

Retail Marketing Strategy

Prof. Sourabh Arora

Department of Management Studies

Indian Institute of Technology, Roorkee

Lecture-23


Welcome back everyone. Today we will be beginning with the last session of the week 4 of the course retail marketing strategy. So, last two sessions were all about understanding the dynamics of multichannel and omni channel retailing framework. Now, as far as this particular module is concerned we will be digging a lot deeper and we will be getting into the mechanics of research shopping phenomenon, hybrid shopping behaviour and cross channel free riding. And then this again is going to give you a very varied and enriching perspectives about the current retailing dynamics. And another thing is you might not have wondered and these are the behaviours that you have been executing in your daily life as well and how much challenging these are for the retailers.

So, this is again one thing which we will be learning as we move forward. So, as I was just saying when we are done with this module the learner will definitely be able to appreciate the key challenges in multichannel and omni channel retailing.

Learning Objectives:

After going through this module, the learner will be able to appreciate:

- Key Challenges in Multi-Channel and Omni-Channel Retailing?
- Benefits and Challenges associated with Multi-Channel and Omni-Channel Retailing

2

They will also be able to understand the benefits and challenges which can be associated with multichannel and omni channel retailing.

Key Challenges of Selling in a Multi-Channel and Omni-Channel World

- Loss of Customers in the Journey
- Journey might start and end at Different Channels
- Poor and Low Channel Lock-in
- Cross-Channel Free Riding, Hybrid Shopping and Research Shopping Phenomenon: **Showrooming and Webrooming**

Source: Verhoef, P.C., Kannan, P.K. and Inman, J.J., 2015. From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing. *Journal of Retailing*, 91(2), pp.174-181; Verhoef, P.C., Neslin, S.A. and Vroomen, B., 2007. Multichannel customer management: Understanding the research-shopper phenomenon. *International Journal of Research in Marketing*, 24(2), pp.129-148; Chiu, H.C., Hsieh, Y.C., Roan, J., Tseng, K.J. and Hsieh, J.K., 2011. The challenge for multichannel services: Cross-channel free-riding behavior. *Electronic Commerce Research and Applications*, 10(2), pp.268-277; Kalyanam, K. and Tsay, A.A., 2013. Free riding and conflict in hybrid shopping environments: Implications for retailers, manufacturers, and regulators. *The antitrust bulletin*, 58(1), pp.19-68.



Now, when we talk about the key challenges of selling in a multichannel and omni channel retailing framework what we say is there is a loss of customers in the journey.

Another thing is you might see customers starting their journey at a different channel and ending at a different channel. Another challenge is there is poor and low channel lock in and finally, you see the emergence of challenging behaviours like cross channel free riding, hybrid shopping and research phenomenon which eventually also gets translated into show rooming and web rooming. So, let us discuss the first point loss of customers in the journey right. Let us say if you start looking at the customer journey which could be related to need recognition, information search, evaluation of alternatives, purchase and post purchase behaviour right. Now, you might have a customer who is at the stage of need recognition and let us say information search is surfing across different mobile applications or websites to collect information right and after that they might just vanish they might go and buy that product from the physical store and that too from a competing retailer which means there is no guarantee that the customer is going to travel with you all the way from all the stages in consumer decision making process.

Starting from the need recognition to and finally, closure of the sale and even analysing post purchase behaviour. The customer is most likely supposed to vanish with respect to the benefits that they look at from different channels. Let us say there could be a case a customer who wants to buy a laptop first went to the physical store he went there he tried it he felt the product he also asked a lot of questions from the support staff or support sales staff who was there in the store. He took all the information and was you know well prepared with respect to making the best choice for the product. He told the shopkeeper or the sales staff that I will be coming back in a while and he was just lost

because he never came back there are very high chances that the same customer purchase the product from an online channel right that is why we say you are bound to lose customers in the journey when it comes to multi channel and only channel retailing and this again is one of the challenges or acute challenges with respect to these.

Another is you might see consumers starting their journey at different channel and ending at a different channel. I think you can recollect this when we were in school in earlier times you would go to the same shop to buy uniform even buy books and many times even buy a lot other things from the same shopkeeper itself but that's not the case now right you might start your journey at an online channel and you might end it an offline channel. Otherwise you might start your journey at an offline channel and might end it and an online channel as we discussed in the last example of purchasing a laptop right the same customer went to the physical store but did not buy it from there he came back and purchased it online maybe let's say because of low prices or other promotional offers which were available in the online channel but not offline. Now if you look at this context that's why consistency of information becomes important if the same prices would have been offered at the physical store itself things would have been different but it's not easy as it seems the cost mechanics of an offline store and online store are very different so offering price matching guarantee might not be so difficult for every brick and mortar retailer it can might even leave in very low profitability or losses eventually leading to the closure of the store. So with respect to handling these problems we definitely need different strategies in order to counter these but we'll get back to the discussion as far as the multi channel and only channel retailing dynamics are concerned you will many times see consumers they'll start their journey at an online store and might end it elsewhere likewise the same with the physical and brick and mortar retailers itself.

Now this again becomes a cute challenge with respect to understanding what is going to be the preferential channel for consumers across the different stages of the consumer decision making process like for information search they might be using a different channel for purchase they might be using a different channel for evaluating the options that they have or their considerations that they might be using different channels this gets very challenging right. Another key challenge is there is indeed low or very poor channel lock in channel lock in is means you don't have anything to restrict the consumers from moving to another channel and this gets much more challenging when even the retailers are switched let's say I started searching for products at the Bata website but I purchased it from the Bata store itself it's all good rather this is beneficial for the retailer because when I went to the store I was all prepared to buy what I wanted to buy right but let's say I went to the maybe Bata store to check for the products but then I purchased it from another retailer maybe let's say Flipkart eventually some part of benefit will indeed go to Bata because I have purchased the same product the problem is indeed I cross switch the channels and this again gets challenging now I just gave you

the example of Bata but you don't need to get confused with this this might happen let's say I'm going to a grocery retailer in my city to check for products but then I am coming and buying it from Amazon now just imagine the plight of the physical grocery store retailer who has kind of stocked products is offering an ambience is allowing me to even experience the product but I'm not buying it from there you can even consider the same example in case of electronic stores I went to an electronic store I checked the television which I wanted to buy I experienced it I felt it I asked all the questions that I have but I'm not buying it from there I came back and purchased it online there is very less channel lockin but indeed it can be created by pushing loyalty by developing relationship with the customers you might also have special on-stop offers to stop consumers or inhibit consumers from moving to the another channel or another retailer but still executing right strategies for channel login definitely gets very very challenging now we'll move further with respect to understanding these three key terms which is cross channel free riding hybrid shopping and research shopping phenomenon which also gets translated into showrooming and webrooming phenomenon

Research Shopping: Researching product in one channel and purchasing from other (Verhoef et al., 2007)

Hybrid Shopping: Jumping across different channels while shopping (Kalyanam and Tsay, 2013)

Cross-channel Free riding: This occurs when customers collect information from online channel of company X but purchase from online channel of company Y (Chiu et al., 2011)

Source: Verhoef, P.C., Kannan, P.K. and Inman, J.J., 2015. From multi-channel retailing to omni-channel retailing: introduction to the special issue on multi-channel retailing. *Journal of Retailing*, 91(2), pp.174-181; Verhoef, P.C., Neslin, S.A. and Vroomen, B., 2007. Multichannel customer management: Understanding the research-shopper phenomenon. *International Journal of Research in Marketing*, 24(2), pp.129-148; Chiu, H.C., Hsieh, Y.C., Roan, J., Tseng, K.J. and Hsieh, J.K., 2011. The challenge for multichannel services: Cross-channel free-riding behavior. *Electronic Commerce Research and Applications*, 10(2), pp.268-277; Kalyanam, K. and Tsay, A.A., 2013. Free riding and conflict in hybrid shopping environments: Implications for retailers, manufacturers, and regulators. *The antitrust bulletin*, 58(1), pp.19-68.

so first we'll understand what is research shopping the concept was first published in the paper by Verhoef et al which was published in 2007 research shopping is all about researching product in one channel and purchasing from another you could be checking product in an offline store buying it online checking in online buying it offline there is definitely going to be a usage of different channels across the stages of the buying process but it's just that they specified you are researching in one channel and purchasing it from other now this can be a combination of online offline offline online online catalogue catalogue offline there can be different combinations that can work now hybrid shopping is a concept which was popularized by kalyanam and tsay in their work

published in 2013 it simply indicates when you see consumers jumping across different channels while shopping now this again like research shopping can have different combination of channels it's just that the terms being used with respect to explaining hybrid shopping are different as in terms of jumping across different channels but what becomes very important as far as the retailers are concerned is cross channel free riding cross channel free riding is all about when consumers collect information from online channel of company x but purchase from online channel of company y now why this becomes critical is because one of the channels is victimized because you are not only switching channels you are also switching retailers let's say i went to an offline store i tried the product then i came back and purchased it online from a competing retailer now in this case one retailer who provided me services is not being reciprocated that's why this gets very very complicated and very i would say negative for a retailer when we look at it from the perspective of cross channel free riding simply because one retailer who is providing you services is not being reciprocated he is incurring expenses but he is not able to generate a sale now this again requires very sophisticated and high end strategies to curb this but we'll be talking about this a lot more when we'll get to a specific module on the cross channel free riding behavior right and when you delve into the facets of showrooming and webrooming

Showrooming: Researching offline and Purchasing online

Webrooming: Researching online and Purchasing offline

Situational vs. Intentional

Source: Goraya, M.A.S., Zhu, J., Akram, M.S., Shareef, M.A., Malik, A. and Bhatti, Z.A., 2020. The impact of channel integration on consumers' channel preferences: do showrooming and webrooming behaviors matter?. *Journal of Retailing and Consumer Services*, p.102130.

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6

showrooming simply means when you research offline and purchase online it is showrooming and webrooming is when you visit an online channel you access the reviews but then you get to a physical store to buy the product then that becomes webrooming it's just that in showrooming we are using a physical store to collect information but buying online but in webrooming we are using an online channel and accessing reviews there and collecting information about product but we are eventually

buying the product from a physical store now this can also have situational and international perspectives situation means you executed showrooming out of situational circumstances let's say you did not want to showroom you went to the physical store you wanted to buy the product from there itself but the product which you liked was not available right then you came back and purchased it online now this is situational showrooming otherwise one of the situations could be the sales staff was not talking properly to you or he was very rude or the behavior was not up to the mark right now in that case you decided you will not be buying offline you came back and purchased it online likewise in webrooming you might have a situational circumstance that the website was not properly designed the navigation was extremely poor it was hanging again and again despite you wanted to buy the product online itself but you could not buy because of all these website issues and you came back and purchased it offline now that can be a situational circumstance intentional is when you are going to a physical store with the intentions of only examining the product you already know that you will not be buying it there but you will be coming at and buying it online likewise intentional webrooming is you only go to the online channels to collect information into surf or to execute idea shopping but you know that you will not be buying it from there you come back and purchase it offline now that is intentional but dealing with situational showrooming webrooming definitely requires a different set of strategies and again we will be talking about this a lot more when we get to the specific module on showrooming and webrooming and trust me that is definitely going to be a very enriching exciting conversation that will be having now here we are finally at the last leg of this module where we will be looking at the benefits of multi-channel and omni-channel retailing so the first benefit is indeed expanded customer reach which means see when you are offering multiple touch points to the consumers you will also be able to capture a lot more people who will be buying your products in the sense like let's say if earlier you were only offering offline channels there is indeed a segment of consumers who only prefer purchasing online now when you started offering multiple channels and you added an online channel to your base you are definitely able to access these consumers also in other words by operating through multiple channels retailers can reach a broader customer base because each channel caters to a different customer preferences allowing retailers to connect with diverse audience and expand their market reach this again sums up the fact as



I was telling you when you offer multiple touch points you will have different consumers who will be using your different touch points for buying and searching information which means you are able to cater to all these you also get to access more sales opportunities with multiple channels retailers can capture sales opportunities from different customer segments right if we look at even from the earlier example the people who only wanted to buy online and we were not offering online channels to them might start buying our products to our online channels now because some customers may prefer shopping in physical stores while others may prefer in online or mobile shopping by offering various channels retailers can cater to a different shopping preferences and can increase their sales potential another thing is it also takes customer convenience to the next level right because of the touch points that they have which they can use as they wish whether it is related to searching for information or placing orders for the product another benefit it also allows you to have an integrated inventory management systems which eventually reduces the chances of having over stocks and no stocks now whenever you talk about no stocks you are anyway losing out on the opportunity of selling your product and when you have over stocks you are anyway incurring losses to an extent in terms of the fact that the space where you could keep new products being captured by the products which have not been sold another best thing can be you can offer a seamless shopping experience to the customers when you have multiple channels but this is only going to happen when you create synergy between these channels which means you are moving towards the stages of offering them an omni channel retailing experience and the context will also not be lost and I am very sure now you can connect the dots when we are talking about the context not being lost another thing is you get to have higher chances of customer engagement because online channels allow you to get more

personalized as compared to physical channels because you are able to track the purchase behavior of the consumers their preferences in much intricate or I would say in more intimate way which might happen at physical stores but definitely you need to take the consent of the customers before you start accessing their personal information along with that this also allows you to dig in richer data insights again this becomes from the fact when the data is synchronized properly you can actually dig deeper and can completely understand the purchase behavior and preferences of the customers which if executed well is definitely going to bring in a lot more benefits and the last thing is competitive advantage you are definitely going to be at a competitive advantage when you offer more channels to customers as compared to the retailers who are not offering but if you remember our discussion we also discussed a point that it is becoming as an established norm which means almost every retailer is offering you more of touch points to you as compared to what was being offered in the past so as far as this discussion is concerned I am hopeful that you understood what are the benefits that multiple channels and only channel retailing can offer to the customers as well as the retailers now as we move further in the next week we will be learning a lot more and another fascinating things about the retailing so looking forward to meeting you in the next week wishing you a good day for now thank you.