Stojković, D., Dokić, A., Vlačić, B., & Silva, S. C. E. (Accepted/In press). Toward the inter-channel synergy renaissance in emerging markets: evidence from adding clicks to bricks in Serbia. *International Journal of Emerging Markets*. https://doi.org/10.1108/IJOEM-10-2020-1166

The migration from channel to omni-channel management: The case of click into brick integration in Serbia (in a transition economy)

Abstract

The extent to which businesses in transition economies ensure seamless shopping experience may make the difference between venture's success or failure. Companies are adhering to this growing market demand by shifting from mono to multiple-channel strategies. In many situations, businesses in transition economies implementing a multiple-channel model trace their beginnings to the pure physical sales model. The newly established intersections between offline and online channels create room for achieving inter channel synergies, thus allowing for omni-channel strategic implementation. This creates the potential to cope with rising market challenges, as well as well-developed international competition. The purpose of this study is to examine which key channel management aspects affect the creation of channel synergy in companies transitioning to omni-channel management. Data collected from 97 businesses in Serbia which switched from brick-and-mortar to brick-and-click model was analysed by SEM-PLS approach. Findings suggest that higher levels of channel synergy are achieved through direct influence of channel support, as well as its indirect effect mediated via offline channel. The study also points out underutilisation of online channel in channel synergy creation, as well as relatively lower implementation of modern inter channel practices in businesses from transition markets.

Keywords: channel synergy, omni-channel management, channel management, brick-and-click model, transition economy.

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Integrating Click into Brick: The Impact of Omni-channel Management on Channel Synergy Creation in Transition Economies

1. Introduction

In the wake of new digital business challenges and sales paradigm shift, commercial decision-making models are being disrupted, with no single best strategic alternative in sight (Valos and Vocino, 2006). As modern marketing channels are undergoing a revolution, businesses are turning their focus to digital technology utilisation to create additional value for customers through accessibility, availability, transparency (Hagberg et al., 2016) and convenience (Duarte et al., 2018). The underlined idea is to address marketing channel goal misalignments and the lack of relevant business information (Wallace et al., 2009), both of which represent crucial components in sales optimisation. Digitalisation and the consequent rise of the new "everybody's an expert era" are generating demanding consumers seeking seamless, omni-channel shopping experience (Silva et al., 2018; Taylor, 2014). Consequently, businesses, especially small and medium enterprises (SMEs), are experiencing additional pressure to deliver (Irfan et al., 2019; Picot-Coupey et al., 2016). These new market moments are challenging for companies (Silva et al., 2020), especially for those operating in transition economies (Nowiński and Rialp, 2013). In this sense, the shift from brick-and-mortar (B&M) to brick-and-click (B&C) model, as the most common mono-to-multiple channel business model transition (Picot-Coupey et al., 2016), represents one of the most complex business challenges, which oftentimes makes the difference between market success or failure (Hübner et al., 2016).

During the last decade, academics and practitioners noted significant changes in the outlook, complexity and functioning of marketing channels caused by worldwide shift towards service economies, globalisation, big data and e-commerce (Watson et al., 2015; Verhoef et al., 2015). Policies regarding pricing, assortment, promotion and returns are attracting considerable scientific and corporate attention (Zhang et al., 2010). These aspects form the backbone of corporate positioning efforts within multiple, intertwined channel dimensions, such as degree of accessibility, type of communication, nature of interface and level of convenience (Dholakia et al., 2010; Hagberg et al., 2016; Duarte et al, 2018). Companies located in transition economies are striving to switch from mono to multiple-channel strategy in order to cope with the competitors from developed economies and their superior levels of channel synergy (Salciuviene et al., 2011). The key to success seems to lie in complete physical and human asset alignment and utilisation (Kabadayi, 2008).

An omni-channel strategy can be observed as a practically implementable solution related to the most effective integration and coordination of available offline and online resources (Pentina & Hasty, 2009; Neslin et al, 2006). One of the most important considerations in conceptualising and assessing an omni-channel strategy is the potential for creating and utilising different inter channel synergies (Berman and Thelen, 2018). These new disrupting market moments guided the focus of contemporary multiple-channel research efforts. Although papers from omni-channel domain gained much attention (Tagashira & Minami, 2019; Ailawadi & Farris, 2017), the comprehensive analysis of relevant factors influencing channel synergy creation in transition economies remains a neglected area.

Up-to-date studies suggest that omni-channel environment significantly contributes to modern business strategy conceptualisation and overall corporate financial results (Silva, Martins, & Sousa, 2018), especially if its conjuncture provides a potential for achieving economies of scale and scope (Neslin & Shankar, 2009). As companies coming from transition economies operate under limited resource availability and have less developed marketing channels (Salciuviene et al., 2011), the aim of this paper is to further the understanding of factors influencing the creation of channel synergy in transition market environment. Aligned with this, the paper advances the frontiers of knowledge and contributes to practitioners by investigating the effects of transition from channel management to omni-channel management on businesses operating in transition economies, integrating click into brick business model. Overall contribution of this paper is threefold.

First, this paper enhances existing literature in the sense that it synthesises existing knowledge regarding multiple-channel strategic implementation and bridges the gap between the concepts of channel management and omni-channel management with the extension of existing channel management perspective with channel synergy creation aspect.

Second, a comprehensive analysis of multiple-channel strategic modalities is provided. These are identified using aforementioned key omni-channel management aspects, thus establishing a sound theoretical and conceptual link between omni-channel management and omni-channel strategy. This provides an interesting theoretical starting point for future research.

Finally, this study provides managerial insight into specific challenges facing businesses operating in transitional economies transitioning from B&M to B&C model.

The remainder of the article is structured as follows. In the next section a literature overview is provided, followed by an explanation of proposed research model. The methodological approach and research findings are presented in the subsequent sections, followed by a discussion and overview of implications for theory and practice, as well as suggestions for future research. Finally, we provide a rounded conclusion accompanied with research limitations

2. Key omni-channel management aspects: literature review and knowledge synthesis

Research on omni-channel is vividly developing, with considerable ambiguity in the domain of channel synergy research, especially regarding transition economies. The main shortfall of omni-channel management research is the lack of comprehensive and systematic approach to examining factors influencing channel synergy creation (Mirsch et al., 2016). Limitations are predominantly related to constricted empirical research scope or narrow theoretical understanding, which is oftentimes manifested through exclusive consideration of just one of channel synergy aspect, i.e. cross-channel integration (Cao and Li, 2015). This represents a significant shortcoming, since it hinders the understanding of indirect effects, as well as interrelations between relevant factors influencing channel synergy creation. Although researchers, such as Avery et al. (2012) and Herhausen et al. (2015), analysed the channel synergy creation in omni-channel context, to the best of our knowledge, conducted research presented in this study is the first with specific focus on transition economies. This represents a significant research gap, since business operating in transitioning markets already have a competitive disadvantage compared to their counterparts from developed countries. Therefore, channel management efforts in transition economies are

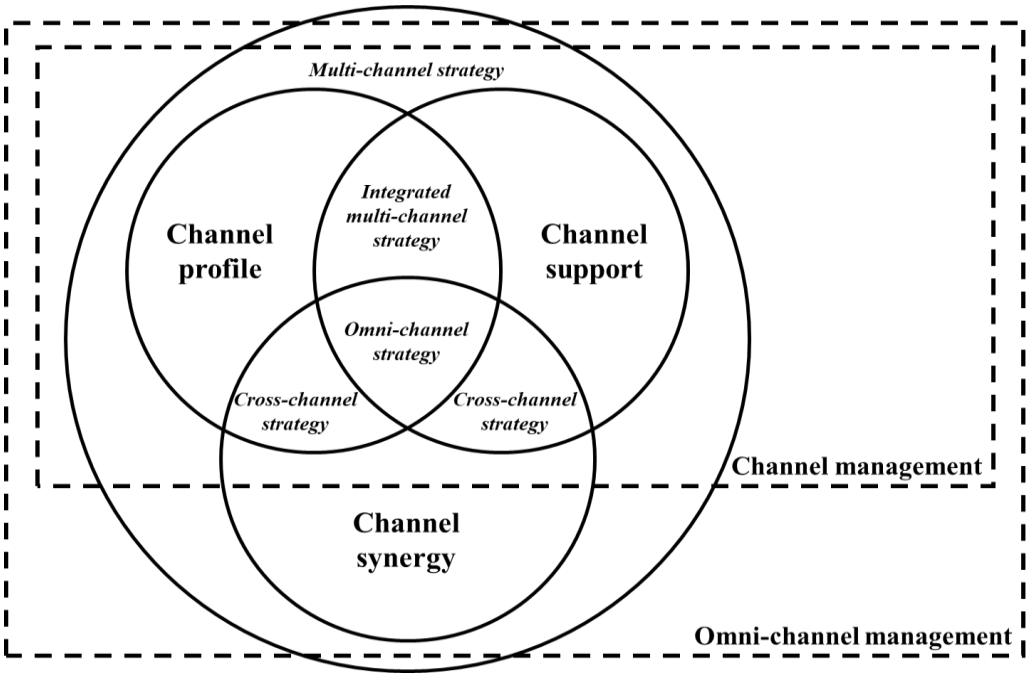
under additional pressure to achieve adequate levels of channel synergy when integrating click into brick business model, in order to level the competitive playfield.

Ever since ICT evolution brought about intensive digitalisation of commercial sector, the need for understanding the complexity and potential of multiple channel management has been present (Verhoef et al., 2015). Channel management has long occupied a significant portion of scientific focus, in which researchers have since explored multiple research angles. Initially, the focus of relevant literature was external, observing the coordination between different marketing channel members (Mehta et al., 2002), which we can now theoretically expand and identify as supply-chain management (SCM) (Adivar et al., 2019). Gradually, with the development of new internet-based marketing channels, focus shifted towards internally controlled channels, where the difference between offline and online channels was analysed (Manser Payne et al., 2017). This was consequently followed by a parallel, also internally-oriented line of research, which observed organisational technological, operational and strategic capacity to facilitate emerging multiple-channel business models (Jeanpert and Paché, 2016).

The theoretical expansion of aforementioned research came in the form of omni-channel management, in which the focus has been on synergetic management of all available offline and online channels, with the aim of achieving seamless shopping experience (Shen et al., 2018). Following previously established research direction, contemporary omni-channel management literature thrived, covering areas vital for supporting omni-channel strategy implementation, such as supply chain management, marketing, operations, customer service and data management (Cai & Lo, 2020), as well as deepening the understanding of different roles of various offline and online channels in omni-channel strategic conceptualisation (Adivar et al., 2019; Wei and Li, 2020).

By summarising aforementioned, it can be concluded that channel management covers coordination and control of various inter and intra organisational processes vital for establishing and running a multiple-channel business, as well as their reflection on existing offline and online channels. In its place, omni-channel management represent a theoretical and conceptual expansion of channel management through the introduction of channel synergy as a precursor for maximising overall customer satisfaction. Upon synthesising presented findings from contemporary research, the inevitable conclusion is derived that channel management and multiple-channel strategy implementation are interlinked. Consequently, their intersection creates the space in which the potential for channel synergy creation lies, which is essential for implementing omni-channel strategy. Drawing upon this, we can identify three key strategic areas in multiple-channel business model - channel support, channel profile and channel synergy (Berman and Thelen, 2018). The interaction between these three dimensions determines the type and nature of marketing channel strategy employed by a company (Beck and Rygl, 2015). This approach can be used to identify four main multiple-channel strategic modalities defined by Picot-Coupey et al. (2016): multi-channel strategy, integrated multi-channel strategy, cross-channel strategy and omni-channel strategy. Summarized reflections on this matter are presented in Figure 1.

Figure 1. Multiple-channel strategy classification based on the interaction of key omni-channel management aspects



Source: Own source adapted from Beck and Rygl (2015) and Picot-Coupey et al. (2016)

Figure 1 shows that channel management entails channel support and channel profile aspects, which corresponds to considerations from observed contemporary literature. Channel support aspect covers both internally and externally oriented business processes which allow businesses to extend their existing physical market reach to the digital environment. Drawing upon this, companies with multiple-channel business models require developed information management systems, as well as necessary technical and technological capacities (Jeanpert and Paché, 2016; Wallace et al., 2009). Additionally, marketing efforts (Picot-Coupey et al., 2016) and operations (Pentina and Hasty, 2009) should be adapted to handling specific challenges posed by operating in multiple-channel environment. Finally, marketing channel strategy implementation recognises the importance of optimising the relations and flows between businesses constituting a supply-chain network (Kozlenkova et al., 2015).

Second aspect of channel management reflects the fact that multiple channel strategy implementation success rests on utilisation of available marketing channels (Manser Payne et al., 2017). In this sense, contemporary literature has theoretically and empirically confirmed the differentiation between offline and online channel profiles (Stojković et al., 2016). Considerations in common for both online and offline channels are related to the offered assortment (Ailawadi & Farris, 2017), channel identity, covering both customer-viewed channel specificities (Jones & Kim, 2010) and customer trust (Chen et al., 2014; Salciuviene et al., 2011), as well as the assessment of key channel financial and operational performance (Coelho et al., 2003; Goyal and Mishra, 2016). Specific considerations for offline channel are focused on the store atmosphere (Dholakia et al. 2010 and Das, 2014), whereas online channel specificities are related to convenience with touchpoints (Straker et al., 2015; Duarte et al, 2018), and e-service quality (Blut, 2016).

The transition from channel management to omni-channel management is denoted by the need to guide and govern channel synergy creation in multiple-channel environment. The level of utilisation of various channel synergies determines the outlook and complexity of an employed

multiple-channel strategic modality (Fornari et al., 2016). Drawing upon this, many papers observed channel integration as the key "binding agent" in developing cross-channel (Cao and Li, 2015) and omni-channel strategies (Cao and Li, 2018). Channel integration covers significant business areas, such as information management (Pentina and Hasty, 2009), customer service (Ganesh et al., 2004) and channel access (Cassab and MacLachlan, 2009). Although vital for creating a successful multiple-channel business model, (cross-)channel integration is not equivalent to channel synergy, but rather its key component. Related to this, channel integration is closely linked with inter channel reciprocity, which includes bidirectional channel referrals, image and trust transference (Jiang et al., 2015), essential for creating an optimised B&C model perceived uniformly by its customers. Aforementioned aspects require a well-coordinated approach in governing various offline and online channels, especially when coordinating inter channel promotions and tracking (Wallace et al., 2009). A comprehensive analysis of inter channel synergies also implies recognition and understanding of various inter channel influences, such as inter channel conversion, communication (Zhang et al., 2010), delivery, selling and channel lock-in (Verhoef et al., 2007). The key takeaway is that the theoretical space between channel and omni-channel management is multi-dimensional in nature and does not represent a "black and white" picture. Rather, there are many finely shaded grey areas, in which the level of development of certain business areas, as well as their interaction, determines the final outlook of a B&C business model, observed theoretically through the lenses of specific multiple-channel strategic modalities.

3. Research model development

Multiple-channel management represent a truly inter disciplinary field with far reaching practical implications, as both researchers and practitioners alike are faced with similar dilemma when incorporating digital marketing channels into existing B&M business model – how to utilise channel management to improve business performance? Having in mind the context of this paper, this is translated into a research question aimed at understanding which channel management aspects influence channel synergy creation in the omni-channel strategic context.

Several studies focused their efforts on examining channel synergy dimensions. It has been suggested by Pettersen and Colbjørnsen (2019) that the synergy should be observed in the digital and physical intersection of corporate online and offline channel operations. Wiener et al. (2018) observed different omni-channel synergy outcomes in the context of offline-online integration. In light of their findings, both papers focused on sectors (digital bookselling and publishing industry, respectively) with very low need-for-touch basis which limits the generalisation potential of research findings, due to their industry-specific nature (Rodrigues et al, 2017).

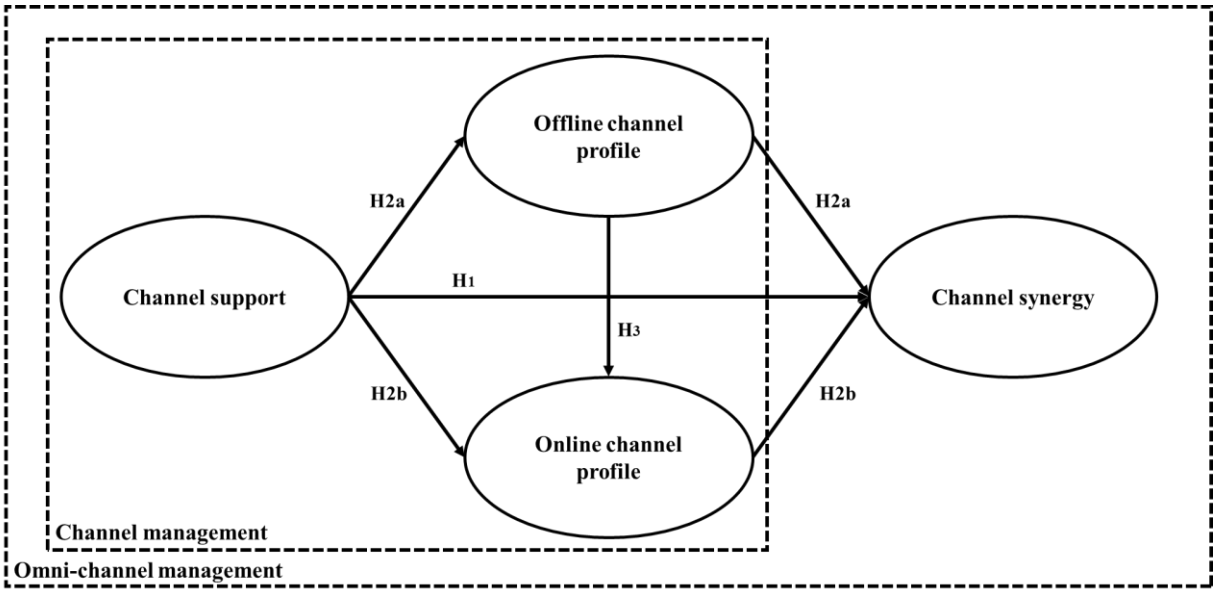
Fornari et al. (2016) also studied the topic of omni-channel synergy. The underlined idea characterising the paper is that omni-channel synergy is influenced by both direct and indirect effects. This proved as well-grounded and acceptable in terms of determining the presence of synergy or migration (anergy) in a multiple-channel model. Although theoretically sound, the research was empirically narrow, focusing on the effects of store addition on online book purchasing.

As mentioned, the idea behind this paper was to develop an exploratory model which would shed a light on channel synergy creation within omni-channel management. The basis of the conducted research can be traced to the works of Cai and Lo (2020), who identified omni-channel

management as a combination of omni-channel retailing (channel governance), omni-channel marketing, omni-channel logistics and fulfilment, omni-channel customer service, omni-channel supply-chain, omni-channel consumer behaviour and omni-channel customer preferences. Drawing upon this, our study recognises the importance of aforementioned inter and intra organisational business areas and classifies them as the channel support aspect, based on conducted literature review. Expanding the notion of omni-channel retailing observed by Cai and Lo (2020), this paper differentiates between physical and online channel specificities. Introduction of this distinction within the concept of channel profile is justified by contemporary literature and was implemented by Wei and Li (2020) in omni-channel context. The final component of the proposed conceptual model is previously mentioned channel synergy, which completes the comprehensive theoretical concept of omni-channel management, explained in the previous section. The term omni-channel synergy has deliberately been avoided in this study, since partial synergy utilisation can be present in certain multiple-channel strategic modalities, such as cross-channel strategy (Cao and Li, 2015).

Regarding the relations between identified key factors constituting omni-channel management, this paper draws upon the work of Fornari et al. (2016) which confirms that comprehensive understanding of channel synergy requires the analysis of both direct and indirect influences. This was modelled based on the notion by Pettersen and Colbjørnsen (2019) that channel synergy is affected by both offline and online channels. By summarising aforementioned, the conceptual model was developed (Figure 2).

Figure 2. Conceptual model



The shift form channel management to omni-channel management implies proactive approach to planning, implementing and controlling inter channel synergy creation. The proposed model takes into account both direct and indirect effects of identified key channel management aspects on achieving necessary channel synergy level within the implementation of omni-channel strategy. As seen from the Figure 2, the basis of the proposed model is the direct relation between business processes vital for multiple-channel strategic implementation and channel synergy creation.

H1. Channel support has an important role in transitioning from channel management to omni-channel management, exhibited through direct positive influence on channel synergy creation.

Proposed model also takes into account the perspective presented by Shen et al (2018) and Verhoef et al (2015) which defines omni-channel management as a synergetic organisational process of governing all online and offline channels. By combining this with the findings of Fornari et al. (2016), channel management transition to omni-channel management receives a new research perspective. The extent of channel support influence on channel synergy is additionally expanded by its indirect effect through channel profile. With this in mind, the following hypotheses are proposed:

H2a. Channel support exerts a positive influence on channel synergy creation, mediated via offline channel during omni-channel strategy implementation.

H2b. Channel support exerts a positive influence on channel synergy creation, mediated via online channel during omni-channel strategy implementation.

Finally, the model was rounded with the consideration of whether the shift from B&M to B&C model creates certain effects between offline and online channels, which may not be covered by previous hypotheses (Verhagen & van Dolen, 2009; Xu & Cao, 2019).

H3. Offline channel positively influences online channel in creating channel synergy during the transition from channel to omni-channel management.

The direction of the proposed relation was determined by the research focus of this paper, as the majority of mono-to-multiple channel business model transitions happen by integrating click into existing brick model (Picot-Coupey et al., 2016). Similar conclusion is derived for transition markets as well (Stojković et al., 2016). Although many examples of pure-click companies venturing into the environment of physical sales, i.e. Amazon, these are oftentimes performed by large e-commerce companies, rather than SMEs (Rahayu and Day, 2017), which form the backbone of transition economies. Overall slower influx of ICTs in developing countries (Kshetri, 2007) and lower digital education of transition countries' populations (Akamp and Müller, 2013) additionally guided the focus of this paper towards examining the transition from channel management to omni-channel management in the case of integrating click into brick.

4. Method

4.1 Sample and data collection

The aim of this study is to examine channel synergy creation during the transition from channel management to omni-channel management. As previously explained, the research focus is migration from B&M to B&C model in transition economies. The research was conducted in Serbia, a representative market in transition (Kapoulas and Ratkovic, 2015). The data was collected through interviews using CATI technique, for complete questionnaire see Appendix. In total 209 businesses have been contacted between April and May in 2019 and the response rate was 71.77% enabling 150 companies in the initial sample. From the initial sample 53 were excluded from the analysis, either for not having online sales or having a pure-click business model. The final sample consisted of 97 companies from Serbia. Somewhat limited sample size was the function of research goal, availability of data and low level of multiple-channel model market presence. E-commerce is still in a development phase in Serbia, since the number of online

traders operating in Serbian market only ranges between 1,000 and 2,000 (USAID, 2019, p.147). This implies that the overall market coverage of the analysed sample is between 5% and 10%, which is significant and allows for conclusion generalisation. The structure of the gathered sample is shown in Table 1.

Table 1. Sample structure

Sample structure	Share
Number of employees	
<9	31.96%
10<_<49	27.84%
>50	40.21%
Years in business	
<1 year	1.03%
1<_<3 years	8.25%
3<_<5 years	4.12%
5<_<10 years	12.37%
>10 years	74.23%
Industry	
Administrative and support services	3.09%
Communications and informing	5.15%
Other services	3.09%
Agriculture, forestry and fishing	2.06%
Processing industry	22.68%
Retail and wholesale	59.79%
Entertainment and recreation	1.03%
HORECA	2.06%
Finance and insurance	1.03%

Previous research acknowledged omni-channel strategic challenges in numerous industries like tourism (Kontis & Lagos, 2015) and apparel industry (Jones & Kim, 2010; Kim & Lee, 2008), hence the idea was to investigate the transition from channel management to omni-channel management across numerous industries in order to provide sound results. Therefore, the sample included companies from 9 different industries, amongst which retailing, wholesaling and processing businesses were the most numerous, reflecting the market reality.

The research was conducted to analyse companies migrating from mono to multiple-channel strategy and their capacity to achieve higher levels of channel synergy, allowing for a transition from channel to omni-channel management. To analyse this, data was modelled with a structural equation system by partial least squares (PLS-SEM), due to the lack of a robust theory on the relationships between key omni-channel management aspects, as well as exploratory nature of the research (Hair et al., 2019). The main purpose of this approach is to enhance the variance explained by the dependent variable. Furthermore, this procedure is more robust than a variance-covariance based model as it does not impose further limitations regarding sample size and distribution of data (Chin, 1998; Reinartz et al., 2009; Wong, 2013). All the calculations were performed using SMARTPLS v3.3.0 (Ringle et al., 2015).

4.2 Measures and data analysis

Identified key aspects constituting omni-channel management were introduced into the model as latent variables. Confirmatory factor analysis (CFA) was used to create the analysed constructs (Brown, 2015), which are presented in Table 2.

Table 2. Measurement validation statistics for developed model constructs

Constructs	Items	Factor loadings	Cronbach's α	CR	AVE
Channel support (CS)	CS1	.774	.771	.851	.589
	CS2	.707			
	CS3	.828			
	CS4	.757			
Offline channel (OF)	OF1	.707	.707	.819	.532
	OF2	.763			
	OF4	.674			
	OF6	.770			
Online channel (ON)	ON2	.776	.854	.894	.628
	ON3	.805			
	ON4	.784			
	ON5	.818			
	ON6	.778			
Channel synergy (CSY)	CSY2	.790	.707	.835	.630
	CSY3	.879			
	CSY4	.703			

The rule to retain reflective indicators based on outer loadings that met the minimum threshold of .4 was adopted (Hair et al., 2014). Assumptions, such as multivariate normality and the absence of multivariate extreme values, were verified prior to the application of CFA (Harrington, 2008). Reliability was tested using Cronbach's α, with the threshold value being .70 (Kim et al., 2015). It is important to notice that all the constructs exceeded the minimum discriminant validity threshold of .70 for CR and that convergent validity was also satisfied as the minimum threshold of .50 for the AVE was achieved for all constructs (Bagozzi and Yi, 1988). The Fornell and Larcker (1981) criteria was also fulfilled. In line with the recommended rule of thumb by Field's (2005), items with an item-total correlation above .50 and below .90 were retained. Finally, all construct recorded variance inflation factor indicator values between .20 and below 5 indicating absence of collinearity (Hair et al., 2017), as depicted in Table 3.

Table 3. Descriptive statistics and correlation matrix

Latent constructs	Mean (*)	SD	Square root of the AVE (Latent) & Correlations Matrix			
			1	2	3	4
CS	3.94	.65	*.768*			
CSY	3.95	.63	.512	*.794*		
OFC	4.04	.60	.456	.677	*.730*	
ONC	3.79	.69	.533	.430	.383	*.792*

(*) Mean, the average score for all the items included in this construct; standard deviation (SD); composite reliability (CR); average variance extracted (AVE); The italic numbers on the diagonal are the square root of the AVE. Off-diagonal values are correlations among constructs/variables.

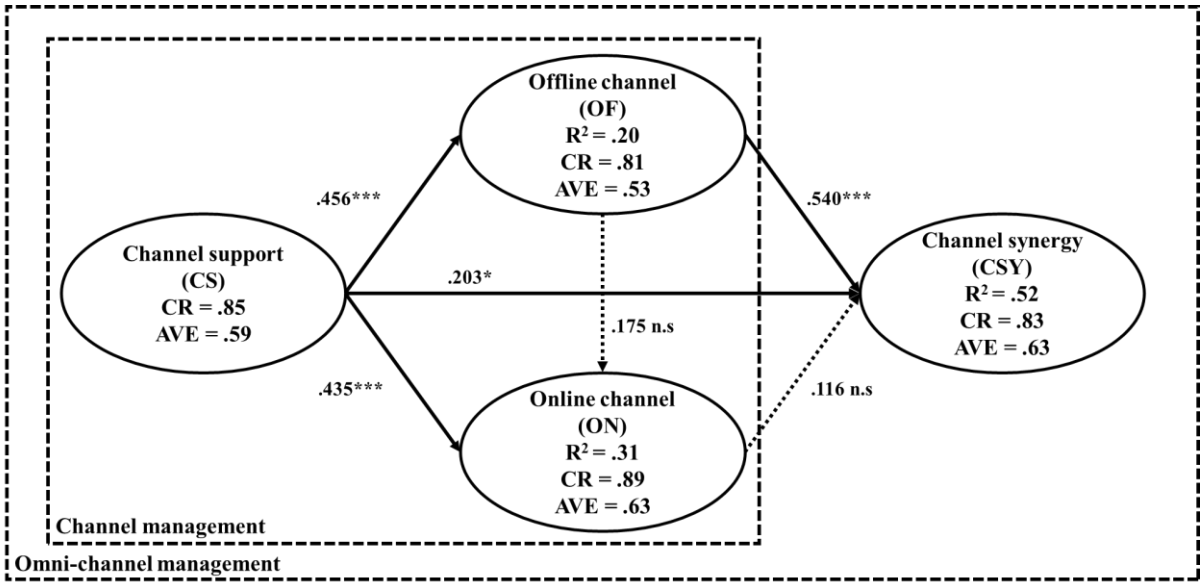
Furthermore, Chin`s (1998) notion that the sample size should be 10 times larger the dependent variable with the largest number of independent variables impacting on it (for our study this was 30) has been satisfied. Our sample contains 97 cases, meeting the requirements of data adequacy. Bootstrapping was also conducted over 5,000 resamples with individual changes in the resampling.

5. Empirical analysis and results

5.1 Structural model

After validating data adequacy and sample validity, the estimated model could be analysed. Estimated path coefficients and explained variance (R^2) of the dependant latent variable (channel synergy) are shown in Figure 3.

Figure 3. Assessed structural model



Note: t-values thresholds at one-tailed test of alpha = .05 and 5000 resamples: +t (.050, 4999) = 1.645; *t (.010, 4999) = 2.327; **t (.005, 4999) = 2,57; ***t (.001, 4999) = 3.091

The results show a positive significant direct effect of channel support on channel synergy (.203*), giving support to *H1*. The importance of channel support in the overall transition from channel management to omni-channel management is additionally emphasised by its total effect on creating channel synergy (.511***), encompassing all direct and indirect influences. In the context of channel management, the results are aligned with the contemporary literature in the sense that channel support exerts its relevance in multiple-channel strategy implementation through its positive influence on offline (.456***) and online channel (.435***). When expanding this notion to omni-channel management, the model confirms the indirect importance of channel support on channel synergy creation, positively mediated through offline channel profile (.246***), thus supporting *H2a*. On the other hand, the results show that this indirect effect is not mediated through online channel profile (.053 n.s), which led to the rejection of *H2b*. Finally, the model provided no evidence for supporting *H3*, since no specific effects of offline on online

channel were shown within the migration to omni-channel management (.009 n.s). Model results regarding hypotheses testing are depicted in Table 4.

Table 4. Analysed hypotheses

Hypothesis	Path	β	t-value
H1	CS⟶CSY	.203	2.373*
H2a	CS⟶OF⟶CSY	.246	4.126***
H2b	CS⟶ON⟶CSY	.053	1.229 n.s
H3	CS⟶OF⟶ON⟶CSY	.009	.882 n.s

Note: t-values thresholds at one-tailed test of alpha=0.05 and 5000 resamples: +t (.050, 4999) = 1.645; *t (0.010. 4999) = 2.327; **t (0.005, 4999) = 2,57; ***t (0.001, 4999) = 3.091

Overall, there were no registered collinearity issues (1.0<VIF<3.0) and the proposed model explains the total of 52% of channel synergy variance, accounting for the direct influence of channel support, as well as its indirect effect mediated through offline and online channel. This estimate provides substantial (R^2>0.5) and meaningful results (Q^2>0.3) of estimated model (Hair et al., 2019). Presented findings extend existing research by suggesting that businesses operating in transition economies tend to be lacking in terms of online channel development (Salciuviene et al., 2011), which is reflected on their capacity to generate channel synergy via this route, limiting their potential for complete transition to omni-channel management. Detailed deliberations on this topic are presented in the following section of the paper.

6. Discussion and future research

The study indicated importance of omni-channel management factors in creating channel synergy for companies operating in transition economies, opting to integrate click into their brick business model. In this paper, channel support has been theoretically identified as the key component of channel management in businesses switching from mono to multiple-channel strategy. This has also been empirically confirmed for businesses in transition economies, as the proposed model showed significant relations with both offline and online channel profiles within channel management. This implies that companies from transition markets require a solid, well-developed foundation comprised of key business processes, such as ICT system, SCM, marketing, and operations (Cai and Lo, 2020), in order to efficiently and effectively expand their business in physical and digital domains. The developed model also stresses the importance of channel support within the process of transitioning from channel management to omni-channel management, as its direct positive influence on channel synergy creation has been confirmed (*H1*). This finding shows that multiple-channel companies from transition economies expanding their physical market presence with online channels cannot achieve high levels of inter channel synergy, and consequently omni-channel management, without a strong organisational channel support.

Additionally, alongside its direct effect, presented findings also confirm indirect significance of channel support on channel synergy creation within omni-channel management, mediated through offline channel profile (*H2a*). This was somewhat expected, since previous research confirmed that the majority of multiple-channel strategic models employed in transition markets rely mostly on offline aspect for generating revenue (Picot-Coupey et al., 2016; Stojković

et al., 2016). The sample used in this research also exhibits this trait, as almost 66% of interviewed companies generated less than 20% of the total revenue through digital channels. Therefore, the effectiveness of managing business processes vital for multiple-channel governance is mainly reflected on channel synergy creation via offline, rather than online channel.

In relation to this, the conducted analysis interestingly showed that channel support relevance in channel synergy creation is not felt through online channel (*H2b* rejected), nor does the more developed offline component enhance the mediating effect of online channel profile through specific, inter channel relations and exchanges (*H3* rejected). What this shows is that businesses from transition economies switching from B&M to B&C model tend to underutilise the online aspect of implemented multiple-channel model, using it more as a support channel rather than revenue-driver. Alongside shorter market existence of online channel compared to offline channel, this affects managerial experience in governing digital channels, channel contribution to overall corporate performance, as well as customer awareness and marketing channel recognition. Additionally, aforementioned research implications suggest that the influx of modern omni-channel practices, such as ship-to-store (STS), buy-online-and-pick-up-in-store (BOPS) (Cai and Lo, 2020), buy-online ship-to-store (BOSS) and buy-online ship-from-store (BOFS) (Wei and Li, 2020) is lower in transition markets compared to the developed ones. Limited application of positive inter channel practices significantly hinders the capacity of businesses from transition economies to generate higher levels of channel synergy when integrating click into brick model. This in terms restricts the possibilities of omni-channel strategy implementation, thus creating a notable competitive market disadvantage. Potential avenue for future research could be aimed at identifying key relations between offline and online channels in developed markets and the testing of their effectiveness in transition market environment. Additionally, the coverage of multiple-channel businesses from transition economies integrating brick into click model could also prove fruitful.

7. Conclusion and limitations

In this paper, a detailed overview of the contemporary literature was conducted in order to understand the difference between channel and omni-channel management, as well as to identify key aspects helping businesses to successfully make this managerial transition. Empirical analysis using SEM PLS was performed with the aim of determining the influence of channel management aspects on channel synergy creation in businesses from transition markets switching from B&M to B&C model, in the omni-channel management context. The results showed that multiple-channel companies from transition economies somewhat struggle when utilising online channel as a platform for channel synergy creation.

Well-developed channel support is a necessary precondition when striving towards higher levels of inter channel synergy, and ultimately complete omni-channel strategy implementation. The relevance of channel support in omni-channel management in transition markets has been shown to be twofold, both as a direct factor influencing channel synergy creation, as well as an indirect presence manifested through offline interactions. Research also showed lacking prudence of recently digitalised B&C businesses in the domain of online channel usage, especially in terms of achieving channel synergy, as well as underwhelming impact of established offline channel on digital business component. Implied lack of modern inter channel practices

implementation confirms the conclusion by Cai and Lo (2020) that omni-channel management is rapidly developing, but far from maturity and stresses its far-reaching implications on businesses from transition economies striving for synergetic integration of click into brick model.

The authors acknowledge certain limitations regarding the conducted research. These are mainly related to the sample. The overall sample size, although relevant, needs to be treated with caution taking onto consideration country level of development. Even though the conducted research is multi-industrial in its nature, it is still single-market based, therefore national market specificities should be taken into account upon conclusion generalisation. This paper should help create a good starting point for further research in the area of omni-channel management.

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Appendix

DIMENSIONS	ITEM	MAIN REFERENCES (for criteria)	QUESTIONS (Likert scale: 1 to 5)
Channel support	Business information system	Müller-Lenkenau et al. (2006); Chen et al. (2014); Pentina and Hasty (2009); Picot-Coupey et al. (2015); Wallace et al. (2009); Martino et al. (2015); Mishra and Singh (2015); Goyal and Mishra (2015);	1. Level of development and implementation of business information systems in channel management (sales)
	Supply-chain management	Pentina and Hasty (2009); Kozlenkova et al. (2015);	2. The level of implementation of supply chain development in channel management (sales)
	Marketing	Picot-Coupey et al. (2015); Kozlenkova et al. (2015);	3. Importance and implementation of marketing in channel management (sales)
	Operations	Pentina and Hasty (2009); Kozlenkova et al. (2015);	4. Level of development and implementation of operational management in channel management (sales)
Cross-channel synergy	Channel reciprocity	Jiang et al (2015); Ganesh et al. (2004);	5. The level of image synchronization and quality between offline and online channels (sales)

DIMENSIONS	ITEM	MAIN REFERENCES (for criteria)	QUESTIONS (Likert scale: 1 to 5)
	Cross-channel influence	Ailwadi and Farris (2017); Pentina and Hasty (2009); Hansotia and Rukstales (2002); Berman and Thelen (2004); Pentina and Hasty (2009); Zhang et al. (2010);	6. The level of synchronization of communication, the conversion of customers, the sale and delivery of goods between the offline and online channels (sales)
	Cross-channel coordination	Dholakia et al. (2010); Pentina and Hasty (2009); Wallace et al. (2009); Ailwadi and Farris (2017); Berman and Thelen (2004); Pentina and Hasty (2009); Zhang et al. (2010);	7. The level of coordination of the promotion and monitoring of logistics activities between offline and online channels (sales)
	Cross-channel integration	Pentina and Hasty (2009); Ganesh et al. (2004); Cassab and Maclachlan (2008); Jiang et al (2015);	8. Level of integration of business information system and user service between offline and online channel (sales)
Offline channel	Assortment (offline)	Ailwadi and Farris (2017); Zhang et al. (2010);	9. Width and depth of assortment offered and sold in offline (physical) channels (sales)

DIMENSIONS	ITEM	MAIN REFERENCES (for criteria)	QUESTIONS (Likert scale: 1 to 5)
	Store atmosphere	Chang et al., 2015; Das, 2014; Wang and Ha, 2011	13. The level of physical presence on the market (number of offline channels used, number of stores, national coverage, territorial dispersion, etc.) 14. Total quality of the atmosphere in the sales facilities in relation to the closest competitors
	Identity (offline)	Jiang et al (2015); Cassab and Maclachlan (2008); Chen et al. (2014); Salciuviene et al. (2011); Jang et al. (2013);	11. Level of market recognition of physical (offline) channels (sales) 10. The share of visitors to physical stores that have been successfully converted to offline customers
	Total channel performance (offline)	Martino et al. (2015); Chen et al. (2014); Kabadayi (2011); Valos and Vocino (2006); Goyal and Mishra (2015); Zhang et al. (2010); Watson IV et al. (2015);	12. Contribution of offline channels to overall financial and operational corporate performance
Online channel	Assortment (online)	Ailwadi and Farris (2017); Zhang et al. (2010);	15. The width and depth of the assortment is offered and sold in online channels (sales)

DIMENSIONS	ITEM	MAIN REFERENCES (for criteria)	QUESTIONS (Likert scale: 1 to 5)
	Identity (online)	Ganesh et al. (2004); Jiang et al (2015); Cassab and Maclachlan (2008); Jones and Kim (2010); Chen et al. (2014); Salciuviene et al. (2011);	16. The share of online channel visitors who have been successfully converted to online customers 17. The level of market recognition of online channels (sales)
	Total channel performance (online)	Martino et al. (2015); Chen et al. (2014); Sousa (2012); Kabadayi (2011); Valos and Vocino (2006); Goyal and Mishra (2015); Zhang et al. (2010); Watson IV et al. (2015);	18. Contribution of online channels to total financial and operational corporate performance
	Convenience (with touchpoints)	Straker et al., 2015	19. The level and intensity of using digital channels (website, social media, online stores, e-markets, blogs, email, digital ads and banners, digital media, etc.)
	E-quality	Blut, 2016; Zemblytė, 2015	20. Level of fulfillment of deliveries, personalization of online offer and digital security