

# Resale Price Maintenance: Insights from Multi-Channel Research in Marketing

Joseph P. Cannon, Colorado State University

Gregory T. Gundlach, University of North Florida

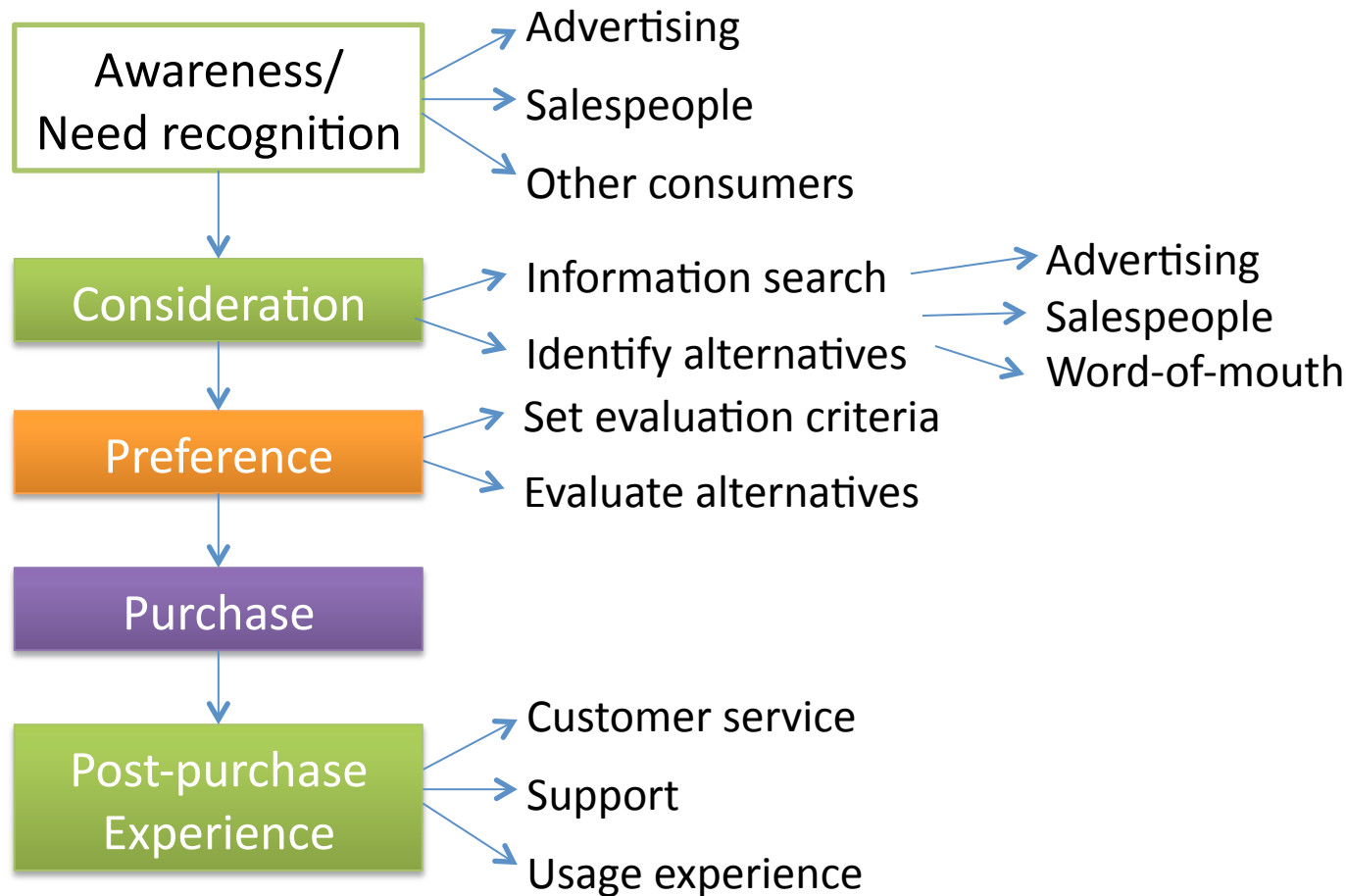
Kenneth C. Manning, Colorado State University



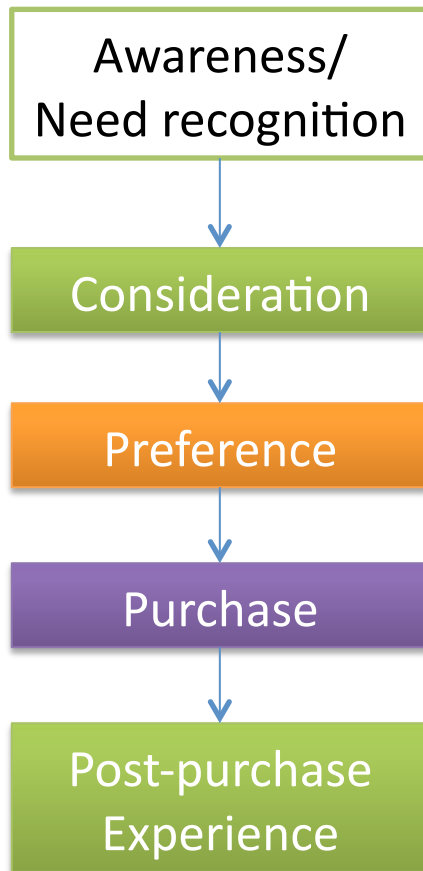
# Objectives

- Describe research findings in marketing on consumer shopping behavior relevant to multi-channel shopper marketing.
- Describe research findings in marketing on multi-channel distribution, retailing, and customer management.
- Describe research findings in marketing on multi-channel competition and competitive interaction.

# Consumer Shopping Process

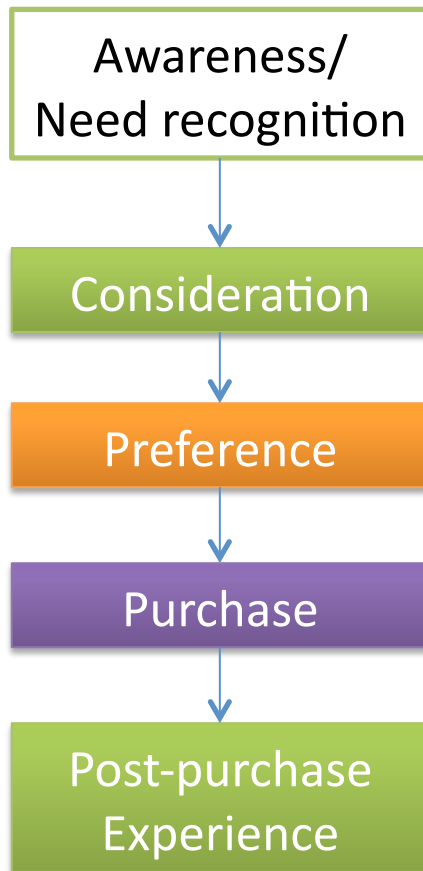


# Trends in Consumer Shopping Behavior



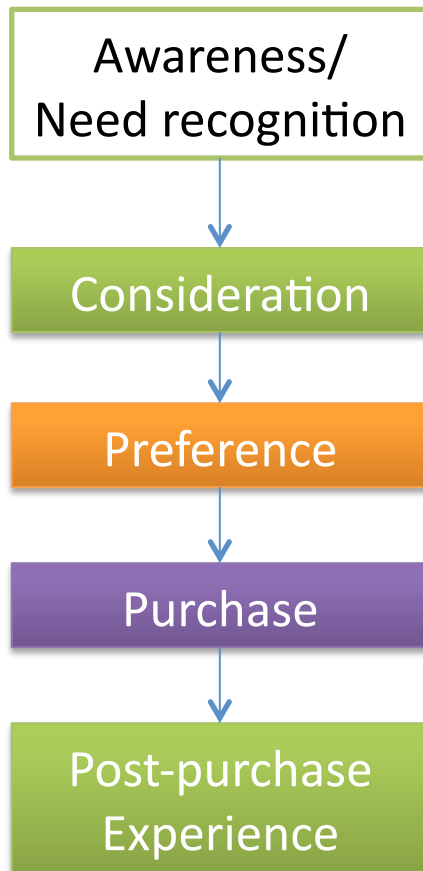
- Consumers increasingly utilize multiple channels when shopping.
  - “Research shopping”
  - Consumer survey findings
- Survey of Dutch consumers (Verhoef, Neslin and Vroomen 2007).
  - 76% of respondents engage in “research shopping”
- Deloitte (2008)
  - 56% of consumers sampled completed at least one purchase using multiple channels.

# Trends in Consumer Shopping Behavior



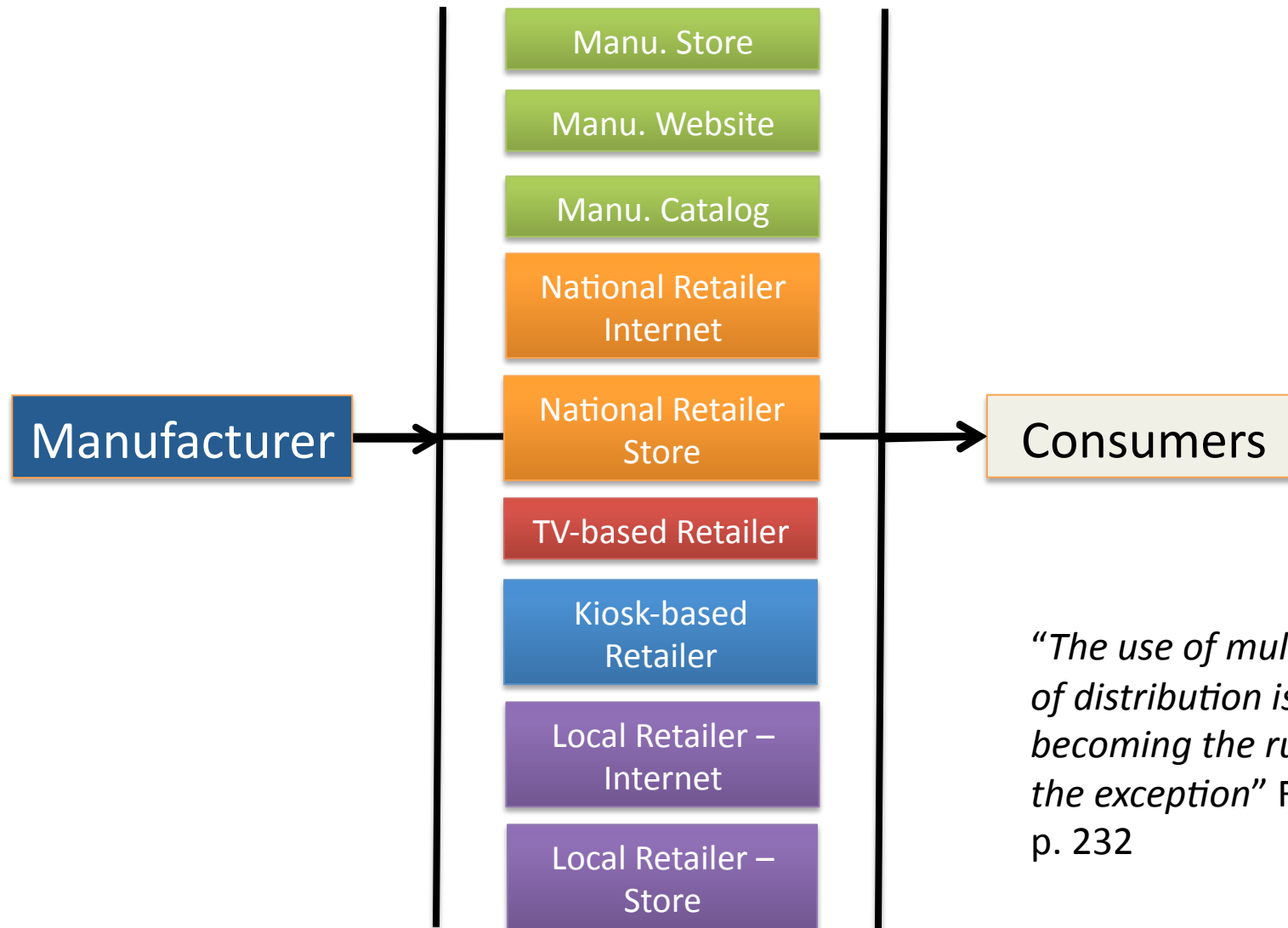
- Consumers increasingly utilize multiple channels when shopping.
- Sequence of research shopping.
  - Most common path: research on the Internet then purchase in a store
- IBM survey (cited by Zhang et al, 2009)
  - 78% of consumers Internet → Brick-and-mortar store; 8% the reverse
- Doubleclick
  - 43% Internet then store; 16% store then Internet
- National Retail Federation (2007) survey of 15,000 consumers
  - 92.5% reported always or occasionally researching on the Internet before buying from a store

# Trends in Consumer Shopping Behavior



- Consumers increasingly utilize multiple channels when shopping.
- Research shopping most often moves from Internet to brick-and-mortar store.
- Causes of increase in research shopping:
  - Variance in individual channel preferences
  - Technology reducing costs of multichannel behavior
  - Availability of more channels

# Multi-channel marketing, distribution, retailing, and customer management



*"The use of multiple channels of distribution is now becoming the rule rather than the exception" Frazier (1999, p. 232*

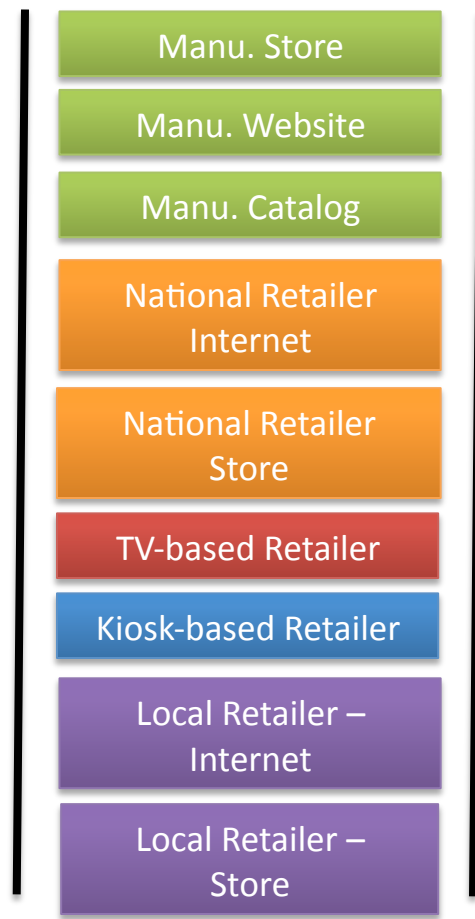
# Multi-Channel Marketing, Distribution, Retailing and Customer Management



- Manufacturers are increasingly utilizing multiple channels of distribution.
  - Responding to consumer needs
  - Opens new markets
  - Different channels augment the core offering in different ways
  - Seeking competitive advantage



# Multi-Channel Marketing, Distribution, Retailing and Customer Management



- Manufacturers are increasingly utilizing multiple channels of distribution.
- Managerial perspectives on multiple channels of distribution.
  - Cannibalistic
    - No increase in sales
    - Higher distribution costs

# Multi-Channel Marketing, Distribution, Retailing and Customer Management



- Manufacturers are increasingly utilizing multiple channels of distribution.
- Managerial perspectives on multiple channels of distribution.
  - Cannibalistic
  - Synergistic
    - Increase sales

# Multi-Channel Marketing, Distribution, Retailing and Customer Management



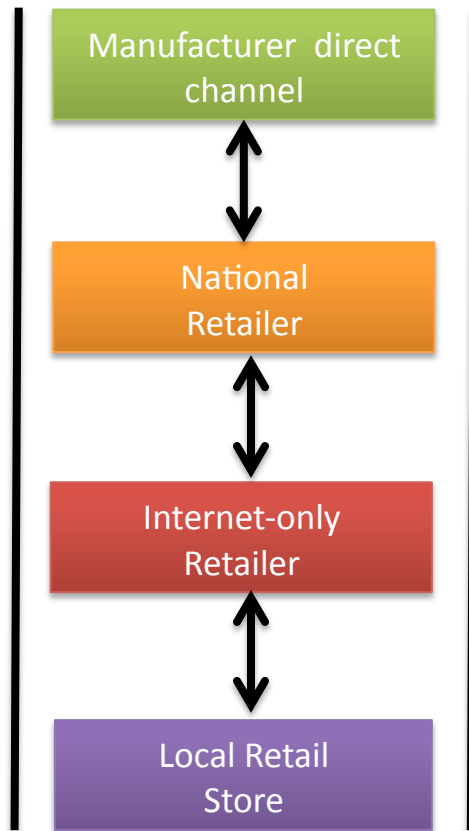
- Manufacturers are increasingly utilizing multiple channels of distribution.
- Managerial perspectives on multiple channels of distribution.
- Managerial perspective drives strategies used to manage multiple channels.
  - Creating barriers between channels
  - Integrating across channels

# Multi-Channel Marketing, Distribution, Retailing and Customer Management



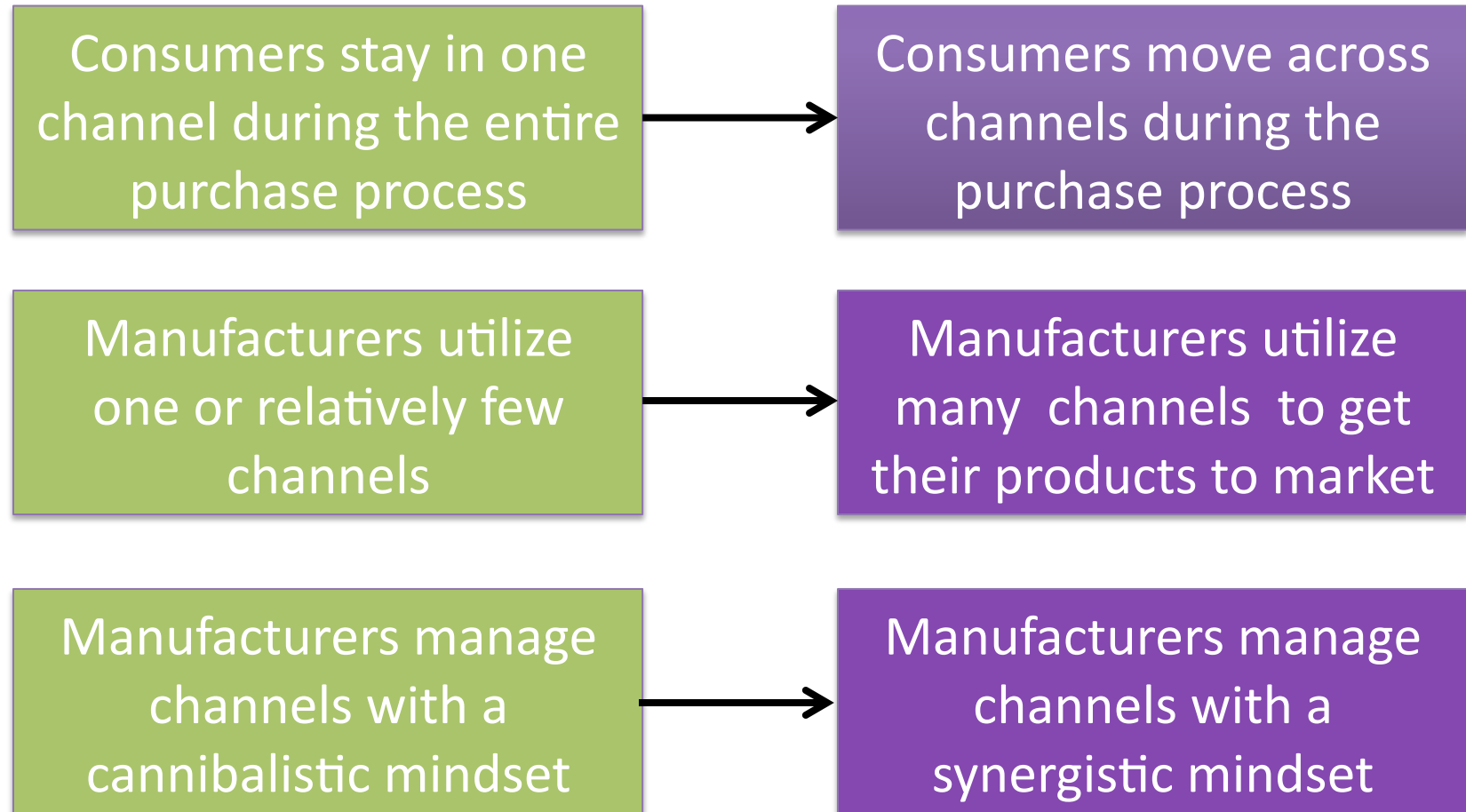
- Manufacturers are increasingly utilizing multiple channels of distribution.
- Managerial perspectives on multiple channels of distribution.
- Managerial perspective drives strategies used to manage multiple channels.
  - Creating barriers between channels
  - Integrating across channels

# Multi-Channel Competition and Competitive Interaction



- Marketing strategies affect the nature of competition and thus the level of cannibalization/synergy.
  - Uniform marketing efforts (lack of differentiation) increases cannibalization and lowers prices, profits, and sales.

# Multi-channel trends – Marketing managers and scholars changing views



# Conclusion: Key Findings on Multi-Channel Behavior in Marketing

- Consumers increasingly utilize multiple channels when shopping.
- Research shopping most often moves from Internet to brick-and-mortar store.
- Causes of increase in research shopping
- Manufacturers are increasingly utilizing multiple channels of distribution.
- Managerial perspectives on multiple channels of distribution.
- Managerial perspective drives strategies used to manage multiple channels.
- Marketing strategies affect the nature of competition and thus the level of cannibalization/ synergy.