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The role of design in the future of digital channels: Conceptual insights and future research directions



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ABSTRACT

Purpose: In the past channel literature has looked to other disciplines in developing and refining their theories, models and methods in order to evolve the field. This paper traces such history and highlights the substantial changes caused by the digital age. In light of this, the inclusion of design theory into future channel management is presented to overcome existing concerns.

Design/methodology/approach: A comprehensive review of literature on the history of channels, the emotional experience (people), limitations of digital innovation (technology) and the role of design (business) has been conducted to create a new approach, built upon the theory of the techno-economic innovation model.

Findings: The findings of this study propose design-led channel management as a new research area, providing novel research questions and future research directions. The inclusion of design and emotion theories indicates that the future of digital channel design requires a deeper understanding of customers and needs to go beyond technological advances.

Theoretical implications: The findings provide an opportunity to explore dynamic theories and methodologies within the field of design that will broaden the horizons and challenge existing notions in channel literature.

Originality/value: This paper is the first paper that introduces the theory of *Emotionate*, as the next evolution of channel literature. The value of *Emotionate* lies in providing a new design-led process of integrating emotion to provide advice to practitioners as well as identifies research areas for academia, thereby extending the reach and richness of this emerging research field.

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1. Introduction

Throughout the last century channel and network literature, theories from other research fields have been examined in order to develop and refine existing theories, models and methods (Bairstow and Young, 2012). Past theories and existing models have established networks in terms of situational issues, exploring efficiency and effectiveness of its operation. However, this does not explain how a channel network will need to change in light of digitally empowered customers. In recent years, innovative digital channels have occurred with high intensity and speed, and as a consequence increased competition across channels has emerged. This is due to the introduction of technology such as mobile payment systems, on-line sales and self-service, mobile technologies, impacting on the traditional forms of engagement between

customer and company (Schultz and Peltier, 2013).

A deficiency in literature exists regarding the changing role of digital channels and their potential to capitalise on an increasingly opportunity-rich environment. The significance of this misfit is seen in the substantial changes in the global digital environment. The challenge faced is understanding these changes and in turn developing new theories, models and methods in order for companies to sense, learn, respond and adapt their position in this evolving field. Thus, the importance of affording new design possibilities through digital channels and the increasing role of the customer is of high priority.

Recent research (O'Shaughnessy and O'Shaughnessy, 2003; Richins, 2013; Mugge et al., 2010; Vlachos, 2012; Robinette, 2003) has shown how emotional engagement can develop trust and commitment in customer–company relationships and how this affects attitudes and performance over time. Therefore, the object of this study is to examine the role of design, specifically design and emotion (Norman, 2004; Desmet, 2002) in the future of digital channels. This paper traces the history of channel literature and

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examines the disruption of digital channels and what the field will face, in order to propose a new research direction for channel literature. The proposed theory *Emotionate* builds upon Guenther's (2012) Techno-Economic Innovation model to incorporate emotion, channels and digital technology. Findings indicate that digital channels and networks need to be informed by customer need and not technological advances. A conceptual framework is presented and has directed the future research propositions and questions outlined.

2. Evolving channel literature

In order to build and further the field, channel literature has borrowed heavily from a variety of disciplines to develop and refine their theories, models and methods. In the late 1940s, Alderson and Cox (1948) were the first to articulate their dissatisfaction with the state of theorizing in marketing. They proposed various ways in which marketing theory could be advanced through the integration of ideas from institutional economics, geography and behaviour sciences (Bairstow and Young, 2012). The inclusion of these diverse theories has set the scene for the continuing development of channel theories expanding the discipline into several new research areas (Wilkinson, 2001).

In the late 1960s McCammon (1963) brought together research and concepts from various behavioural sciences to examine the processes of change in channel systems. McCammon and Little (1965) used a system theory framework to combine economic theories of channel structure with research on political and social dimensions of channel behaviour. Their research highlighted the lack of well-developed theories and the problems as well as opportunities of channel coordination and management. Bucklin (1960, 1965) provided major steps forward in the economic analysis of business networks. He focused on the main types of functions carried out in channel distribution, while also considering the costs of performing these functions with different patterns of specialisation among organisations in the channel. The late 1960s and early 1970s saw an increasing interest in the behavioural dimensions of channels, drawing upon ideas from behavioural disciplines. Stern's (1969) work took a social systems perspective on channel networks, to focus on the roles and relations among firms in terms of role theory, power, conflict and communication. Describing relevant theories and studies of inter-organisational relations from disciplines such as sociology, social psychology and politics. Stern's (1969) work opened up new avenues for channel literature to inform theories on inter-firm relations in channel networks, going beyond the predominantly applied economic frameworks then dominating marketing theories. Dixon and Wilkinson (1986) integrated the behavioural and economic dimensions of channels into a common economic framework. Behavioural variables such as power, trust and conflict were interpreted in terms of coordination activities and tasks.

The inclusion of relationship marketing in industrial and consumer markets emerged in the 1990s and linked service marketing to the study of customer relationships and networks. Issues researched related to the cooperative aspects of channel and network relations, such as trust, communication, commitment and value, in attempts to understand how long term relationships emerge, their benefits and management (Geysken et al., 1998). This progression of channel literature and inclusion of other discipline's theories, models and methods demonstrate the need to continually adapt to the changing environment and market demands in order to benefit the field.

3. The disruption of digital channels

The 21st century has brought with it channel networks that are more complex, due to the environment being increasingly dynamic and uncertain with technological advancements and a rapidly growing digital literacy of customers. The need for innovation in channel strategy has been distinguished as technology-based, with reference to the opportunities offered by information and communication technologies (Kaufman-Scarborough and Forsythe, 2009). Market-based factors have been influenced by these advances and in turn have influenced characteristics and behaviours of customers (Kaufman-Scarborough and Forsythe, 2009). These recent transformations have resulted in a surge of technology-based, mobile self-service systems (Dabholkar et al., 2003), disrupting the way companies and customers interact (Guenther, 2012). The emergence of digital channels occurred during the dot com era (c. 2000) revolutionising the way companies interact and engage with customers and became a focus in research. Research in the early 2000s explored behaviour variables in online communities (Childers et al., 2001), social influences (Dholakia et al., 2004) and the effects of online word-of-mouth (Phelps et al., 2004). The importance of online networking was recognised in 2006 by the Marketing Science Institute with the top research priority being titled *The Connected Customer* (Trusov et al., 2010).

During this decade channels literature has been influenced by theories from psychology and sociology, to meet the needs of transparency of the Internet. Digital channels such as websites, YouTube and Facebook demonstrate this. Customers are no longer just receiving data from corporations, but are actively engaging, interacting and even co-innovating. By becoming active members in digital channels customers are able to readily voice their concerns, report issues, or seek help, empowering them to express and publish positive and negative experiences with or without the permission of the company (Kietzmann et al., 2011). This has become problematic for most companies as product quality, availability, price and any shortcomings are now transparent and instantly broadcasted and subsequently discussed by customers (Nunes and Cespedes, 2003). This online word-of-mouth influences customer-to-customer communications via such marketing techniques as social media marketing, viral marketing and guerilla marketing (Kozinets et al., 2010). Research on social and community networks and source credibility has confirmed that customers do influence other customer's purchase decisions via C2C channels (Phelps et al., 2004).

Recent literature has highlighted the use of digital channels such as social media as a way for companies to engage directly with customers (Hoffman and Novak, 2012; Boyd and Ellison, 2007; Schultz and Peltier, 2013; Trusov et al., 2010). This has led to customers now expecting to interact with a company at all times via these digital channels, referred as the *always on* customer (Stone and Woodcock, 2014) who wants to search, enquire, interact, complain, buy and pay through digital channels. To meet this demand, companies are now expected to become interactive and *always on* as well. However, Kaplan and Haenlein (2010, p.65) advise companies to choose carefully when it comes to social media channels stating they *simple cannot participate in them all*, as *being active* is one of the key requirements of a successful digital channel. This success depends largely on the number and activity of the members using the channel (Trusov et al., 2010). Schultz and Peltier (2013) make the argument that many marketers view social media as a means for dispensing promotional messages and offers. Social media, in particular Facebook, has emerged as a permanent C2C digital channel that co-exists and complements the digital channels as designed by corporations. It provides a *social utility that connects people with each other who work, study and live*

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