategy. To achieve this, two complementary research streams are presented. The first pertains to strategic considerations regarding omni-channel retailing; the second pertains to value co-creation as seen through a service-dominant logic lens. These research streams are then linked to derive five propositions to assist retailing decision makers when developing an omni-channel marketing strategy. Conclusions and limitations complete the manuscript.

A strategic perspective of omni-channel decision making

Though there have been recent advances around multi- and cross-channel retailing, there is still a paucity of research specifically addressing omni-channel retailing, although it is accepted that these differ in terms of both theory and practice (Beck and Rygl 2015; Verhoef, Kannan and Inman 2015). For example, Beck and Rygl (2015) advance a taxonomy where they categorize channel strategies based on the retailers' perspective and the customer's perspective. They conclude that omni-channel retailing differs from multi- and cross-channel retailing in terms of level of integration and number of channels (retailer's view) and level of channel integration (customer's view). Omni-channel is meant to be a seamless integration of channels or customer touchpoints, elements of which will hold different appeal or value creating opportunities to different customers. Some channels are outside the retailer's control, such as price comparison websites, but must be recognized. Collectively these assist the customer through their entire decision-making journey. It should be assumed customers will use

multiple channels, some simultaneously, such as going online to compare prices while in store. Channel silos are inconsistent with omni-channel marketing. Decision makers must therefore carefully consider the unique characteristics of omni-channel retailing prior to investing in major initiatives. Toward that end, it is important to consider: 1) the content of the decisions, 2) the objectives of the decisions, and 3) the decision-making process.

First, the *content* involves acquiring, developing and leveraging a firm's resources and capabilities to pursue a strategic advantage within an environment that is constantly changing, including an evolutionary shift from being product-centric to service dominant (Vargo and Lusch 2004, 2008; Bettencourt et al. 2014). In this manuscript, aligned with the consumer decision process model view, the focus is on the value that can be co-created through how the firm interacts with customers throughout their decision journey, from initial shopping triggers to post-purchase experiences, including means to encourage loyalty – it is not about what is sold, but how is sold. In their McKinsey quarterly report, Court et al. (2009) propose that organizations need to update their view of how customers interact with firms. While their emphasis is on digital touchpoints, and there is no reference *per se* to omni-channel marketing, their insights are entirely consistent with what is advocated here: the need to embrace omni-channel marketing.

Omni-channel initiatives, that is, complementary channels that build customer relationships and enrich the customer experience, are therefore a means for retailers to differentiate themselves, and thus should be motivated from the highest levels of an organization. Forrester's (2014) study revealed that half of online customers appreciated the ability to buy online and pick-up in store, yet over half of retailers had issues accurately tracking their inventory, a necessary antecedent condition to ensure offline

delivery. Rectifying this deficit is an example of how an omni-channel initiative could create a competitive advantage.

Omni-channel retailers can also apply segmentation insights to respond to the heterogeneity in consumer channel preferences. For example, in 2012 65% of consumers planned to make purchases on their computers while 16% intended to use their mobile phone, and 85% claimed they will start their acquisition journey on one device and move to another (Google 2012, 2014). These percentages vary by shopping context and will likely increase over time. Retailers must accept that consumers are heterogeneous in their shopping preferences and orientations (online versus offline, level of involvement, etc.). In the past, a distinction was made between digital and non-digital attributes (Lal and Sarvary 1999). Digital attributes refer to search claims like price or size, which can easily be presented in user friendly formats, like brand by attribute matrices. Non-digital attributes are experiential, such as the feel of fabric, are more easily transmitted offline. However, this distinction is proving too simplistic. Enriched online channels are closing the offline advantage (Beck and Crie 2016). Adding showrooms has been shown to increase sales for online sellers (Bell et al. 2013) and traditional offline retailers are increasing their online presence for both selling and information dissemination purposes (Gallino and Mareno 2014). Additionally, consumers can create their own channels. For example, consumers can upload and share pictures of themselves to elicit their friends' reaction to a potential dress purchase (Belk, 2013).

Second, the *objective* for retailers in today's highly competitive environment is to forge a strategic advantage. Offering multiple means by which a customer can interact with an organization and seamlessly assist them through their shopping journey is a means of creating a difficult-to-replicate advantage, one that can appeal to new

users as well as forge deeper relationships with existing customers. Thus, for example, a food purveyor could create an app that proposes weekly menus, creates the corresponding shopping list, places the order (and automatically re-order for subsequent weeks) if requested to do so, and submits the bill, all of which are value adding propositions but require a commitment of the firm's resources.

Third, the *process* requires prioritizing and allocating scarce resources to competing opportunities. The evolving omni-channel context only amplifies this complexity. Some channels will be difficult if not impossible to accurately measure their value to the firm using traditional resource allocation measures such as ROI, yet enhance the customer experience because they complement other channels. For instance, eyewear retailer WarbyParker.com found that complementing their online and 'home try on' (HTO) approaches to selling by adding showrooms increased overall sales as well as operational efficiency, but customers with a high need for touch migrated away from HTO to the showroom. Thus, customers could now better align their preferred approach to shopping given the increased channel options (Bell et al. 2013).

Bettencourt et al. (2014, figure 3) provide numerous examples of how a service lens perspective can reveal new business opportunities. This thought process needs to be embraced when considering omni-channel initiatives. A retailer's goal should be to help a customer 'get the job done'. As such, value creating activities that will not disappear include the different phases of the consumer decision journey, all of which seamless, coordinated channels can facilitate. An outside-in, customer focus situates customers and their preferences as the starting point for the retailer's strategy (Day and Moorman 2010). This means exploring and analysing how customers are using, or could be using, channels in their shopping processes. Technology has done much to decouple

information dissemination and order fulfilment, thus creating opportunities to increase both supply and demand. For instance, consumers are turning to online reviews and information from multiple sources before making a purchase decision (Simonson and Rosen, 2014). Some customers may be unable to access a particular channel, or choose a particular channel in light of the functions it performs. Retailers therefore need an outside-in vision of how to leverage omni-channel marketing to cater to the heterogeneity in customer shopping orientations and behaviours. Marketers must shift their mindset from selling to supporting (Saarijärvi et al. 2014). There is no one path to successful omni-channel marketing, and it is likely that some channels will not yield the expected benefits. Initiatives must be trialed, but constantly evaluated.

Value creation

The traditional firm-centric view is that organizations produce want satisfying goods, a value in exchange perspective (Hunt 1976). Extensive scholarly attention has since been directed toward clarifying the locus of value creation. As a result various perspectives have been advanced such as service dominant logic (Vargo and Lusch 2004, 2008; Lusch *et al.* 2007; Lusch and Vargo 2006), service logic (Grönroos 2008, 2011), and customer-dominant logic (Heinonen et al. 2010). Importantly, these approaches – or lenses – differ to the value-in-exchange perspective because they view value as a process rather than an outcome (Grönroos and Helle 2010). Service dominant logic emphasizes that the customer is endogenous to the value creation process and hence value is jointly created by the provider's and consumer's actions (see also Prahalad and Ramaswamy, 2004; Ramaswamy, 2011). Value therefore emerges from the integration of customer and firm resources (Vargo and Lusch, 2008), and is thus co-created. Herein, it is argued that various omni-channel initiatives should be regarded as resources that facilitate the value co-creation process. Service dominant logic therefore provides an

appropriate lens to analyze the emerging phenomenon of omni-channel retailing.

Value creation is conceptualized as encompassing three activities: 1) understanding customer value, 2) providing resources from which customers create value, and 3) capturing firm value (Anderson and Narus 2006; Bettencourt et al. 2014; Lindgreen et al. 2012; Lusch et al. 2008). Herein, these three interdependent domains are used to conceptualize the outside-in approach to executive decision making in omni-channel retailing.

Understanding value

Looking through a service dominant logic lens it is argued that firms do not deliver value, rather firms advance value propositions the value of which is uniquely determined by customers (Vargo and Lusch 2008). Not surprisingly, some have challenged a wholesale shift in the locus of control from the firm to consumers. Taken literally it can make the function of the firm unclear. Grönroos (2008) and Bettencourt et al. (2014, p. 53), for example, embrace a service lens but recognize that firms advance ‘resources’, be they tangible or intangible, that are consumed by customers to get something done: “... a product is not embedded with value ... rather they possess capabilities that give them value potential.” This means that the resource(s) advanced is relevant to a consumer and they have the ability (intellectual, complementary resources) to create value from that resource. Firms are thus enablers of value co-creation rather than distributors of value (Bettencourt et al. 2014). Forward thinking retailers must therefore broaden their mindset from what they currently offer to what activities consumers want to accomplish and advance resources accordingly.

The many examples of applying a service dominant logic (e.g., Bettencourt et al. 2014; Lusch et al. 2007; Vargo and Lusch 2004, 2008) start from the perspective that a firm is product-centric, and illustrate how they can deepen customer relationships by

thinking more broadly about what consumers need to have accomplished. One activity not addressed in these articles – and of clear import to retailers – that all consumers need to accomplish for all but trivial choices is to complete the decision journey. By offering complementary, synergistic paths to interact with a retailer throughout the consumer decision journey – Court et al. (2009) would call these touchpoints – retailers can appeal to different customer shopping orientations and in the process create unique value and differentiation with their competitors, not in what they offer, but how they offer it. Customer value further drives positive behavioral and affective states, such as satisfaction, loyalty and trust (Gallarza et al., 2011; Grönroos, 2008).

A starting point to better understand what customers value is to make the utilitarian/hedonic distinction (Gallarza et al, 2011). Utilitarian value stems from helping the consumer solve a problem or complete a task. Consumers can rationalize such value. Developing channels to expedite the purchase process is a means to create such value. Helbling et al. (2011) reinforced the importance of economic value to customers, such as allowing customers to compare prices in-store via various applications. These authors also acknowledge functional benefits such as product assortment, free shipping, in-store collection and return policies. Meijer, a privately owned North American retailer, assists its customers through its “Find-It” application that helps customers locate food items within their stores.

Hedonic value stems from the emotions associated with the buying and consumption experience itself, which consumers may find difficult to explain. Websites characteristics, such as how much consumers can interact with products or how challenging the site is to navigate affect consumers’ emotions (Jones et al., 2008). Consumers’ choice of channel may be driven by benefits such as social interaction, self-affirmation, experiences, and symbolic meanings (Balasubramanian et al., 2005). For

example, Whole Foods Markets has a “Market Missions” application to help customers adopt a healthier lifestyle. This is achieved by offering ‘missions’ to customers who can then earn awards and medals. Grewal et al. (2017) share examples of the differing effects that product type can have on channel strategy. For instance, channels that allow the displaying of immersive, dynamic videos should be used to market hedonic products. Ultimately, customer value emerges as a result of customers’ perception of both benefits and sacrifices that can be either utilitarian or hedonic in nature.

Customer value “is always uniquely and phenomenologically determined by the beneficiary” (Vargo and Lusch 2008, p. 9). Actions taken by one customer but not another, such as accessing a help line, blogging on the company’s website or returning goods to the retailer, differentially affect perceived value. To complicate matters with respect to assessing the value of a given channel, its value to a customer is affected by contextual and situational characteristics (such as time pressure). A firm’s omni-channel business model must therefore allow customers to choose the channel(s) they prefer in a specific situation (Neslin and Shankar 2009), and recognize that technologically adept customers are likely to migrate across channels during their shopping experience (Google 2012, 2014).

Thinking in terms of what customers value helps retailing executives view their competitive position according to a comprehensive customer focus. It stimulates retailers to create differentiation in the ways customers interact with the organization, thus building a strategic advantage (Payne et al. 2008). However, gaining an advantage through a rich and complementary mix of channels is only achieved if the customers perceive a meaningful difference between competing firms. This partially explains the shift from multi-channel marketing where competitive matching is relatively straightforward, to omni-channel marketing where the combinations of feasible

channels and the range of functions that the channels can perform is, for all intents and purposes, limitless and therefore difficult to match.

Creating value

Creating customer value involves translating what has been learned about customer needs into processes and requirements. It is a process of transforming “microspecialized competencies into complex services that are demanded in the marketplace” (Vargo and Lusch 2008, p. 8). Firms in different industries offer resources to facilitate the completion of very different jobs important to customers (for example, preparing meals, getting from point A to B, and cleaning clothes), but retailers operate in an environment that all share a common feature, namely the need to assist a consumer through their decision journey. Retailers are therefore exploring new customer interfaces including in-store media; augmented reality and virtual fitting rooms; reinforcing their offerings via new channels such as mobile services; geographically targeting promotion efforts; and providing alternative collection points for both product acquisition and disposal. Omni-channel marketing includes BOPS (buy online, pick-up in store) and ROPO (research online, purchase offline). ROPO can occur in less obvious ways: a potential consumer who enters a retail store could be approached by a shop assistant offering them a tablet to carry and use while they peruse the shelves of the store. Over the course of their shopping experience the customer uses the tablet to research the various products they see, read product information, ratings and reviews (Simonson and Rosen 2014), check alternative comparable products, or even upload pictures of the product to social media sites such as Instagram and asking their friends what they think (Belk 2014). In the latter case, the customer becomes a value creating operant resource whose actions can have a ripple effect on other stakeholders (Lusch et al. 2007; Vargo and Lusch 2008). Gallino and Moreno (2014) found that offering BOPS decreased online

sales, but this was more than compensated for by an increase in in-store traffic, cross-selling, and a channel shift effect: an increase in the number of individuals researching online but purchasing offline. What's more, value creation may be unanticipated: in their study 24% of customers who purchased online took one week or longer to pick-up their purchases, suggesting that there is value to customers simply in knowing their products are available for pick-up when they desire.

Marketers are used to thinking of matching products to segments; omni-channel thinking is a call to match the means to interact with a firm to customers shopping orientations. The channels themselves should be thought of as value propositions from which the customer co-creates value. Unfortunately, in the evolution toward omni-channel marketing it is likely that firms will misallocate some resources on channels that yield little value to customers, just as promotion planners constantly struggle with determining the optimal promotion budget allocation across media. The emphasis should start by identifying, developing and communicating a small number of channels that synergistically resonate with customers.

Capturing value

Creating customer value does not automatically translate into value for the firm, and certainly not when channels are viewed in isolation – channel interactive effects may exceed a given channel's main effect (Gallino and Moreno 2014). Unfortunately, Lukovitz (2015, p. 4) found that “43% of marketers report that systems integration issues are their biggest challenge. There are too many data silos and too little sharing.” Many critical touchpoints, notably in-store, often lack any connectivity to what is known about the customer, such as past purchases. Consider how firms such as Amazon use past purchases by customers and other customers that exhibit similar purchase behaviours to forge deeper relationships, such as recommending books to read. Forward

thinking offline retailers are endeavouring to close this gap, but often at the cash register, not beforehand when it could be of most value. Firms must therefore endeavour to capture value by effectively understanding and managing the various channels, acknowledging that different channels serve different roles to facilitate the consumer's decision journey. It is the retailer's responsibility to identify potential sources of value that can be realized by how they interact with customers, and from this develop omni-channel initiatives to support their vision. Omni channel initiatives should be based on expectations regarding sales, costs, and the behaviour of both customers and competitors. Grönroos (2008) notes that co-created value is not something to be measured only in financial terms; it affects customers' attitudes, such as their trust in the organization and perceptions of ease of use, as well as loyalty.

Propositions to assist retailers omni-channel thinking

Retailers should take into account the content, objectives, and process of decision making. These aspects of decision making will now be crossed with the tripartite focus on understanding, creating, and capturing value to generate five propositions. The first proposition pertains to understanding the customer and customer value in an omni-channel environment. It is an overarching proposition: any omni-channel initiative should be predicated on a keen understanding of the customer. The remaining four deal with creating and capturing customer value are more specific, and are followed by examples and possible solutions (see Table 1).

Insert Table 1 about here

Proposition related to understanding customer value

Retailers must reflect upon how their omni-channel initiatives either increase benefits,

create new ones, or reduce sacrifices for customers.; Operationally, customer value can be driven by functions served, such as providing brand relevant information, assisting in closing a deal (which could include ‘virtual test-drives’), or facilitating the creation of an ongoing relationship (for example, tutorials for how to get the most out of a brand). Alternatively, benefits may stem from the platform embraced (mobile, tablet, etc.), which will appeal to different segments. To compound difficulties, value attributable to platform type is a moving target. Google (2012) found that consumers intended to use their PCs to make 65% of their online purchases and 16% on mobile devices; but an interview with an Australian B2B marketing executive in 2016 indicated that these percentages roughly reflected their activity three years ago, but have since flipped with respect to purchases at their firm – mobile devices are now far more popular than PCs. Thus:

P1: Retailers should acknowledge that there is heterogeneity in how consumers complete their decision journey, and that omni-channel initiatives are a means to appeal to these individual differences to create a competitive advantage.

This puts pressure on retailers to understand the nature and source of customer value. Offline channels are still the only ones that can appeal to all five senses; yet, interactions in-store often go unrecorded and may not benefit from knowledge the firm has, or could have, in their databases regarding the customer’s past buying behavior, demographics, and/or lifestyles. Online techniques are being developed to create virtual experiences, such as personalized avatars to try on clothing (Beck and Crie, 2016). Equally important is to consider the purpose of the channel: is it primarily to provide information, thus facilitate search and pre-purchase evaluation; to fulfill an order; or to build an ongoing relationship (Court et al., 2009)?

By expanding the scope of existing channels, adding new channels (touchpoints), and importantly enabling customers to integrate channels marketing executives are advancing resources that, from a customer's perspective, provide benefits or reduce sacrifices. Retailers can, for example, generate emotional value by offering personalized service, an integrated sensory experience, encouraging customers to share their shopping experiences or by letting them provide input to, or customize, product offerings. Thus, thinking broadly about what customers can or could value should be the starting point for identifying and generating opportunities for value co-creation (Bettencourt et al. 2014). Channels can be created that, from the customer's perspective, increase supply (providing access to a wider product range) or increase demand (providing multiple opportunities to purchase). What must not be lost to marketing executives is that customers consider their interactions with the firm holistically – each channel serves a purpose in their decision journey and affects their overall experience. However, Lukovitz (2015; Forrester 2014; Zhang et al. 2010) notes that system integration is a major challenge and less than 20% of firms consistently use customers' data across channels. Without robust data sharing firms are practicing a multi-channel strategy. Omni-channel retailing provides new opportunities for increasing benefits (providing information in various formats, joining brand communities) and decreasing sacrifices (such as travel time and search cost). This, however, necessitates that marketing executives have carefully considered value creation from the customer's perspective: What will help them complete their consumption journey?

Propositions related to creating value

To identify and generate new value creating avenues retailers should focus on the nature and stage of the interaction. For instance, hedonic customer value (including emotional

and symbolic value) often offers more opportunities for differentiation not only in terms of what is offered but in how the customer interacts with the retailer. Sellers of utilitarian commodities are more constrained with respect to their product offerings, but still have options. Indeed, a service-dominant logic perspective is particularly relevant to commodity industries (Lusch et al. 2007). Retailers should assume an increasing proportion of in-store customers will engage in online price comparisons prior to purchase; that they would like to verify product availability prior to visiting the store; and that buying online and picking-up in store (BOPS) will continue to gain traction. Thus, firms must think creatively about service support, price differentials, product assortment, and inventory management.

Carefully orchestrated channels can collapse the boundaries of the various stages of the consumer decision journey (apps that trawl through product offerings and identify options that match customer needs), or provide alternative avenues that better appeal to different customer orientations (such as differences in the need for touch or need for cognition) as they go through these stages. Thus, retailers can support their customers by creating benefits and reducing sacrifices related to the customers' decision making processes. By offering value creating opportunities before, during and after purchase through channels that appeal to different shopping orientations the retailer can enlarge its role in customers' lives. Hence:

P2: Retailers must focus on identifying how value (economic, functional, emotional, and symbolic) can be realized by customers at various stages of their decision journeys.

Many organizations endeavour to create value without a clear understanding of what the customers actually value (Anderson et al. 2006). The omni-channel retailing opportunities are effectively limitless; thus executives must carefully focus on how to

prioritize their efforts. Just as retailers have learned that offering too many choices to customers can have deleterious consequences – the ‘paradox of choice’ (Schwartz 2004) – marketing executives must not be starry-eyed about the benefits of proliferating channel touchpoints. The goal is to let customers access and integrate the channels on offer and to be forward thinking about how customer relationships can be deepened.

Creating, expanding and integrating different customer value dimensions requires resources and capabilities, thus cost is always a consideration. The monetary benefit of some channels can be relatively easily assessed, whereas others serve difficult to assess complementary roles. Both Bell et al. (2013) and Gallino and Moreno (2014) share examples highlighting the complexity of teasing-out the impact of adding a channel, and both are cautionary tales about how fixating on a single performance metric could lead to inappropriate strategic decisions. Channels also serve a non-financial role: they affect customers’ attitudes toward the firm. Just as customers view their firm related interactions holistically, so should marketing executives when reviewing their omni-channel initiatives. To help with the prioritization, executives can use techniques such as the pairwise comparison method (Saarijärvi et al. 2014). Thus:

P3: Retailers must carefully consider how to assess the value to customers of ongoing and potential omni-channel initiatives so that the many possible channel initiatives can be prioritized.

Marketers today face a vast array of application providers, digital tools, e-commerce consultants and platforms. Prioritization needs to be kept in executives’ minds constantly. Innovative collaborations with technology firms create an opportunity for forward thinking retailers to garner a strategic advantage (Lusch et al. 2007). Trialling various means to interface with customers will be increasingly necessary, while acknowledging that some efforts will likely prove to not be cost justified (Bettencourt et

al. 2014).

Propositions related to capturing value

Technology has enabled retailers to decouple information dissemination from product acquisition. The intuitive thought is to envision digital technology serving an information dissemination role, yet Bell et al. (2013) share an insightful example involving WarbyParker.com that demonstrates the benefits to an online retailer of eyewear from opening offline showrooms. Despite eyewear being a high-touch product, the retailer's market share has grown steadily while operating efficiency improved due to reduced product returns (Bell et al. 2013). Alternatively, firms with both an offline and online presence may offer different product assortments on each as well as use different approaches to facilitate acquisition in each. Because consumers' behavior towards omni-channel initiatives is rapidly evolving, it is likely some initiatives will not have the anticipated payoff. Others will have unanticipated but value-creating benefits, such as online customers subsequently cross-buying when in the store to pick-up their purchases (Gallino and Moreno 2014).

Given that channels should be designed to appeal to the heterogeneity in shopping orientations some customers should channel shift (migrate from offline to online purchasing), thus some employees may feel their livelihood is threatened. To reduce internal conflict, retail executives need to reconsider performance measures and rewards, and inculcate an internal culture to motivate coordination and discourage harmful competition between channels (Gallino and Moreno 2014). Also, the need for better system integration and the current poor track record of sharing information must be addressed (Lukovitz 2015; Forrester 2014; Zhang et al. 2010). Therefore:

P4: To capture value it is necessary to anticipate and consider the risks and opportunities various channels have, including their effect on other channels. Omni-channel retailing requires recognizing that the value in some channels will lie more in their indirect (interactive) effects than in direct ones.

Capturing value is more specific and solution-oriented than are the processes of understanding and creating value. Value capture is concerned with building the necessary resources and processes for supporting both customers' and retailer's value creation. Performance metrics will proliferate, many difficult to attach a specific value, at least in the short term. In some cases, value may be created and subsequently captured in unanticipated ways, such as customers using BOPS as a means to verify what products are available in store rather than to place an order. Further, the main effect of specific channels may be minimal relative to their interactive effects with other channels, for instance, a traditional catalogue channel might trigger consumers to order online or visit the store. Marketing executives should therefore approach omni-channel initiatives from the perspective of how the combination of channels support their customers' various paths-to-market. Hence:

P5: In the omni-channel context, understanding and creating customer value involves outside-in thinking (identifying and developing channels), whereas value capture requires inside-out thinking (implementing, problem-solving, and optimizing channels).

Taken together, these propositions unite the customer-focused activities of understanding, creating, and capturing value.

Conclusions

The omni-channel environment exerts pressure on reconfiguring the role of retailers: the retailer is not just a provider of goods, but can facilitate customers' value-creating

processes throughout their consumption journey. In doing so, retailers can deepen their relationships with existing customers and develop new segments (Lusch et al. 2007). Retailers are the customer's link to the marketplace and thus are uniquely placed to develop value co-creation opportunities that give themselves a strategic advantage. A means to do so is to provide a seamless, synergistic omni-channel experience within which customers choose their desired path(s) to market. The array of means to provide this experience continues to grow, such as emerging virtual and enhanced reality applications. Each channel offers value creating and capturing opportunities, but serves as a touchpoint by which the customer can evaluate the firm, thus has an associated risk. There is no one correct omni-channel model, and channel choices must be adapted to the firm's particular context (Grewal et al. 2017).

While this manuscript suggests that channel integration will produce positive effects, retailers are faced with the challenge of overcoming the respective complexity from both an implementation perspective as well as customers ever changing abilities and desires regarding their shopping behaviors. To assist in reducing this complexity, five propositions were advanced to facilitate decision making. On the basis of these propositions, we conclude by presenting four complementary considerations.

First, omni-channel initiatives are means to differentiate the organization, hence they are strategic decisions that should be motivated from the top. Executives must shift their focus from selling to supporting the customer throughout their shopping process (Saarijärvi et al. 2014). In short, it is not what the retailer sells, but how it is sold (Lusch et al. 2007; Sorescu et al. 2011). It is short-sighted for retailers to see themselves as intermediaries between manufacturers and consumers. An omni-channel environment offers a way of enlarging their role. The nature and stage of the customer interaction can be used to develop a framework for where and how customers can or could co-create

value. Firms should acknowledge the benefits of thinking outside-in (to create value) and inside-out (to capture value). These complementary perspectives will assist in determining which resources to offer at the different stages of the consumer decision journey.

Second, executives should focus on the overall business logic rather than on single channels or channel-related activities. Omni-channel retailing involves a real-time synergistic integration of channels that done effectively will appeal to the heterogeneity in customers' shopping behaviors. For example, self-reliant consumers will independently search and compare alternatives via information-based channels, whereas advice-reliant consumers are better served through personal and/or face-to-face channels (van der Veen and van Ossenbruggen, 2015). Not catering to the heterogeneity in shopping styles is likely to lead to a competitive disadvantage because customers are increasingly omni-channel in their behavior (Beck and Crie 2016; Google 2014). Zhang et al. (2010) predicted that the "ability to utilize multiple channels synergistically will be a prerequisite for successful [omni-channel] retailing" (p. 178). Given the paucity of research to date (Beck and Rygl 2015) and the many challenges to address (Zhang et al. 2010), there is much progress yet to be made. Nevertheless, as more and more retailers embrace omni-channel marketing the channels themselves will become less important. What is important is the overall business logic regarding how the channels complement each other. If data is not being shared across channels and channels are viewed as being in competition, the firm is not practicing omni-channel retailing and not moving toward a seamless customer experience (Weill and Woerner 2015). Instead, they are employing multi-channel strategies in serving customers.

Third, executives should evaluate channels holistically, not just in terms of their individual revenue-generating abilities. As customer interactions spread across a wider

range of channels executives should carefully consider each channel's role in customers' value creation and how the channels themselves interact. For example, providing a mobile/tablet channel can be used to provide value-creating services for customers while in-store, such as cost comparisons and warranty information that may be sufficient to close a deal, but it would be difficult to attach a specific value to such services. Channels also yield difficult to assess attitudinal benefits, such as ease of use, trust and loyalty (Gallarza et al. 2011; Grönroos 2008).

Fourth, omni-channel retailing is more than adding new sales channels and resolving channel conflicts, it is about helping the customer 'get the job done'. In line with a service-dominant lens, executives should therefore focus first and foremost on the customer and how the addition and integration of channels will enable value co-creation. Thus, retailer decision making should focus on the customer rather than different technological solutions. This shifts attention from goods, services or technologies toward serving consumers' decision journeys through omni-channel strategies.

All research faces challenges and limitations, and this study is no exception. This manuscript is conceptual in nature, and therefore located in the context of discovery rather than the context of justification (Yadav 2010). Omni-channel retailing is in its infancy, both in theory and in practice. The purpose here is to help close that knowledge gap. To do so, two research streams have been integrated, and in the process five propositions advanced to retailing executives to guide their decision making in the rapidly evolving omni-channel retailing environment.

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Table 1. Propositions for value creation in omni-channel retailing.

Overarching proposition			
Understanding value	P1: Retailers should acknowledge that there is heterogeneity in how consumers complete their decision journey, and that omni-channel initiatives are a means to appeal to these individual differences to create a strategic advantage.		
	Specific propositions	Examples	Illustrative Solutions
Creating value	P2: Retailers must focus on identifying how value (economic, functional, emotional, and symbolic) can be realized by customers at various stages of their decision journeys.	During initial consideration, a customer might be seeking “value for money” in their shopping processes.	Retailers could enable fast price comparisons in-store via mobile channels. Retailers could offer free delivery or storage for items that are purchased on- or off-line.
		During active evaluation or closure phases, a customer might prefer convenience and fast acquisition.	Retailers could organize and display products based on their estimated delivery speed or in-store availability.
		A customer might strive toward a healthy lifestyle.	Grocery retailers could organize and display recipes based on their nutritional value.
		A customer seeking symbolic value might strive to build an image of prestige in their post-purchase behaviour.	Retailers can integrate social media functionality (such as in-store selfie mirrors, online “share” buttons, mobile apps with photo editing tools) into their channels to enable consumption-related identity building.
Capturing value	P3: Retailers must carefully consider how to assess the value to customers of ongoing and potential omni-channel initiatives so that the many possible channel initiatives can be prioritized.	A retailer might find it difficult to assess and select the types of mobile channel touchpoints.	Mobile-optimized websites offer a relatively low-cost option of establishing retailer brand presence in the mobile channel, but mainly serve information-seeking customers. In contrast, retailer-branded mobile applications represent a relatively high-cost option, but offer multiple possibilities to cater to customers’ experiential needs (such as augmented reality, social media integration, and multimedia content).
		In terms of active evaluation and closure, customers differ in the type of service they require before making a purchase decision	Mobile channels can be used to offer product, price and availability information to information-seeking customers at a relatively low cost, but assurance-seeking customers would benefit more from better trained staff that can recommend appropriate an choice.
Capturing value	P4: To capture value it is necessary to anticipate and consider the risks and opportunities various channels	Establishing an online channel might cannibalize sales from existing channels.	Retailers must assess the overall change in revenue as well as changes in customers shopping processes (the role of existing channels might shift from transactions to experiential product browsing or product pick-ups) so

have, including their effect on other channels. Omni-channel retailing requires recognizing that the value in some channels will lie more in their indirect (interactive) effects than in direct ones.

Establishing a mobile channel might not drive mobile sales.

as not eliminate channels that serve an important purpose in the customers' shopping processes.

Retailers must endeavour to understand how the various channels are used, and to what extent, throughout the shopping process: mobile channels might indirectly drive sales as information-seeking customers check for availability or assurance-seeking customers virtually "try out" products before purchase.

P5: In the omni-channel context, understanding and creating customer value involves outside-in thinking (identifying and developing channels), whereas value capture requires inside-out thinking (implementing, problem-solving, and optimizing channels).

Increasing the amount of purchase channels might create sub-optimization and harmful competition between the retailer's various channels.

Outside-in thinking enables retailers to look at their touchpoints from the customer's point of view and identify how customers will likely behave. Too many touchpoints can overwhelm customers, and all are means to assess the goodness of a retailer. Better to have a small number of good, synergistic channels, than a wider array of channels that vary in goodness.

Inside-out thinking stresses the importance of focusing on the overall business logic and recognizing the multitude of roles that each touchpoint can play (information provision, customer service, product trials and comparisons, transactions, pickup, return, etc.).
