Multichannel Shopping: The Relationship between Search and Purchase Channel Choice

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Abstract

Multichannel retailing increasingly involves consumers searching for information online and then choosing to buy products from a variety of channel options. The Internet will continue to have a major impact on consumer information search behaviour, however little is known about the relationship between online search behaviour and purchase channel choice. In this article, we consider the drivers of this relationship through an investigation of the utilitarian and hedonic shopping values of Internet users and present a conceptual model to represent these relationships. This paper contributes to our understanding of multichannel buying behaviour and provides considerations for online media suppliers and media buyers.

Keywords: e-commerce, online, promotion, retail
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Introduction

Multichannel shoppers use more than one channel to conduct their search and purchase activities, this may include the Internet, physical stores, catalogues, and call centres, to name a few (Deloitte Consulting, 2008; Rangaswamy & Van Bruggen, 2005). They may choose a channel based on the situation or for different stages of the shopping process, i.e. to search for information or purchase the product/service. This is an extremely important behaviour for retailers to understand for two reasons. Firstly, the practice of searching for information on the Internet influences not only what people choose to buy, but the price they expect to pay and where they choose to purchase (Rangaswamy & Van Bruggen, 2005; Ratchford, Talukdar, & Lee, 2007; Zettelmeyer, Morton, & Silva-Risso, 2006). Second, multichannel customers are considered more sophisticated, demanding and more valuable (Deloitte Consulting, 2008).

One specific variation of multichannel shopping, the practice of searching for information online and then choosing to buy in a local store represents both an opportunity and a threat to retailers. In fact, past research reveals that the proportion of consumers that use one channel for search, and a different channel for purchase, can range from 30% in the travel industry (Yellavali, Holt, & Jandial, 2004) to more than 50% in automotive (Greywitt, 2000). As many as 65% of Australian Internet users search for goods online, but then choose to buy in a physical store (Ewing, Thomas, & Schiessl, 2008). The purpose of this paper is to develop a conceptual model to explain the consumer purchase channel choice following online information search.

Today, the Internet is one of the most important sources of information for consumers (Lovett & Anand, 2007) and as a result of this trend there has been a general reduction in the amount of time spent with traditional media options, such as television. This trend can be expected to continue, with the rapid expansion of broadband Internet access enabling consumers to use the Internet as a search tool. In 1998, Australian household Internet access was only 16%, and today, it is in excess of 64% and broadband uptake rates now exceed dial-up connections (ABS, 2008). These findings accord with Peterson and Merino’s (2003) propositions that users who incorporate the Internet in their information searches and include other sources will, over time, use the Internet as their initial and primary information source. In spite of these changes, the majority of media spending, particularly by the retail sector, is directed to traditional media (PWC, 2009) and research using different channels for search and purchase is limited.

Despite increased interest in multichannel shopping, search online - buy in-store behaviour remains poorly understood. Much of the research on online consumer behaviour to date has focussed on factors that influence consumers to buy online, such as website design and product category. What is lacking is an understanding of why people choose to buy online or in-store after an online information search.

Multichannel Shopping Research

Research into multiple buying channel alternatives has increased in the past few years but few have considered the combination of search and purchase behaviour (Verhoef, Neslin, & Vroomen, 2007). Two studies have specifically investigated the drivers of search online – buy in-store behaviour. Noble, Griffith and Weinberger (2005) found that the Internet provided consumers with the greatest utilitarian value, in terms of gaining information, whereas stores provided the greatest utilitarian value for price comparison and goods possession. Consistent with this, a more recent study by Verhoef et al. (2007) found multichannel shoppers tended to
search in one channel and purchase in another, with the largest segment searching online and purchasing in-store (50%). These studies provide a top line understanding of multichannel shopping behaviour, however, further research is required to better understand why consumers behave as they do (Babin, Darden, & Griffin, 1994; Childers, Carr, Peck, & Carson, 2001; Keen, Wetzels, de Ruyter, & Feinberg, 2004; Noble et al., 2005). This is particularly important, as multichannel shoppers have been identified as among the most valuable and sophisticated customers (Deloitte Consulting, 2008). Despite this, academic investigation of their characteristics remains somewhat limited (Rangaswamy & Van Bruggen, 2005).

Literature Review

As with much of the general online shopping research, multichannel shopping studies have been designed around several theories, most notably, Fishbein and Ajzen’s (1975) Theory of Reasoned Action (TRA) (Soopramanien & Robertson, 2007; Verhoef et al., 2007), Ajzen’s (1991) Theory of Planned Behaviour (TOPB) (Keen et al., 2004; Shim, Eastlick, Lotz, & Warrington, 2001) or the Technology Acceptance Model (TAM) (Davies, 1989; Keen et al., 2004; Soopramanien & Robertson, 2007). These three theories are related, with TOPB and TAM extensions of TRA, and all three are based on attitude influencing intended, and actual, behaviour. In addition to attitude (positive / negative), the TOPB includes the influences of subjective norms (the opinion of significant others toward the behaviour) and perceived behavioural control (to account for aspects that people do not have total control over). Whilst, a combination of these theories could provide a theoretical framework for this subject and may be worthy of future consideration, we propose that drawing on value theory is particularly useful as it has been applied in previous retail literature, including traditional shopping research (Babin et al., 1994), online shopping research (Childers et al., 2001) and multichannel retailing research (Noble et al., 2005).

Utilitarian and Hedonic Value

Consumer’s perceived shopping value is assessed through a process of evaluating the costs and benefits involved in a purchase decision (Zeithaml, 1988) and is typically distinguished as being utilitarian or hedonic in nature. This distinction indicates that shopping is a total experience, not just the process of acquiring a particular product (Babin et al., 1994). Utilitarian value derives from consumer concern about efficiently and effectively achieving their shopping goals, whereas hedonic value is a result of entertainment and enjoyment (Babin et al., 1994). This value dichotomy has also been identified in online shopping research, although the benefits of shopping online have often emphasised functional/utilitarian attributes (i.e. as price comparison, information access and convenience) (for example, Berman & Thelen, 2004; Grewal, Iyer, & Levy, 2004). However, hedonic factors such as enjoyment have also been identified as important to the formation of positive attitudes and perceived value (Childers et al., 2001; Mathwick, Malhotra, & Rigdon, 2002). Utilitarian factors that drive online or offline buying channel choice have been identified, and include: information attainment, price comparison, immediate possession, assortment seeking, convenience, and product examination (Childers et al., 2001; Forsythe, Liu, Shannon, & Gardner, 2006; Noble et al., 2005).

Shopping Orientation

The dichotomy between utilitarian and hedonic value has been applied to the characteristics of a shopping task as an indication of personal shopping orientation. In this view a shopper’s buying channel choice is influenced by their shopping orientation, the nature of the shopping
task and the attributes of the retail shopping channels considered (Mathwick et al., 2002; Zeithaml, 1988). Mathwick et al. (2002) examined how perceptions of shopping experience value were effected by shopping tasks and information display properties (Internet and catalogue) that were classified as either goal-oriented (utility) or experiential (hedonic). Shopping for a specific product or category indicated a goal-oriented task and suggested a shopper would be motivated by the desire to make “logically defensible purchase decisions rather than an escape from reality” (Mathwick et al., 2002, pp. 54). Experiential shoppers reported a task that had no product or category in mind. Mathwick (2002) found that fit between the task and channel properties was associated with higher perceived value. Goal-oriented shoppers who used the Internet and experiential shoppers who bought through the catalogue reported higher levels of value perception. This personal orientation approach to channel choice can be developed by integrating the previous research that frames utilitarian and hedonic shopping attributes as personal preference. We propose that including personal shopping orientation adds to the existing body of knowledge. Specifically, we propose that this dimension will influence purchase channel choice as follows: a shopper with a high hedonic orientation will be more likely to buy in-store than online, and a shopper with a high utilitarian orientation will be more likely to buy online than in-store.

Product Type/Category
Product differences are a major contributor to perceptions of value in a multichannel shopping environment. The combination of product and retail format characteristics can determine which channel would provide shoppers with superior value (Alba & Lynch, 1997; Berman & Thelen, 2004; Grewal et al., 2004). The multimedia capabilities of the Internet enable products such as music CDs and videos to be previewed online. This can provide a superior shopping experience that would either be inconvenient or not available in a store. By contrast, stores can provide greater value for products like clothing that require direct physical experience to acquire full information, such as fit, colour and fabric. A preference for buying in a store can be expected if the benefits of a product can be more reliably predicted and/or shoppers are unwilling to take the risk of making a decision they may later regret (Alba & Lynch, 1997).

Previous research findings support the influence of product category on Internet shopping acceptance but the effects on buying channel choice in a multichannel shopping context have not been fully examined. The importance of being able to reliably predict product benefits is supported by studies of Internet shopping acceptance. Taiwanese Internet users were less likely to shop online for products that could be fully assessed in-store but not online (Liang & Huang, 1998) and American users reported more enjoyable and useful Internet shopping experiences when a website adequately substituted for personal experience (Childers et al., 2001). In a Dutch study, Konus et al.(2008) the relative size of multichannel enthusiast (positive attitudes to all channels) and store focussed (only store positive) segments varied substantially across 7 product categories. The highest proportion of multichannel enthusiasts (56%) was associated with recent electronics purchases and the lowest with clothing (13%). Being based on past behaviour, many situational influence are not accounted for (Malhotra & Birks, 2006) and general attitudes to mutlichannel shopping do not explain buying channel choice. No studies located to date have attempted to examine channel choice in an experimental manner that would enable the key variable of product category to be manipulated while attempting to control some of the many other variables that are expected to influence this decision.

From the theoretical basis formed above we derive the following model. The model is proposed as a representation of the key determinants of consumers’ search-online purchase in-store behaviour. We are in the process of empirically testing the model with a survey of
consumers that conduct online information search prior to purchasing a product, and these results will be presented at the conference.

**Figure 1:** Conceptual Model for Channel Choice Following Online Information Search

**Discussion**

Relatively little is understood about how cross-channel behaviour impacts retailers and how it differs across product categories (Verhoef et al., 2007). Further, the importance of the online channel for product information search and driving in-store sales brings both opportunities and challenges to traditional retailers. Hence, understanding what drives consumer channel choice in a multichannel shopping environment is a critical issue in retailing today. By better understanding purchase channel choice, retailers could better adopt, or customise, their strategies to maximise the synergies of online and offline channels. Our proposed conceptual model presents an initial step in better understanding how consumers make their purchase channel choice.

With our first two propositions (P1 and P2) we propose that consumer choice of purchase channel following online information search, is influenced by the individual’s shopping orientation. Specifically, we predict that shoppers with a hedonic shopping orientation will be more likely to want to visit a physical store, and enjoy the shopping experience, to make a purchase. In contrast, we predict that shoppers with a utilitarian shopping orientation will be more likely to conduct the purchase online. However, we recognise that a number of variables act as potential moderators in relationship between an individual’s shopping orientation and their purchase channel choice following online information search.

Given past findings in relation to channel choice and the importance of shopping task (Mathwick et al., 2002; Zeithaml, 1988), we predict that an individual’s shopping task moderates the relationship, such that shoppers who have not decided what product to purchase (browsing) will be more likely to buy in a store than those who have decide on the product they wish to buy. Further, we predict that the type of shopping task will interact with shopping orientation and effect channel choice. Shoppers who are browsing and choose to buy in-store will have a higher hedonic shopping orientation than shoppers who buy online.

Another variable important in influencing channel choice is the product category (Liang & Huang, 1998). We predict that the type of product that a consumer shop for will moderate the relationship, such that shoppers who are buying Tshirt (experience good) will be more likely to
buy in a store after an online channel search than shoppers who are buying a DVD (search good). Further, we predict that shoppers who are buying a Tshirt and choose to buy in-store will have a higher hedonic shopping orientation and shoppers who are buying a search good and choose to buy online will have a higher Hso than shoppers who buy online. A third moderator we predict as being an important variable in the relationship between shopping orientation and channel choice is the level of risk associated with not being able fully assess the product benefits in the retail channel. Products that need to be examined in-store to be fully assessed are less likely to be purchased online (Liang & Huang, 1998). Specifically, we predict that shoppers who buy in-store will feel a greater need to examine a product before buying than shoppers who buy online.

Conclusion

Multichannel retailing and the Internet will be central to the retail landscape in the 21\textsuperscript{st} Century (McGoldrick & Collins, 2007). It is therefore critical for marketers to understand how to account for such activity, as it becomes the norm for many retailers and their customers. This review seeks to identify the key drivers that influence a consumer’s purchase channel behaviour following an online search for information. The Internet is both a complimentary retail and distribution channel, and also an important brand touch point by which marketers can effectively communicate with their consumers, to both inform and persuade. It is an important complement to traditional forms of marketing and communication, and there are clearly synergistic benefits of incorporating an appreciation of online search and offline purchase behaviour in to an integrated marketing strategy (Jensen, 2007). Clearly, this has implications not just for retailers and distributors, but also for communication strategists and media buyers and we believe there are significant gains to be had by those companies that pursue a deeper understanding of the relationship between online search and purchase channel choice.
References


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