

Retail Marketing Strategy
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Lecture-39

Welcome back everyone and very good morning. I hope as far as the last week was concerned you were able to pick up the nuances to understand the role of human resource management in retailing perspectives. But as we get to week 8 today which is definitely the last module we will be learning about the emerging challenges in retailing along with that we will also be learning about the impact of virtual reality, augmented reality and artificial intelligence in retailing. And as we end this week we will also be discussing about the future of retailing from both global as well as Indian perspectives. So specifically considering this module we will be talking about the two key challenges which are showrooming and webrooming. But before we get to that I will give you a snapshot of what is going to be our key discussion as far as this particular session is concerned.

Learning Objectives:

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

- Meaning of Showrooming and Webrooming
- What drives people to showroom and webroom?
- Strategies for handling showrooming and webrooming

Extra Fodder for Thought: "India's Favourite Social Network"

Learning Something New: "MVP : Minimum Viable Product"



As I was just telling you definitely we will be deliberating upon the meaning of showrooming and webrooming and you will be surprised to know that you might not be aware of these terms but these are behaviours which you might have been executing for a long time as far as your shopping experiences are concerned. Along with that we will also be delving into the facets of what is it that drives people to showroom and webroom. And finally we will be understanding what are the strategies which retailers can adopt to convert showroomers and webroomers into buyers. And finally we are again back with

our two exciting elements which is extra fodder for thought in which we will be learning about the India's favourite social network.

You might be thinking this could be Facebook, Instagram but you will be surprised to see what actually it is. And we will also be getting into the facet of learning something new where we will be learning about the minimum viable product and kind of we will understand why it matters as far as today's start-up culture is concerned or even in a generic sense how minimum viable product is going to be important for marketers. So let us get started with this. So first is before we delve into the facets of showrooming and webrooming and we arrive at what they actually mean we will be first understanding what led to the emergence of facets like showrooming and webrooming and for that we really need to understand today's retailing environment. So first is extensive penetration of internet.





Over 50% Indians are active internet users now; base to reach 900 million by 2025: report

According to the report, the active internet base in India is expected to grow to 900 million by 2025

May 04, 2023 12:05 am | Updated 08:37 am IST - New Delhi

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Source: <https://www.thehindu.com/news/national/over-50-indians-are-active-internet-users-now-base-to-reach-900-million-by-2025-report/article66809522.ece>





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If you look at this report it clearly states over 50 percent of Indians are active internet users now based to reach 900 million by 2025.



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India likely to have 900 million active internet users by 2025: Report

IBEF May 4, 2023

According to the "Internet in India Report 2022," which was produced in collaboration between the Internet and Mobile Association of India (IAMAI) and KANTAR, the number of active internet users in the nation increased by about 10% in 2022.




According to the research, India is expected to have over 900 million total active users by 2025.

In urban India, internet penetration is near 71%, and the number of active users is expected to grow by 6% by 2022. Internet penetration in rural India increased by about 14% over the previous year. India currently has 360 million urban and 399 million rural active internet users. By 2025, 56% of all new internet users are anticipated to come from rural India.

Bihar's internet penetration (32%) is half that of the leading state, Goa (70%).The research also indicates a gender disparity in internet usage: 54% of users are male. However, it was noted that 57% of all new users in 2022 would be females. Women are expected to account for roughly 65% of all new users added by 2025.

With a phenomenal 51% YoY growth in Social Commerce, Indians are rapidly adopting social media platforms as the next e-commerce destination.

Source: <https://www.ibef.org/news/india-likely-to-have-900-million-active-internet-users-by-2025-report>

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This was precisely published in The Hindu. Now even if you look at this confirmation by Indian Brand Equity Foundation in which they are also stating that India likely to have 900 million active internet users by 2025 you can clearly understand where we are standing today. There is a major chunk of people who is now accessing internet which in ways also indicate that they can also buy products online they can search for information online which means a lot as far as today's retailing sector is concerned. So what we are

going to do now is we will definitely have a look at this report and then I will be connecting the other dots to make you understand the perspectives of showrooming and webrooming behavior.

According to the Internet in India report 2022 which was produced in collaboration with the Internet and Mobile Association of India which is IMAI and Kantar the number of active internet users in India increased by 10 percent in 2022. According to the research India is expected to have over 900 million total active users by 2025. In urban India internet penetration is near 71 percent and the number of active users is expected to grow by 6 percent by 2022. Internet penetration in rural India is increased by about 14 percent over the previous year. India currently has 360 million urban and 399 million rural active internet users and by 2025 56 percent of all new internet users are anticipated to come from rural India.



The same was again reconfirmed by the report in Mint which again highlighted the facet of 900 million internet users which are expected to be in India by 2025. Now you might be wondering why this becomes important to understand the connection between the penetration of internet and retailing challenges like showrooming and webrooming. Simply because whether you talk about showrooming or you look at webrooming penetration of internet is definitely going to play a key role because in showrooming what precisely shoppers do is they go to an offline store and then they come back and purchase the products online. So this is not possible until unless you have penetration of internet because only then people will be able to place the orders for the products online. Even

when you talk about webrooming it is about collecting information online before purchasing the products offline.

Now in this case also that is not possible without internet right because see if you are not able to search for information online before purchasing offline it will not qualify as webrooming that is why extensive penetration of internet becomes important and the rising internet penetration also indicates that showrooming and webrooming behaviour might be stimulated a lot more. Along with this considering the today's retailing environment you also need to understand that it has become possible because there are multiple channels which are being offered by the retailers. See gone are the days when your search and purchase behaviour would start at the same channel and would end at the same channel like let us say if you go back in era you will see people going to a particular shop to search for products maybe talk to the sales staff look at products inspect products but they would buy then and there itself. But if you look at today's scenario you see a lot of people who would first go to an offline store they would try products there and then they would come back and purchase it online and you also see a segment of people who would first collect information online they would go through reviews and then they would go to the physical store and buy those products. Now if you see this has only become possible first because of the increasing penetration of internet which we just discussed along with that this has also become possible precisely because you have access to multiple channels today you can access offline channels also and today you can access online channels also right you can purchase products using your mobile application you can even purchase products by getting onto the website of a particular marketer or a retailer and you can place the order for products there also otherwise you can go to their offline store and you can purchase products there also right.

So if you see this combination of channels which is being extensively used by consumers today has only become possible because of the access to multiple touch points along with this the another important factor which has fueled behaviors like showrooming and webrooming is definitely empowerment of shoppers and by this we specifically mean the technological empowerment of shoppers like if you just take up your phone and you start searching of information there is no one that can stop you from doing that right because this has become possible because you have been technologically empowered so much you can search for information about products very easily and to put it in a very simplistic way it is just a click away right whether you are using your mobile phones or whether you are using your laptops or you just use any other online channels of communication it is very easy for you to get information so this empowerment has definitely fueled the showrooming and webrooming behaviors along with this if you remember when we had discussed the module about multichannel and omnichannel retailing I gave you a perspective about behaviors like research shopping

phenomenon and hybrid shopping. Now research shopping phenomenon is a concept which was actually popularized by Verhoef et al in 2007 in their research work which was precisely focused on multichannel shopping. Now by research shopping phenomenon we precisely mean that consumers are using different channels for search and different channels for purchase. Now in this you can have combinations of offline searching online purchasing you might see a lot of customers using catalog also you might see some customers who could also be using teleshopping so what has precisely happened is you can prepare a list of the combination of channels which are being used by consumers when they shop right which as I was telling you just now that earlier it used to be at the same channel like search and purchase processes were executed at the same channel but that is not happening now. So this is what research shopping phenomenon precisely captures which is the utilization of different channels across different stages of the purchase process.

Likewise hybrid shopping is also very similar to that now this concept was actually given momentum by Kalyanam and Tise. Now what they mean by hybrid shopping is the fact that the consumers keep jumping across different channels towards the search and purchase phases of the shopping process. In a way both captures the essence of the same thing that consumers are combining different channels which could be very different at the search process or could be a different channel at the purchase process. So this is what these research shopping phenomenon and hybrid shopping actually capture. Now what this has led to is cross channel free riding behavior which simply means that you will see consumers not only switching channels but also switching retailers but as far as cross channel free riding is concerned this is very deadly and costly for retailers and I will be connecting the dots at the right time to give you a very enhanced and nuanced perspectives about the cross channel free riding behavior.

Now finally another facet which makes this very challenging is poor channel lock in. Now channel lock in simply means that there is nothing which can hold on to customers to a particular channel. As I was telling you if you pick up your mobile now and you let us say you add some products to flipkart and you do not buy there is nothing that is forcing you. You can rather go to an offline store and purchase the products from there. Likewise you can also go to an offline store you can take information you can inspect products you can have a good time in malls but you can come back and purchase it online which again sums up the fact that there is no channel lock in which means there is nothing which is actually stopping you from doing this.

But what again we need to understand here is the fact that channel lock in can be developed. Let us say if you share a very good relationship with the retailer then it can be taken as a form of channel lock in. Let us say you have some loyalty points that can also work as a channel lock in. You have some reward points that can also work as a

channel lock in. You have a special offer which you can only use online or let us say at an offline channel that also presents the case of a channel lock in.

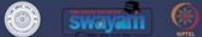
So, this is again one thing which again highlights the fact that the role of retailers is going to be very crucial and they really need to think of different strategies to make sure channel lock ins are created and cross channel free riding behavior of the shoppers can be curved. Now all these things what we have discussed with respect to the extensive penetration of internet rather we should look at it from the perspective of not only extensive penetration of internet, but mobiles also right because these both collectively provide you the power of shopping through online channels or even what we call as technological empowerment of shoppers right. So, these facets of availability of multiple channels empowerment consumers executing research shopping phenomenon hybrid shopping and cross channel free riding these have eventually led to the facets of showrooming and webrooming. Though I gave you a perspective about these terms in brief, but now we will be talking about them in detail. Now whenever you talk about showrooming it simply depicts the buying behavior of those shoppers who first inspects or examine products offline, but later purchase online.

Decoding the Key Terms

Showrooming: Showrooming depicts the buying behavior of those shoppers who first inspect/examine products offline but later purchase online (Gensler *et al.*, 2017; Sharma *et al.*, 2023)

Webrooming: Webrooming depicts those consumers who first examine products online and later purchase offline (Flavian *et al.*, 2016; 2020; Wu *et al.*, 2023)

Don't' you think something is missing?

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I really want to give you a clear indication at these stage see it is only the combination of inspecting or examining products offline and purchasing online which qualifies as showrooming right. So, these both phases have to be there many times you will see consumers that they will go to an offline store they will inspect the products then they might come online and collect information and see what is there online what are the offers available. Then again if they are going back and purchasing it offline it is not

going to be a case of showrooming. Showrooming will only happen when you have customers going to an offline store examining products offline and then coming back and purchasing it online. Now there could be many reasons for this which we will be talking as we move forward.

Likewise whenever you are talking about webrooming it simply depicts the behavior of those consumers who first examine products online and later purchase offline. Now in this case also these have to be executed in the same ways as in for a shopper to be a webroomer they first need to go to an online store collect product information maybe check for product reviews and then if they are coming back and purchasing it offline it will qualify to be webrooming. So these facets need to be understood in this respect only which means that the combination of both faces as far as showrooming and webrooming are concerned which could be first examining products offline and purchasing online in case of showrooming and collecting information online and purchasing products offline in case of webrooming have to be in this way only. But see even if to give more perspective to this discussion do not you think something is missing right. Now let us understand what is it that we need to understand more to dig deeper into understanding the facets of showrooming and webrooming.

Understanding the Intentional and Situational Aspects

Some shoppers could be *intentionally* going to an offline store before purchasing online (showrooming), likewise a segment of shoppers could also be executing online search before purchasing online (webrooming)

Alternatively, *situational circumstances* might also lead to showrooming and webrooming behaviour

Now see this can have an intentional as well as a situational perspective. Let us say you might have a set of consumers who are intentionally executing showrooming and webrooming which means there could be a section of customers who know that they are only going to an offline store just for taking information touching and feeling the product or taking some information from the sales staff or just you know inspecting the product to show that they are making the right purchase. So this has an intentional element they clearly know that they will not be purchasing it from an offline store they will be coming

back and purchasing it online. So this is what we precisely call as intentional showrooming or this might have a connotation of intentions right. Very stronger intentions of only going and examining products offline but coming back and purchasing it online.

Likewise this can also happen in case of webrooming you might have a section of consumers who are intentionally webrooming which means they are going to an online store they know that they will not be purchasing there they will be coming back and purchasing it offline only they are only collecting information online right. So this can be termed as a case of intentional webrooming but see there is one thing which I want you to understand in this case. Many times when you have cross channel free riding in which you see shoppers switching both retailers and channels this is going to be deadly for a retailer and is considered as a negative process right because you are providing them a lot of information you are spending on ambience also you are paying the rent for the store also but they are only coming and checking products right. So that is why this becomes deadly for you likewise it happens in case of online retailers also because there is no reciprocation consumer is eventually going and purchasing it offline and that too from a competing retailer if it is a case of cross channel free riding but you need to understand this thing also any which ways it is giving the first chance to an offline store in case of showrooming an online store in case of webrooming which they can capitalize on the first opportunity to close the sale is definitely coming to you but what gets challenging is to have right kind of strategies to make sure that you can convert showroomers into buyers in case of offline stores and webroomers into buyers in case of online stores. Now apart from intentional showrooming webrooming we also need to understand the facets of situational circumstances which can lead to showrooming and webrooming.

So as I was telling you this can also happen in situational circumstances now just imagine in case of showrooming right the shopper is going to an offline store he wants to buy there only but let us say the product was not available or his perfect size let us say of shoes of shirt or t-shirt was not available then he came and purchased it online now this is a situational circumstances in other cases let us say the sales staff was not very courteous and they were not attending them well or the store was too crowded that they could not even properly check products and then they came back and purchased it online. Now this basically sums up the facets of situational showrooming likewise it can happen in case of webrooming also which means the shopper who went to the online store to collect information wanted to buy there itself but let us say the website was very poorly designed, navigation was very poor there was no element of social presence and it did not even build that trust that you could feel it is safe to purchase from this website many times you judge how the websites are designed with respect to trust also. So this can lead to situational webrooming which means the shopper wanted to buy the product from

online store itself but because of these circumstances they came back and purchased it offline. So this is what actually differentiates between the facets of situational circumstances as well as intentional showrooming and webrooming behavior. Now along with this you also need to understand the dynamics of competitive and loyal showrooming and webrooming.

Competitive and Loyal Showrooming and Webrooming

Competitive Showrooming and Webrooming: When a shopper switches both the channel and the retailer, and eventually purchases from a competing retailer

Loyal Showrooming and Webrooming: When the shopper only switches the channel but not the retailer

Let's understand this with an example

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Now whenever you are looking at the facets of competitive showrooming and webrooming in this case the shopper switches both the channel and the retailer and eventually purchases from a competing retailer. I explained you this particular facets of competitive showrooming and webrooming with examples. Now let us say you might consider Bata right. Now I went to the Bata showroom I checked the products there but I came back and purchased it from the Bata website itself. Now this is basically loyal showrooming in which the retailer is anyway benefiting out of it rather it is much more beneficial for a retailer let us say if I go to an offline store I examine products at their offline channel and if I come back and purchase from their online channel the chances of returns are very much reduced because you have seen the product which means in the further stages the retailer will not be incurring any additional cost and rather you gain much more confidence over the choices you want and you could be feeling much more satisfied and confident about your purchases.

Anyway after you start using the products it might have different perspectives to it then you might be looking at it how the product performs what were your expectations then it could happen in a different way but for now as far as your pre-purchase experience is concerned you might feel satisfied and confident about it right. Now just imagine a

situation in which you went to a particular offline store you check products there and you came back and purchased it online from a competing retailer. Now the offline retailer where you went and examined the products he or she was definitely paying a rent they have also incurred cost on creating an ambience in the store they are also providing you a lot of services let us say they have hired sales staff to whom they are paying salaries and which are anyway assisting you to identify the ideal product fit or many times are taking care of doubts also but they are not being reciprocated right so they are anyway being victimized if we can use that term in a way and this is how you need to differentiate between competitive showrooming and webrooming in case of competitive showrooming and web rooming it is rather much more deadlier whereas loyal showrooming and web rooming is rather beneficial. Now you can understand these perspectives from the case of an online store also I went to an online store I collected all the information I checked reviews and I came back and purchased it offline from a competing retailer now in this case this particular online retailer is being victimized right because there is no reciprocation happening in terms of you buying the product from them this again sums up the perspectives of competitive web rooming I am again repeating it loyal showrooming and web rooming is actually beneficial for the retailer because whether it is going to an offline store and then purchasing it online or collecting information online and then purchasing it offline the consumer is very much prepared and might feel much more satisfied with respect to their pre-purchase experiences so that is how we need to differentiate between these. So as I was telling you loyal showrooming and web rooming happens when the shopper only switches the channel but not the retailer as far as the perspectives of competitive and loyal showrooming are concerned I hope you will be able to successfully create the distinction between these two because these are definitely going to have different kinds of implications for both offline and online retailers.

Reasons for Showrooming (Searching Offline – Purchasing Online)



Now as we move forward the another thing which we need to understand is what are the reasons for showrooming and web rooming what is it that drives people to showroom or web room now if you specifically talk about showroom which again is a combination of searching offline and purchasing online let us first understand this in a very simplistic way if the consumer is first going offline which means he is definitely deriving some benefits with respect to offline search and when he is later purchasing online that also indicates that there are some purchase benefits to put it in a precise way which can be allied with online retailers. Now with respect to searching offline let us have a discussion about this a person could be going to an offline store precisely because they get to access the touch and feel of the product which is not available online let us say if they directly purchase the product online they are not in a position to touch and feel the product. So this comes as a one motivation why they are first going to an offline store right along with this they also get to experience the facets of socialization even if you remember in one of the slides I had given you a perspective about the work of Tauber which is about why do people shop in that the scholar has specifically mentioned that socialization is one of the key factors why people shop which is all about the experience of going to a retail shop or a mall or you know just enjoying the experience of talking to people or going with your family and friends or having a good time in a mall or a retail establishment or a departmental or any grocery store which could be any retail establishment. So this is not possible online so this again gives an indication that socialization or the enjoyment of going around with family or shopping in a particular retail store can also be one of the reasons with respect to going to an offline store. Along with this another benefit which can be associated with searching offline is sales staff

assistant.

See even if you talk about online stores you might have chatbots or virtual assistants who are helping you out but going and talking to a human if you have any queries asking them about what could be the best product for you is definitely going to be a different game altogether. So this also emerges as one of the important reasons why you see people going to an offline store and taking assistance from the sales staff and considering it as a benefit. Specifically for technical products or let us say in B2B market this becomes very very important right because you definitely have a sales staff who is helping you out understand the products better and is even assisting you in making the right product choices. So these are some benefits which can be aligned with searching offline or first going to a physical store before purchasing online. Along with this you can also look at it from the perspectives of benefits of negotiation.

Many people enjoy negotiating with respect to purchasing so they might also be visiting to an offline store just to enjoy that particular facet of negotiation. Now let us get to another thing which is about purchasing online. Now one motivation could be precisely about because the prices are low online and that too simply because the cost structures as far as offline stores and online stores are concerned is very different right because online store is not paying rent they are not hiring sales staff as they are hired in offline stores right they are not required to pay salaries to the staff which works in offline stores because you do not see these mechanics as far as online stores are concerned at least not matching up the level of offline stores. So the cost structures are very different. So in this case the savings that they have with respect to these are definitely passed on to the consumers and they are able to enjoy low prices.

Along with this another thing is you always find regular deals and promotions online. Now that again can be one of the reasons where people could be going to an online store. Along with this it is easier to purchase online after sales services could also be better because many times they have no questions asked policy as far as the returns are concerned. They do not ask anything to you if you file a return or you go to their online app or website and you want to process a return the agent will come and pick up your product many times it is a no questions asked policy. But another perspective which we need to understand about this is definitely it is making difficult for the online retailers to reach the levels of profitability and even breakeven because this is a cost which they have to incur right because first the product was delivered then when it is picked up it is definitely going to be a cost which can be attributed to these facets.



So I wanted to give you a perspective about why some people could be first going to an offline store before purchasing online. But we will also sum up this in broader ways. So these are precisely motivations which can be associated with showrooming searching offline and purchasing online or you can also look at it from the perspective of why people showroom over rationale behind showrooming. So the first is risk aversion. Now definitely showrooming helps you avoid risk.

Let us say if you purchase the product directly from an online channel you have not seen it right so there is a risk how the product is actually going to turn up. So many times you might see shoppers going to an offline store trying the product, inspecting the product, getting the touch and feel of the product which anyway helps them to avoid risk if they purchase the same product online. Another thing is it helps them save money also. As I was telling you a showroom will always eventually complete the purchase at an online channel. So in this case if there are regular deals and promotional offers online or if the prices are low online it definitely helps them save money.

Along with this it helps them gain confidence over the choices which they are required to make. Now again the facets of this can be connected to accessing touch and feel of the product when you visit an offline store right. You can see the product there, you can touch it, feel it, you can try it, you can even take sales staff assistance and arrive at your ideal product fit or the product which you think is going to be more suitable for you. So it helps you gain a lot of choice confidence which is not possible if you directly go and purchase the product online. Along with this definitely socialization experience, the enjoyable experiences that you might have with respect to going to the offline store or

having a good time with your friends family or even with respect to talking other shoppers or sales staff as far as the retail establishments are concerned.

So this experience only comes as a part of showrooming because you are going to an offline store in the first phase of showrooming sequence. Along with this regular decent discounts online there are many offers which are available online. So this comes up as a rationale with respect to showrooming again you are able to evaluate the products online because to an extent online retailers limit you from examining the products in best possible ways. Now they have started using virtual technologies or 3D technologies which makes it slightly easier for you to kind of decode the products in much better ways but that was not possible earlier. So that is why you see many people going to an offline store examining the products well and then coming back and purchasing it online.

Along with this the last could be maximizing channel benefits. See in this case a shopper is definitely combining the benefits of both online and offline channels as I was giving you a perspective in the last slide. So this helps them maximize the benefits from both these channels as far as their singular shopping experience is concerned. They not only get to gain the choice confidence or evaluate the products in best possible ways but they are also able to acquire them in the best prices which could be available online because of the low price structures.

They are combining best of both the worlds. I really hope that you gain the right perspectives about showrooming and what could be the rationale of shoppers with respect to executing the offline search and online purchase sequence. Now as we move forward in the next session we will be talking about the similar insights on webrooming. Looking forward to meeting you in the next session wishing you a good day for now. Thank you.