

Executive Summary

Multi-Channel Management and Design:

An Analysis of their Impact on Multi-Channel Conflict and Success

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Our study provides recommendations about how to effectively handle a system of multiple sales channels. First, managers must be aware that choosing the design of a multi-channel system determines the basic setting of the firm's multi-channel strategy. In this context, they must weigh the advantages, such as extended market coverage and value creation and reduced relative costs of distribution, and disadvantages, such as increased multi-channel conflict, of adding a new sales channel. Similar is true for designing highly overlapping and vertically integrated sales channels. Second, managers must carefully orchestrate the multiple sales channels of their firm. For this purpose, multi-channel instructions are especially relevant, followed by multi-channel incentives and multi-channel communication, which influence a firm's multi-channel success in different ways. Third, managers should consider the unique design characteristics of a multi-channel system, particularly the number, overlap, and vertical integration of sales channels, in decisions regarding the extent of use of multi-channel instructions, incentives, and communication. In doing so, they need to realize that these characteristics not only have a direct impact on the success of their firm's multi-channel strategy, but also a positive or negative impact on the importance of these mechanisms for multi-channel management.