Omnichannel-based value creation through the activation of business model themes: A multi-case exploration of retail firms

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Abstract

Objective: This study investigates the impact of omnichannel practices in retail, driven by both the challenge of product commodification and the opportunities arising from digital technology adoption by consumers. The primary aim is to understand how these practices enhance customer purchase processes through seamless interactions across multiple channels and contribute to value creation.

Methodology: Employing a qualitative multi-case study approach, the research examines 14 retailers to explore the implementation and outcomes of omnichannel practices. This methodology provides in-depth insights into the operational and strategic aspects of omnichannel retailing.

Results: The study reveals that omnichannel practices contribute to value creation in four distinct themes: novelty, efficiency, complementarity, and lock-in. Contrary to the prevailing assumption in managerial orthodoxy that primarily associates omnichannel practices with efficiency, this research demonstrates that these practices can be leveraged in a more multifaceted manner. It also shows that activation of these value creation themes is not binary, as previously suggested, but varies in degrees and combinations.

Practical Implications: Managers in the retail sector are advised to carefully consider which operational solutions to integrate into their omnichannel practices. This strategic selection should aim to activate a specific combination of value creation themes in a certain order and to a certain degree. The research is limited by its reliance on a qualitative approach and a relatively small sample size of 14 retailers. In the future, independent studies with large empirical and quantitative analyses should be done in order to confirm these insights.

Keywords: strategic marketing channel; business model themes; network effects; value creation; adequacy

JEL Codes: D11; M15; M21

Resumen

Objetivo: Este estudio investiga el impacto de las prácticas omnicanal en el comercio minorista, impulsadas tanto por el reto de la mercantilización de los productos como por las oportunidades derivadas de la adopción de la tecnología digital por parte de los consumidores. El objetivo principal es comprender cómo estas prácticas mejoran los procesos de compra de los clientes mediante interacciones fluidas a través de múltiples canales y contribuyen a la creación de valor.

Metodología: Empleando un enfoque cualitativo de estudio de casos múltiples, la investigación examina 14 minoristas para explorar la implementación y los resultados de las prácticas omnicanal. Esta metodología permite conocer en profundidad los aspectos operativos y estratégicos de la venta minorista omnicanal.

Resultados: El estudio revela que las prácticas omnicanal contribuyen a la creación de valor en cuatro temas distintos: novedad, eficiencia, complementariedad y fijación. Contrariamente a la suposición predominante en la ortodoxia empresarial que asocia principalmente las prácticas omnicanal con la eficiencia, esta investigación demuestra que estas prácticas pueden aprovecharse de una manera más polifacética. También muestra que la activación de estos temas de creación de valor no es binaria, como se sugería anteriormente, sino que varía en grados y combinaciones.
1. Introduction

A person reads a car magazine and sees an ad for a shirt. They scan a QR code on the page, get a discount, and download the retailer’s app. They see the shirt on the app, but don’t order it yet. The next day, they receive a notification that the shirt is on sale in a nearby boutique. The boutique detects the app and the shirt viewed previously. Sales representatives are updated about customer interests, leading to increased sales growth. However, the impact of innovativeness and network building on growth differs among companies (Modina et al., 2023). The reader buys a shirt from a boutique that only has a sample. Payment is processed, and the shirt is delivered to the reader’s home at 6 PM the same day, completing the sale.

This synchronisation of touchpoints and channels into one unified customer experience is called omnichannel (Cai & Lo, 2020; Gao et al., 2021; Verhoef et al., 2015). Omnichannel synchronises a “full range of channels, ensuring a seamless and consistent customer experience throughout the purchase process. Omnichannel is not just simultaneous use of channels but the integration of all available channels within a firm” (Akter et al., 2021, p. 576).

Omnichannel practices rely on modern digital technologies and agile supply chains (Akturk et al., 2018). The advent of advanced mobile digital technologies in the 2000s, international harmonisation of regulatory frameworks, continued urbanisation, and flexible supply chain technologies (Piotrowicz & Cuthbertson, 2014) have facilitated companies’ multichannel efforts. These efforts have evolved into omnichannel practices. Digital technologies can channel information and information-based products to customers and provide other enabling capabilities to adapt to actual customer behaviour across channels (Fisher et al., 2019).

Omnichannel practices represent the most recent evolution of retailers’ use of marketing and sales channels (Cao et al., 2020). Central to the realisation of omnichannel practices is the use of advanced digital technologies for channel integration and the operation of agile supply chains (Akturk et al., 2018; Chang et al., 2023). A powerful motivation for firms to invest in omnichannel practices is rapid product commodification, which hinders differentiation. These challenges
in achieving differentiation give rise to intense price competition, fostering cost efficiency (Hansen & Sia, 2015). Firms that have been successful with omnichannel strategies do not seek to stand out in terms of the products they offer but through managing customer interactions, providing a more convenient and favourable shopping experience (Bourguignon et al., 2019). The assumption is that omnichannel practices’ key source of value creation is transaction cost efficiency for customers (Akter et al., 2021). An area lacking sufficient research is examining business model challenges, specifically regarding value creation, delivery, and capture. Existing studies tend to address these aspects at a high level without delving into the specifics (Reim et al., 2022).

However, scholars have also proposed other sources of value creation. One approach leading to such a conception is industrial organisation (Besanko et al., 2010), where it is proposed that a firm’s omnichannel practices may increase the entry barriers for other firms because of the cost and complexity of similar or superior omnichannel practices (Brynjolfsson et al., 2013). The proposal only considers the value of omnichannel for non-competing firms, overlooking existing competitors who already practice omnichannel. Another approach to conceptualising value creation from omnichannel practices was advanced on theoretical grounds only (Costa Climent et al., 2022); it employs the recent theory of business model themes (Amit & Zott, 2001; Zott & Amit, 2007). Under this theory, it is proposed that a firm’s omnichannel practices create value by activating any of the four value-creation themes of novelty, efficiency, complementarity, and lock-in (Costa Climent et al., 2022). Or (Diaz-Carrion & Franco-Leal, 2021) suggest that within the institutional contexts of coordinated market economies (CMEs), companies are more inclined to adopt corporate social responsibility (CSR) initiatives voluntarily. This is because CMEs prioritise the interests of multiple stakeholders, in contrast to liberal economies that prioritise the creation of shareholder value. Business model themes co-determine the variation in firm performance and thus complement industry and firm-specific effects on firm performance (McGahan & Porter, 2002).

Conceptually, both of these proposals are derived from distinct bodies of theory. Yet there is a lack of empirical studies of the sources of value creation from omnichannel practices (Costa Climent et al., 2022). Although economic experts have been advocating the implementation of omnichannel practices for almost two decades (Brynjolfsson et al., 2013; Piotrowicz & Cuthbertson, 2014), empirical studies on these practices have only recently emerged (Verhoef et al., 2015). These studies point to two important shortcomings. First, companies fail to successfully implement omnichannel initiatives due to the inherent complexities involved (Lim & Srai, 2018). Second, there is a poor conceptualisation of omnichannel practices. Therefore, there is limited knowledge to ensure their successful development and management (Verhoef et al., 2015). Studies on omnichannel shopping experiences are mainly descriptive (Kazancoglu & Aydin, 2018), so more theoretical and empirical research is needed to understand how quality of experience affects customers’ omnichannel purchase intention. The lack of knowledge about omnichannel practices increases
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the risk of failure and can be costly for firms. Therefore, the present study tackles the following research question: “What sources of value creation can omnichannel practices activate?” This study identifies value creation sources from omnichannel practices, guiding firms in their efforts to tap into untapped value creation.

The present study follows the proposal derived from the theory of the four sources of value creation in a business model (Amit & Zott, 2001; Zott & Amit, 2007). The chief reason for this choice is that firms seem to invest in developing omnichannel practices because of intense competition with rival firms. The underlying assumption is that when firms provide customers with similar products with similar prices, the omnichannel-endowed firm will be more attractive and create more value for the firm (Cai & Lo, 2020; Furquim et al., 2023). This idea does not invalidate the proposal based on industrial organisation per se (Brynjolfsson et al., 2013). The proposal ignores value creation in competition with firms that have omnichannel practices. Not studied here.

This study, therefore, focuses on the business model theory approach and demonstrates that retail companies’ omnichannel practices effectively activate the four sources of value creation from the business model theory (Costa Climent et al., 2022). This study reveals that omnichannel practices are not binary. It depends on the extent and mix of themes activated. Firms that activate the novelty theme have good dynamic capabilities to manage omnichannel practices. Dynamic capabilities include organisational agility, customer focus, organisational learning, continuous improvement, competitive advantage, and innovation (Ogunrinde, 2022).

The text covers business model theory, value creation, research methods, findings, discussion, and conclusions.

2. Theoretical background: business model theory

Business model innovation holds significant value in the realm of enterprise innovation, serving as an essential tool and a wellspring of fresh ideas and approaches (Xie et al., 2022).

During the early 2000s, certain technology-based firms started generating economic value with extraordinary speed and scale (Parker et al., 2016). Enterprises have the opportunity to establish a closed-loop process that facilitates iterative cycles of identifying insights, seeking solutions, and validating those solutions (Wang et al., 2022). This approach enables the exploration of potential directions for business model transformation. Underlying factors included the public use of the Internet, the deregulation of several large industries, and the regulatory harmonisation between geographical regions (Haftor & Climent, 2021; Teece, 2010). Some of these firms’ economic value generation could not be plausibly explained with any existing theories of strategic management and entrepreneurship (Parker et al., 2016). In response, a theory of the firm’s business model was proposed based on a synthesis of several existing bodies of theory (Amit & Zott, 2001). Schumpeterian innovation
Katarina Knobel, et al. (Schumpeter, 1934), the resource-based view of firm (Barney, 1991), the firm’s value chain (Porter, 1985), transaction economics (Williamson, 1975; 1979), and strategic networks (Doz & Hamel, 1998; Gulati et al., 2000) were all combined. The orthodox theorisation of industrial organisation (Besanko et al., 2010) accounts for a firm’s position in its industry by assuming that product market strategies (Porter, 1985) offer a source of value creation. In contrast, business model theory focuses on the behaviour of how a firm creates value. There is a consensus (Massa et al., 2017; Wirtz et al., 2016; Zott et al., 2011) that a firm’s business model is an “architecture of the value creation, delivery, and capture mechanism” (Teece, 2010, p. 172). While the orthodox view regards the firm as a source of value creation (Barney, 1991; Porter, 1985), the business model view is one of a boundary-spanning network of actors that interact with the firm, all exchanging value (Amit & Zott, 2001; Zott et al., 2011). Under the business model approach, the concept of value creation originating in supply-side activities is extended to include value creation in demand-side activities (Adner & Levinthal, 2001; Massa et al., 2017; Teece, 2010), which accounts for various network effects (Katz & Shapiro, 1985; Economides, 1996; Amit & Zott, 2001). Business model theory explains firm performance differences in a way that alternative notions cannot (Sohl et al., 2020). We also hold the belief that a more open institutional environment, without excessive state interventions, plays a role in stimulating business activity, thereby impacting economic performance and the overall prosperity of individuals (Ruzekova et al., 2020).

2.1. Business model themes as sources of value creation

A firm’s business model involves boundary spanning activities conducted by actors through transaction mechanisms and can be configured in different ways. Studies have shown that business model configurations that include one or more of the four business model themes give rise to value creation and capture (Amit & Zott, 2001; Zott & Amit, 2007; Kulins et al., 2016; Leppänen et al., 2021; Luo et al., 2022). These themes are novelty, efficiency, complementarity, and lock-in (Amit & Zott, 2001).

The novelty theme refers to a new way of doing business regarding which activities and actors constitute the business model and which transaction mechanism are used (Amit & Zott, 2001; Foss & Saebi, 2017). It is illustrated by the launch of the music streaming operator Spotify (Voigt et al., 2017). Introducing a new omnichannel configuration can attract more customers, create value for suppliers and be a novel business model if it’s unique and has a significant market fit.

Individually, ‘business’ and ‘model’ hold distinct definitions. However, when combined, their meaning reflects numerous potential applications of the business model concept (Osterwalder et al., 2005). The efficiency theme refers to a way of doing business that uses fewer resources than alternative business models (Leppänen et al., 2021). It is demonstrated by the myriad e-commerce firms launched at the turn of the millennium (Amit & Zott, 2001). It is also illustrated by Spotify’s service.
compared to existing music distribution services (Voigt et al., 2017). Efficiency is implicitly reflected in the reviewed omnichannel studies (Cai & Lo 2020; Verhoef et al., 2015). Efficiency is what drove the growth of the streaming music provider Spotify. Spotify channels endless volumes of music anywhere, anytime, more conveniently than Apple’s relatively cumbersome file-downloading transaction.

The complementarity theme refers to doing business based on bundles of resources, such as offerings, to generate synergies (Amit & Zott, 2001). This is illustrated by Amazon’s diversification from bookselling to virtually all consumer goods (Walton, 2012). Consumers prefer acquiring multiple goods with omnichannel, which combines multiple channels for a seamless customer journey. The lock-in theme refers to a way of doing business that highlights the demotivation of buyers, suppliers, and other actors leaving it (Amit & Zott, 2001). Several mechanisms can activate lock-in. Sunk costs (Parayre, 1995), direct network effects (Economides, 1996), indirect network effects (Sheremata, 2004), and data network effects (Gregory et al., 2021) can all have this effect. MS Office has direct network effects while Apple’s Appstore has indirect network effects. The more consumers of its apps there are, the more providers of such apps are attracted, and the other way around. The recent concept of data network effects (Gregory et al., 2021) is illustrated by the turn-by-turn navigation app Waze, which provides car drivers with directions for the fastest, but not necessarily the shortest, routes (Kela-Madar, 2021). Waze has a large user community continuously sharing destinations, routes, and location. With historical travel data, weather, and other traffic-related condition data, Waze uses machine learning techniques (Detwal et al., 2023) to identify patterns for optimal driver routes. These routes are, in turn, translated into travel route recommendations. Waze’s superior route recommendations attract and retain users, generating a data-driven learning effect discouraging users from leaving. Competing firms must improve quality and reduce prices. This generates a robust need for effective performance and risk management within SMEs (Dvorsky et al., 2020). Omnichannel practices can create customer lock-in through sunk costs and network effects. Collecting and analysing customer data to identify patterns can lead to personalized offers and experiences, strengthening the customer’s attachment to the provider. While the four business model themes are conceptually distinct, they often co-exist (Amit & Zott, 2001; Leppänen et al., 2021). For example, Spotify initially activated the novelty and efficiency themes. As competitors imitated Spotify’s business model, it reacted by activating complementarities and lock-ins (Voigt et al., 2017). The study focuses on four business model themes that help companies create value through omnichannel practices.

3. Research objective, methodology and data

The employed research approach is exploratory (Locke, 2011) and abductive (Tavor & Timmermans, 2014). No empirical studies employ business model theory to conceive value creation from omnichannel practices (Costa Climent et al., 2022). When existing theories can’t explain a phenomenon, a deductive approach might
limit the research by imposing predefined categories. In contrast, a purely inductive exploration mode ignores prior knowledge to guide the research (Behfar & Okhuysen, 2018). The abduction approach, considered a combination of induction and deduction, aims to avoid its weaknesses. It allows discovering new features and relationships while linking the findings to some pre-existing body of theory (Tavory & Timmermans, 2014). This study explores how firms practicing omnichannel commerce generate value for competitive advantage by investigating multiple cases. A multi-case approach is used due to the complexity of the investigated phenomena. This is particularly relevant in the present study, as theoretical conceptions propose that firms may pursue omnichannel practices and thereby activate only one or two of the four available value relation drivers of a business model (Costa Climent et al., 2022). This study aims to identify if firms’ omnichannel practices activate all four value creation themes of a business model. The data were collected in 2022, and the number of firms included in the study is motivated by a desire to achieve information saturation (Guest et al., 2020). Saturation means that the inclusion of additional firms as objects of investigation in this study was halted as similar patterns of omnichannel practices recurred.

3.1. Empirical setting

Fourteen retail firms operating in a Nordic country were studied. The retail sector was chosen because it is where omnichannel practices originated and advanced rapidly, while other sectors lag (Mishra et al., 2021). Sample firms were medium to large, with 3+ years of omnichannel practices for maturity and confounding factors reduction. They pursued mass-market and cost leadership strategies. It operated in the same market context regarding social, political, and economic structures (i.e., a Nordic country). Table 1 lists the firms included in this study.

3.2. Data sources and methods

We researched firms using different data sources and methods, including public sources and observing their omnichannel practices. We used a pre-defined script to compare purchasing practices and interviewed mid-level or senior managers and customers with experience in omnichannel practices. Table 2 summarises the data collection methods. The data collection aimed to provide data that would ultimately lead to an understanding of each firm’s current omnichannel practices in terms of intention, function, and structure, including competitors. A short historical review was acquired to determine the development of firms’ omnichannel practices. Semi-structured interviews were used to acquire the majority of qualitative data. Pre-established measurement instruments were used for business model themes (Amit & Zott, 2001; Leppänen et al., 2021). Validity, reliability, anonymity, non-directive questioning, and data triangulation were ensured for accuracy.
Table 1. Overview of firms included in the present study

<table>
<thead>
<tr>
<th>Firm ID</th>
<th>Offerings</th>
<th>Channels in the firm’s omnichannel practices</th>
<th>Rationale for using omnichannel</th>
<th>Omnichannel experience</th>
</tr>
</thead>
</table>
| A       | Sports equipment retailer | - Permanent offline stores  
- Temporary stores at selected events  
- Telephone  
- Website (e-mail, chat)  
- Some social media presence | To reach as many customers as possible and convert them into buyers | Six years |
| B       | Shoe retailer | - Permanent offline stores  
- Telephone  
- Website (e-mail, chat)  
- Some social media presence | To offer a simplified and inspiring buying process | Three years |
| C       | Consumer electronics retailer | - Permanent offline stores  
- Telephone  
- Website (e-mail, chat)  
- Extensive social media presence | To make the buying process easier | Three years |
| D       | Cosmetics retailer | - Permanent offline stores  
- Telephone  
- Website (e-mail, chat)  
- Extensive social media presence  
- Television, radio | To be the most convenient provider of cosmetics | Ten years |
| E       | Sports equipment retailer | - Permanent offline stores  
- Telephone  
- Website (e-mail, chat)  
- Extensive social media presence  
- Television, radio  
- Print and online magazines | To establish strong customer loyalty | Six years |
| F       | Consumer electronics retailer | - Permanent offline stores  
- Website (e-mail, chat)  
- Extensive social media presence | To be the smoothest provider of home electronics | Four years |
| G       | Female underwear retailer | - Permanent offline stores  
- Website (e-mail, chat)  
- App | To provide easy everyday access to underwear | Seven years |
| H       | Shoe retailer | - Permanent offline stores  
- Website (e-mail, chat)  
- Some social media presence  
- Online magazines  
- App | To have superior customer relations | Five years |
| I       | Kids clothing retailer | - Permanent offline stores  
- Telephone  
- Website (e-mail, chat) | To offer easy access to kids’ clothing | Nine years |
| J       | Adult casual clothing retailer | - Website (e-mail, chat)  
- Extensive social media presence  
- App | To make buying clothes uncomplicated | Four years |
Table 1. Overview of firms included in the present study (continued)

<table>
<thead>
<tr>
<th>Firm ID</th>
<th>Offerings</th>
<th>Channels in the firm’s omnichannel practices</th>
<th>Rationale for using omnichannel experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>K</td>
<td>Male shirt retailer</td>
<td>- Permanent offline stores</td>
<td>To be the most special provider of shirts</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Website (e-mail, chat)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Extensive social media presence</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Online magazines</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- App</td>
<td></td>
</tr>
<tr>
<td>L</td>
<td>Consumer electronics retailer</td>
<td>- Permanent offline stores</td>
<td>To be the first choice in consumer electronics</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Website (e-mail, chat)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Some social media presence</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- App</td>
<td></td>
</tr>
<tr>
<td>M</td>
<td>Home improvement products retailer</td>
<td>- Permanent offline stores</td>
<td>To provide the easiest way to search for home improvement products</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Website (e-mail, chat)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Some social media presence</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- App</td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>Inexpensive wrist watches retailer</td>
<td>- Permanent offline stores</td>
<td>To provide “The right watch for the right moment.”</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Website (e-mail, chat)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Extensive social media presence</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Television</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Online magazines</td>
<td></td>
</tr>
</tbody>
</table>

Source: Authors’ own creation.

Table 2. Overview of data collection on the 14 participating firms

<table>
<thead>
<tr>
<th>Data source</th>
<th>Number of respondents</th>
<th>Number of interviews</th>
<th>Mean length (minutes)</th>
<th>Number of observations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Firm representatives:</td>
<td>28</td>
<td>32</td>
<td>46</td>
<td>--</td>
</tr>
<tr>
<td>Customers:</td>
<td>15</td>
<td>15</td>
<td>14</td>
<td>--</td>
</tr>
<tr>
<td>Omnichannel:</td>
<td>14</td>
<td>1</td>
<td>--</td>
<td>14 (1 per firm)</td>
</tr>
<tr>
<td>Documents:</td>
<td></td>
<td></td>
<td></td>
<td>Descriptions of each firm, products, product availability, means of payment, means of delivery, return conditions, etc.</td>
</tr>
</tbody>
</table>

Source: Authors’ own creation.

3.3. Data analysis and theorisation

The study analyzed qualitative data from interviews with retailers who implemented omnichannel practices. The variables used in the analysis were Offerings, Activities, Actors, and Transaction mechanisms. The analysis also used the theory of business models and dynamic capabilities. The interviews were recorded and
transcribed with consent. Data was stored for analysis. The analysis focused on each firm’s current omnichannel practices across channels. Firms’ omnichannel practices and competitors were documented for historical development, essential for novelty theme. Descriptive codes were used for abstraction. The next step was generalising the data through second-order coding into value themes (see Table 4). The process involved comparing theoretical constructs to empirical facts, generating two outcomes. One was the empirical confirmation of the employed constructs, which indicated their relevance, while the other was the identification of empirical patterns concerning which particular occurrences of omnichannel practices created value – the latter is the main intent of this study and which produced this study’s results. In addition to the a priori theory, the theory of dynamic capabilities was included reactively (Teece et al., 1997) to account for the empirical findings regarding the investigated firms’ adaptations of their omnichannel practices. Each firm was analysed first individually (intra-case) and then comparatively (inter-case) to identify patterns of similarities and differences. Different authors analysed distinct data sets to enhance analyst independence, which was later shared with other authors for cross-validation (Eisenhardt, & Graebner, 2007; Eisenhardt et al., 2016). The procedure confirmed existing theories, but also suggested expansion. More details in subsequent sections.

4. Results and discussion

4.1. Results

Tables 3 and 4 provide an overview of the firms’ profile and abductive knowledge generation respectively. Results are organized by business model theme for better readability.

Novelty

Novelty refers to a way of doing business that is new to the industry and attractive to the market (Amit & Zott, 2001). Companies are improving their omnichannel practices by offering faster delivery options, automatic refills, and integrating online ordering with video calls to assist customers. They are also collaborating with local firms and celebrities to promote their products through social media. In some firms, such efforts were coordinated with specific events. The widespread use of online communication has increased the use of social media (SM) tools, and businesses have started to use these channels (Ata et al., 2022). A basketball tournament had physical stores, special product offerings, and social media presence. There was also a used return service for recycling clothes and receiving membership points.

Innovative firms with strong managerial capabilities were able to create value from omnichannel practices by adapting quickly to new technologies and local social trends. This approach embodies the notion of dynamic capabilities (Teece et al.,
Table 3. Overview of activation of the four value creation themes (novelty, efficiency, complementarity, and lock-in), with firms activating these four sources of value creation to a varying degree (low, medium, or high)

<table>
<thead>
<tr>
<th>Firm</th>
<th>Novelty</th>
<th>Efficiency</th>
<th>Complementarity</th>
<th>Lock-in</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Medium: indirect network effects</td>
</tr>
<tr>
<td>B</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>High: sunk costs, direct and indirect network effects</td>
</tr>
<tr>
<td>C</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>D</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Medium: sunk costs</td>
</tr>
<tr>
<td>E</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>F</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Non</td>
</tr>
<tr>
<td>G</td>
<td>Medium</td>
<td>Medium</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>H</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>Medium: sunk costs and indirect network effects</td>
</tr>
<tr>
<td>I</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>None</td>
</tr>
<tr>
<td>J</td>
<td>Low</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
</tr>
<tr>
<td>K</td>
<td>Medium</td>
<td>Medium</td>
<td>Medium</td>
<td>High: sunk costs and data network effects</td>
</tr>
<tr>
<td>L</td>
<td>Low</td>
<td>High</td>
<td>Low</td>
<td>Non</td>
</tr>
<tr>
<td>M</td>
<td>Low</td>
<td>High</td>
<td>High</td>
<td>Low</td>
</tr>
<tr>
<td>N</td>
<td>High</td>
<td>High</td>
<td>Low</td>
<td>High: sunk costs, direct and indirect network effects, direct network effects</td>
</tr>
</tbody>
</table>

Source: Authors’ own creation.

1997; Teece, 2010 in this context about omnichannel practices only. Competitors imitated firms with successful omnichannel strategies, giving them only a short window to attract customers. Novelty is about the degree of newness, which can account for minor or major changes in practices such as payment and delivery methods.

Efficiency

Efficiency refers to doing business that uses fewer resources than rivals or achieves more with similar resources (Amit & Zott, 2001). In the present study, firms’ omnichannel practices revealed multiple solutions for efficiency. One example was where firms offered customers detailed information about the products, their characteristics, availability, payment methods, and delivery methods. All such information was typically presented in a manner that made it easy to access and
understand to encourage the purchase process (Taylor et al., 2019). Firms had great product search functionality and provided ordering information across all channels, such as home delivery and pick-up at a nearby store.

While there was little difference between firms providing easy-to-access information about products and product orders, there was considerable variation regarding payment and product delivery methods. Several firms offered more payment methods (several credit and debit cards and various e-payment solutions such as PayPal and Apple Pay), whereas other firms offered fewer payment methods, which varied across channels. The more payment methods, the more convenient for customers. Hence, purchasing becomes more efficient.

Table 4. Illustration of the abductive generation of the key finding of this study: the degree of activation of business model themes

<table>
<thead>
<tr>
<th>Data</th>
<th>Descriptive code</th>
<th>Theme</th>
</tr>
</thead>
<tbody>
<tr>
<td>“We have introduced the highest number of payment methods compared to our peers.”</td>
<td>Number of different delivery methods</td>
<td>Degree of activation of novelty</td>
</tr>
<tr>
<td>“We only offer popular payment methods.”</td>
<td>Number of different payment methods</td>
<td></td>
</tr>
<tr>
<td>“We are unique in including local sports stars with whom our customers can interact through our omnichannel.”</td>
<td>Number of unique actors included</td>
<td></td>
</tr>
<tr>
<td>“We make purchasing products easier for our customers than our peers. We offer more variation of payment methods and more product delivery options. All these options are available in all our channels.”</td>
<td>Number of payment methods, which makes it easier to shop, Number of delivery methods, which makes it easier to shop</td>
<td>Degree of activation of efficiency</td>
</tr>
<tr>
<td>“We are constantly updating our omnichannel to include events, local sports stars, new payment methods, and other features.”</td>
<td>Number of assets that jointly add value</td>
<td>Degree of activation of complementarity</td>
</tr>
<tr>
<td>“Including many channels and integrating them well is complex, which drives costs. Therefore, we try to be more modest regarding the number of options available in our omnichannel to reduce the costs and risks.”</td>
<td></td>
<td></td>
</tr>
<tr>
<td>“We only managed to provide product reviews for a short time. However, we felt we lost control of it, so we stopped it.”</td>
<td>Scope of operational setups to activate direct network effect, Number of operational setups to activate data network effects, customisation, and direct network effects</td>
<td>Degree of activation of lock-in</td>
</tr>
</tbody>
</table>

Source: Authors’ own creation.
Most firms offered different product delivery methods. These methods included Click & Collect, where a product is picked up online in a selected store (Kim et al., 2022), home delivery by a pre-defined date and time, with different delivery lead times, and delivery to a selected pick-up site such as a supermarket. There were also variations among firms about the number of delivery methods. Firms that offered a greater number made it more convenient for shoppers to receive a product. Three firms offered express product delivery services (one to two days) or standard one-week delivery. Firms offered digital interactions in physical stores via in-store digital screens or customers’ mobile phones. Video calls with sales representatives were also available for online search, selection, and ordering of products. The analysis offers the following insights. First, the results confirm that omnichannel makes shopping more efficient for potential customers to become actual customers than single channel and non-integrated multi-channel (Costa Climent et al., 2022). When two firms offer similar products at similar prices, the one with a more convenient purchase process usually wins. Firms vary greatly in their payment and delivery options, with only a few offering an efficient process. They could do so because their omnichannel offered more integrated provisions of a larger number of solutions (payment, delivery, and lead times) than other firms. Hence, the activation of the efficiency theme is not binary. It is achieved to varying degrees.

Complementarity

Complementarity refers to doing business that combines resources to generate synergies (Amit & Zott, 2001). Firms create complementarity by using two assets together. New channels are added like apps, physical stores, video calls, digital screens, and self-checkout solutions. Multiple payment and delivery methods are offered, along with same-day delivery through partnerships with local logistics firms. Companies differ in their omnichannel practices that offer multiple solutions for customers, such as home or store delivery. Interactive solutions like video calls with sales reps are also used. Some companies have complex omnichannel practices involving external actors. For example, special events like sporting events hosted by local clubs, endorsements by sports stars, temporary physical stores, and limited-edition products. Click & Collect also allowed customers to move between channels during a purchase. A few firms offered integrated complementary services, like providing beauty services inside a cosmetic store.

The analysis offers several insights. First, omnichannel practice is, in essence, about activating the complementarity theme of value creation. Multiple channels must be integrated complementary rather than as a substitution between channels, as in multi-channel retail. Second, while all investigated firms activated the complementarity theme, this activation varied considerably. Firms vary in their degree of activating complementarity. More complex complementarities that involve multiple actors and activities are harder to manage, and only a few firms do it
Omnichannel-based value creation through the activation of business model

 successfully. These successful firms have developed omnichannel management with dynamic capabilities.

**Lock-in**

Lock-in refers to a way of doing business such that actors are discouraged from leaving the business and migrating to a rival firm’s business model (Amit & Zott, 2001). The present study shows that the lock-in theme can be activated differently. All firms required customers to learn to identify and navigate their omnichannel systems while shopping. Several firms offered a special app that had to be downloaded to the customer’s device. Often, customers registered their credit cards. These actions involve an effort that generates a sunk cost, contributing to customers’ reluctance to switch to another provider.

Some firms offered club memberships to customers who agreed to share their user data. Members received personalized information, exclusive invitations to events, and product discounts. Two firms offered membership points for discounts and special deals. According to a 26-year-old male customer, “There is no point in me buying sports clothes elsewhere [than firm X], as after being their customer for nearly five years, they know about what I want, when I want it, and how I want it better than I do, and they provide me with excellent offerings that no one else does.” This situation illustrates data network effects in action (Gregory et al., 2021). Data analysis leads to better recommendations, customized offerings and increased customer loyalty through lock-in.

Firms allow customers to review and rate products, but not all are bold enough to do so. As one of the sales managers noted, there is a downside: “We do not want to take the risk that something happens that is outside our control and that would harm our business.” Product reviews and recommendations exemplify direct network effects. As more members produce such reviews, customers receive increased potential value and are offered a long list of reviews to help their product purchase and use. This situation, in turn, contributes to the firm’s ability to attract and retain new customers (Haftor, Climent, & Lundström, 2021). A company created a digital space for customers to share experiences about cosmetic products, attracting new customers and retaining existing ones. This activated direct network effects and led to a larger customer base and sales volume. The company also offered product reviews, realizing indirect network effects. The larger the customer base a firm acquires, the more suppliers are attracted, and vice versa (Economides, 1996).

As reflected by these results, the analysis offers several insights. First, not all firms’ omnichannel practices activated lock-in value creation. Second, different firms used different operational setups to activate different mechanisms for lock-in activation (i.e., sunk costs and the three kinds of network effects). Third, activation of the lock-in theme is not binary. Instead, lock-in can be activated to a varying degree of intensity. Two firms activated sunk costs and direct, indirect, and data
network effects. In contrast, several others only managed to activate some of these mechanisms.

4.2. Discussion

As retail firms struggle to achieve product differentiation, they invest in more sophisticated omnichannel practices to improve the purchase process for customers (Akturk et al., 2018). Existing theories propose that omnichannel practices can create value through efficiency (Brynjolfsson et al., 2013; Costa Climent et al., 2022). This study explores the proposal that omnichannel practices can create value by activating any of the four business model themes (Haftor & Climent, 2021). This study provides the following findings.

Contributions to theory

First, this study empirically confirms that a firm’s omnichannel practices can activate any of the four business model themes of novelty, efficiency, complementarity, and lock-in (Costa Climent et al., 2022). While empirical studies have shown that omnichannel practices create value through efficiency (Akter et al., 2021; Cai & Lo, 2020; Cocco & Demoulin, 2022) by making the purchase process more convenient for customers, this study provides the first empirical evidence of three other sources of value creation, namely novelty, complementarity, and lock-in.

Second, crucially, this study shows that the activation of any of the four themes of value creation is not binary. These themes are not active or inactive but can instead be activated to varying degrees of intensity. This idea is a departure from the literature on business model themes, which presents a binary notion of business model activation (Amit & Zott, 2001; Zott & Amit, 2007; Leppänen et al., 2021; Kulins et al., 2016).

Third, this exploratory study shows that different firms activate different themes. They activate combinations of the four themes, but not necessarily all themes simultaneously, as confirmed by the business model literature (Zott et al., 2011). Another novel finding is that such combinations of activated themes also vary in the extent to which they are activated. The data show that fewer firms activated lock-in to a lesser degree than any of the other three themes (Table 3).

Fourth, as predicted by the literature (Amit & Zott, 2001; Haftor et al., 2021), the lock-in theme is activated by different mechanisms: sunk costs, direct network effects, indirect network effects, and data network effects. The firms investigated in this study chose to use different mechanisms. Only one firm applied all mechanisms simultaneously (Table 3). This finding shows that activation of lock-in through omnichannel practices entails a choice of mechanism.

Fifth, the data show that each theme is activated by firms establishing different operational setups for their omnichannel practice in the form of, for example,
payment solutions or delivery solutions. The degree of activation of each theme seems to be contingent on the number and kind of solutions. The detailed analysis also shows that the same solution can contribute to activating one or more themes. Hence, there is potentially a many-to-many relationship between operational setup solutions and value-creation themes. This finding is a more detailed confirmation of results reported in the business model literature, which shows that two or more business model themes can interact when activated (Amit & Zott, 2001).

Sixth, closely related to the previous contribution, firms’ design of omnichannel practices entails configurations of diverse actors, activities, and transaction mechanisms. Some may be external to the firm and used only temporally, such as at sporting events. The omnichannel practices investigated in this study, with their specific configurations of multiple solutions, reflect the five recently proposed dimensions of business model innovation (Haftor & Climent Costa, 2023). This proposal suggests that the activation of any of the four value creation themes entails specific configurations of business models (Suh & Lee, 2023) in terms of five business model dimensions: exchangeables, activities, actors, transaction mechanisms, and governance structures (Haftor & Climent Costa, 2023). These five dimensions are valid for the conception of omnichannel practices and their differences, innovations, and ability to activate value-creation themes. It, therefore, represents a means to conceptualise the configurations of omnichannel practices concerning their ability to activate value-creation themes.

Seventh, this study shows that only a handful of firms activated the novelty theme (Table 3). Historical backtracking of the evolution of those firms’ omnichannel practices suggests that two firms activated the novelty theme by installing new solutions that developed their omnichannel practices. Because novelty is important to attract new shoppers and retain existing customers (Foss & Saebi, 2017), one of these two firms also managed to activate the lock-in theme to a high degree. This finding seems to confirm the proposals of the literature that suggest that firms that activate novelty can attract a larger customer base that they can then lock in to demotivate customers from migrating to competitors (Haftor & Climent Costa, 2023). The two firms that activated the novelty theme over time had more well-developed managerial capabilities for omnichannel practice. Specifically, they showed an ability to scan the external and internal environment, seize opportunities, and reconfigure assets to reactivate the novelty theme, which has only a limited window before competitors imitate the solutions that initially drove such novelty. This finding suggests that localised dynamic capabilities (Teece et al., 1997) may be crucial for continuously activating the novelty theme.

Managerial implications

First, to develop omnichannel practices, firms should identify which value-creation themes they aim to activate based on their current business model and competition. Second, omnichannel practices can activate the lock-in theme, demotivating
actors from switching to a competitor. As suggested by the literature and confirmed by one firm in the present study, the activation of lock-in can follow prior activation of novelty, which attracts a customer base. Activation of the two themes sequentially through omnichannel practice can contribute to a firm’s success in terms of market share, revenues, and customer retention, all of which tend to be crucial in the low-margin mass-market retail sector (Akturk et al., 2018).

Third, managers can conceive and design omnichannel practices regarding the five dimensions of business model innovation (Haftor & Climent Costa, 2023). This finding suggests that any operational solution to install an omnichannel practice (e.g., payment solutions, delivery solutions, and temporary outlets) embodies one or more business model dimensions (i.e., exchangeables, activities, actors, transaction mechanisms, and governance). Altering these dimensions enables the conception of the development of an omnichannel practice to activate any of the four themes of value creation, which in turn have implications for firm performance (Amit & Zott, 2001; Leppänen et al., 2021; Sohl et al., 2020).

Top brands like Amazon, Starbucks, Nike, Apple, Walmart, and Sephora are pioneers of omnichannel innovation, seamlessly blending digital and in-store experiences to enhance customer journeys and streamline operations. They have set new standards for commercial practices and customer engagement through omnichannel’s transformative power on logistics and marketing.

“Omnichannel approach cuts innovation expenses, streamlines resources, simplifies data gathering, accelerates feedback”. Merging channels can reduce costs, expand outreach, and improve efficiency in introducing new products.

Future research

While this study offers several novel insights and several confirmations of the literature, its key limitation is common to any exploratory multi-case study (Eisenhardt et al., 2016). The proposals of the study require independent confirmation. Its findings can facilitate the design of such studies. A company’s omnichannel strategy can be viewed as a causal chain leading to high performance. Yet, there are knowledge gaps in this causal chain that generate superior firm performance. Traditionally, a company’s financial well-being is crucial to its potential for sustainable growth and success in a competitive market landscape (Kliestik et al., 2020). Firms’ omnichannel practices can activate the Lock-in theme through various means, such as sunk costs, direct and indirect network effects, and data network effects. Further empirical studies based on real-world data are needed to gain a detailed understanding of how these means interact with each other. Organisations should develop a tailored and industry-specific strategy for achieving sustainable digital transformation. This strategy should begin with an external focus and be supported by a comprehensive enterprise-wide approach that connects various departments and functions, including the front, middle, and back-office operations (Nyagadza, 2022).

The study provides valuable insights into the omnichannel practices of the examined firms, highlighting four key themes: novelty, efficiency, complementarity, and
lock-in. These themes contribute to value creation and competitive advantage. Strong dynamic capabilities signify better resources than competitors, which aids in gaining a sustained competitive advantage (Bashir et al., 2022). The findings of the exploratory study need confirmation via independent studies with empirical analyses. Insights from this study can be used in future studies to address knowledge gaps in the omnichannel practice. The precise degree of theme activation, combinations, and their order require further empirical investigation but are crucial for superior firm performance.

5. Conclusions

Retailers can create value through omnichannel practices that trigger four themes: novelty, efficiency, complementarity, and lock-in, according to a multi-case exploratory study. As the existing literature suggests, retailers should explore and activate other value-creation themes beyond efficiency. These themes are not binary and can be activated in various ways. Retailers can adjust the activation intensity of value-creation themes to suit their needs and objectives. They should carefully design and configure their operational solutions accordingly. The study suggests the potential for retailers to activate value-creation themes more efficiently. In addition, larger empirical studies are needed to confirm the current study’s propositions and explore how multiple operational solutions constitute a company’s omnichannel practice.

This research explores Omnichannel Practice and its impact on firm performance. It involves multiple operational solutions, changes in business model dimensions, value creation themes, co-evolution with peers, and achieving high firm performance.

Further empirical qualitative research is needed to understand how operational solutions activate specific value-creation themes and their impact on firm performance.

Declaration of conflicts of interest

The authors declare that they do not present conflicts of interest in relation to the research, authorship, or publication of this work.

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