
A Study on Multichannel Shopper behavior towards electronic products with special reference to Bangalore City

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ABSTRACT

Today Consumers use some channels to search information, while some other channels to buy, and different channels for discussing their product related views. When it comes to retailers with multiple distribution channels, however, new behavior patterns can be observed. With the increasing disposable income, population and per capita consumption of electronic goods and other products is increasing. The electronic market in India is visualized as a complex industry with mushrooming companies. The study of shopper behavior gives an insight into the various factors, which influence the buying decision of the consumers. It is therefore essential for the marketers to understand the value and the experience driven from each channel in order to regulate individual channel strategies as well as synchronizing multiple channels. The present paper attempts to investigate the shopper behavior in using different modes of multichannel and also analyses the impact of different variables on the consumer choice while selecting a channel for shopping electronic products. The study will help the marketer to segment the consumers' on the basis of their choices for shopping and helps in designing channel strategy for the electronic retailers which will help firms and consumers interact in effective manner and also enhances customer value proposition to be adopted for a particular channel. The results indicate a strong demand for multi-channel services and suggest that retailers should expand their multi-channel service spectrum.

Key words: Multichannel, Strategies, Consumers, Electronic, Channel, Shopping, Experience

INTRODUCTION

Retail environment is transformed along with the introduction of multi-channel operations designed to provide a variety of buying experiences for consumers (Mathwick Malhotra and Rigdon, 2001). Although multichannel system is not new, it has become attractive with the development of new technologies and the growing importance of electronic commerce. Multichannel retailing is defined as a distribution strategy used by the retailers to reach customers using more than one channel or medium which includes the internet, televisions, mobile apps and retail outlets.

The retail industry is rapidly evolving. The rise of internet retailing is forcing store-based retailers to quickly adapt by adopting multi-channel strategies, such as click and collect. Considering the nature of technical consumer goods (TCG), often big ticket items necessitating advice or delivery and installation, as well as after sales service, the changing retail environment will have a particular impact on consumer electronics and appliance specialist retailers.

The electronic industry which is ever growing in Indian market has witnessed as one of the lucrative industries due to ever increasing use of electronics. Due to the increase in disposable income and also easy availability of finance in the recent past has significantly encouraged the

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consumers to prefer and habituate to the use and purchase of electronic products from multiple-channels.

The distribution of products across multiple sales channels - often referred to as multi-channel retailing - has become the norm today. According to a recent survey, multi-channel retailers have increased the market share when compared to pure internet retailers or individual retail outlets. In a multichannel retailing environment, consumers can gather information about the products from the internet, catalog, and/or TV, mobile apps and purchase the products from either of these retail channels. Retailers have recognized that operating different formats of retail channels allows them to embrace wider set of customers (Payne, 2004).

Consumers navigate multiple channels so that it can provide seamless experience across physical store, web, catalogue, call center and kiosks. However this behavior differs across different demographic segments as well as with the type of product which consumer intends to buy. In this study the buying behavior of consumers towards electronics is taken. A well-integrated multichannel retailing strategy based on understanding multichannel shoppers' behaviors provides a number of chances to increase the sales and profits of multichannel retailers. Therefore, understanding multichannel shoppers' behaviors is crucial for multichannel retailers' success. Several researchers have conducted studies related to consumers' online shopping behaviors in a multichannel shopping context (Kim & Park, 2005; Noh, 2008; Kim, Kim, Kumar, 2003).

Retailers need to know how customers reacts to the convergence of digital and brick-and-mortar experiences. By focusing on shoppers, retailers can prioritize investments and make the shift toward personalized experiences that create true emotional connections. The purpose of this research report is to put a finger on the pulse of the customer.

Following Consumer electronic items like Television, navigation products, digital cameras and accessories, digital camcorders and accessories, e-Readers, DVD and Blu-ray players, MP3 players and accessories, home theater audio systems and components, musical instruments and mobile electronics are taken into consideration for the present study in south Bangalore area, Karnataka.

BRIEF REVIEW OF LITERATURE

(Lohse & Spiller, 1998; Ponsford, 2000; Stone, Hobbs, Khaleeli, 2002) Stone et al. (2002) defined multichannel retailing as a distribution strategy to serve customers across various channels or media. In the multichannel environment, an integrated multichannel retail strategy helps increase store sales by moving online traffic to physical stores and helps online sales by moving offline store customers to the Web, creating a two-way synergistic effect **(Lawson, 2001)**. A positive synergistic effect on multichannel shopping was found when customers were

contacted through multiple channels such as retail stores, e-mail, direct mail, and mobile marketing (**Kumar & Venkatesan,2005**). It was also found that customer contacts across multiple channels were an effective strategy for reducing the risk customers perceived in new channels and for educating customers about various purchase channels to help them to migrate to other channels.

Complex competitive status, vulnerable demand forecast, varying consumer preference, existence of too many brands, changing attitude of channel intermediaries, shortening of the product lifecycle, (**Hammer, 1997**) are making marketing decisions extremely difficult and risky.

Research indicates that operating multiple channels leads to positive effect on financial performance (**Geyskens et al, 2002**) on one hand, whereas marketers decision to sell through additional channels also stimulates the concerns about cannibalization and negative spillover (**Deleersnyder et al. 2002;Falk et al. 2007**)).

Study carried by **Kumar and Venkatesan (2005) and Thomas and Sullivan (2005)** also found that multichannel shopping experiences leads to higher profits .The increasingly multichannel nature of consumer shopping and purchase behavior calls for a better understanding of their decision processes and new approaches to monitoring and measuring their experience, satisfaction, and loyalty with a retailer (**Rangaswamy and van Bruggen, 2005**).

Innovativeness refers to the degree with which a person prefers to try new and different products as well as experiences which requires extensive search (**Midgley and Dowling, 1978**).

According to **Jones (2004)** shoppers get grossed in an environment created by the retailer and therefore value the service, quality, and environment of retailer and often return to same store for more purchases and patronizes the retailer.

Electronics retailing in Bangalore has also faced competition from various channels of distribution that had made them adopt a multi - channel strategy. From the retail marketing perspective it is essential to understand how consumers shopping behavior in a multichannel environment change.

The results from the present study will be crucial in designing channel strategy for the electronic retailers which will help firms and consumers interact in effective manner and also the enhance customer value proposition to be adopted for a particular channel. The present paper is an attempt to analyze the effects of different demographic variables on the consumer choice and behavior while selecting a channel i.e., brick and motor, online and catalogue with special reference to electronic items in Bangalore, market.

OBJECTIVES

- To study the multi-channel shoppers behavior towards electronic products.
- To analyze the effects of demographic variables on consumer choice and behavior while selecting a channel i.e., brick and mortar, online and catalogue with special respect to electronic items in south Bangalore.
- Highlighting the relationship between the frequencies of information search and purchasing the products.

RESEARCH METHODOLOGY

Research Design – Descriptive in nature.

Sample Population- The study was conducted in Bangalore. Respondents were selected and qualified if they had purchased an electronics item within the last four months of the study (September .October November and December 2016)

Sample Unit and sample size- A total sample size of 200 people was studied.

Sampling technique- A survey was conducted and the data was collected using questionnaires. Cluster sampling was used.

Data analysis and Interpretation- The data was collected using questionnaire which included covariates of Multichannel shopping behavior and their covariates identified by Konus et al (2008) with the measuring dimensions like loyalty, shopping enjoyment, price consciousness, motivation to conform, time pressure and innovativeness. In this study only innovativeness, motivation, shopping experience, loyalty and time constrain was taken into consideration.

Tools used for analysis: The data was collected and tabulated using K- mean cluster analysis which was applied to analyze the different cluster based on demographic variables to the covariates of multichannel which affect consumer choice of selecting different retailers in each clusters. K- Mean cluster analysis was applied to identify various cluster based on demographic profiles.

Limitations of the Study

The study is confined to the selected area in South Bangalore and hence no generalization can be made. The accuracy depends upon the respondents' information.

ANALYSIS AND FINDINGS

Respondent Profile (Age) -The questionnaire was set for a sample size of 250 respondents. The total number of people who actually responded was 200 (from a range of different age groups comprising both men and women). This was deemed to be sufficient to achieve the objectives and draw results.

<i>Total No. of Respondents</i>	75
<i>Average Age</i>	25
<i>Average Price shopping</i>	2000-3000
<i>Postgraduate</i>	30
<i>Graduate</i>	36
<i>Completed high school</i>	09
<i>Male</i>	45
<i>Female</i>	30

Table: 1 Demographic analysis (Cluster 1)

<i>In percentage</i>	<i>Information search</i>			<i>Buying/Purchasing</i>		
	<i>Online</i>	<i>Catalogue</i>	<i>Retail</i>	<i>Online</i>	<i>Catalogue</i>	<i>Retail</i>
<i>Usage</i>	%	%	%	%	%	%
<i>Very Frequently</i>	45	10	50	30	10	54
<i>Frequently</i>	30	05	40	42	10	46
<i>Neutral</i>	05	04	0	0	0	0
<i>Rarely</i>	10	60	06	18	20	0
<i>Very rarely</i>	10	21	04	10	60	0

Table 2. Relation between Information Search and Buying (Cluster 1)

<i>Factors</i>	<i>Average</i>
<i>Innovation</i>	4
<i>Loyalty</i>	4
<i>Motivation</i>	2
<i>Shopping Experience</i>	4
<i>Time Constrain</i>	2

Table 3. Importance of various factors among respondents (Cluster 1)

Interpretation: It was found that many of the respondents preferred making purchase of electronic items from the retail stores and sometimes from online stores. Innovation, loyalty and shopping experience were the most preferred dimensions taken into consideration by them of multichannel retailing whereas they had neutral view towards motivation and time constrain. The cluster had male and female consumers and were found to show multiple shopping channel behavior.

<i>Total No. of Respondents</i>	85
<i>Average Age</i>	18
<i>Average Price shopping</i>	1-2000
<i>Postgraduate</i>	30
<i>Graduate</i>	40
<i>Completed high school</i>	15
<i>Male</i>	45
<i>Female</i>	40

Table 4. Demographic Analysis (Cluster 2)

<i>In percentage</i>	<i>Information search</i>			<i>Buying/Purchasing</i>		
	<i>Online</i>	<i>Catalogue</i>	<i>Retail</i>	<i>Online</i>	<i>Catalogue</i>	<i>Retail</i>
<i>Usage</i>	%	%	%	%	%	%
<i>Very Frequently</i>	35	01	34	35	0	34
<i>Frequently</i>	15	05	20	25	0	36
<i>Neutral</i>	05	0	06	05	0	0
<i>Rarely</i>	16	14	10	06	35	04
<i>Very rarely</i>	14	65	15	14	50	11

Table 5. Relation between Information Search and Buying (Cluster 2)

<i>Factors</i>	<i>Average</i>
<i>Innovation</i>	2
<i>Loyalty</i>	4
<i>Motivation</i>	2
<i>Shopping Experience</i>	4
<i>Time Constrain</i>	3

Table 6. Importance of various factors among respondents (Cluster 2)

Interpretation: It was found that many of the respondents preferred making purchase of electronic items from the retail stores and sometimes from online stores. Loyalty and shopping experience were the most preferred dimensions taken into consideration by them of multichannel retailing whereas they had neutral view towards motivation, innovation and time constrain. These respondents are therefore using both online and retail stores to do so. However these respondents are predominately found using online and offline channels and rarely use catalogue for information search or purchase.

<i>Total No. of Respondents</i>	40
<i>Average Age</i>	35
<i>Average Price shopping</i>	3000-5000
<i>Postgraduate</i>	20
<i>Graduate</i>	15
<i>Completed high school</i>	05
<i>Male</i>	25
<i>Female</i>	15

Table 7. Demographic Analysis (Cluster 3)

<i>In percentage</i>	<i>Information search</i>			<i>Buying/Purchasing</i>		
	<i>Online</i>	<i>Catalogue</i>	<i>Retail</i>	<i>Online</i>	<i>Catalogue</i>	<i>Retail</i>
<i>Usage</i>	%	%	%	%	%	%
<i>Very Frequently</i>	20	0	18	25	0	22
<i>Frequently</i>	10	0	12	10	0	10
<i>Neutral</i>	0	0	0	0	0	0
<i>Rarely</i>	10	10	05	0	10	08
<i>Very rarely</i>	10	30	05	05	30	0

Table 8. Relation between Information Search and Buying (Cluster 3)

<i>Factors</i>	<i>Average</i>
<i>Innovation</i>	5
<i>Loyalty</i>	2
<i>Motivation</i>	3
<i>Shopping Experience</i>	4
<i>Time Constrain</i>	4

Table 9. Importance of various factors among respondents (Cluster 3)

Interpretation: It was found that many of the respondents preferred making purchase of electronic items from the retail stores and sometimes from online stores. Innovation, time constraint and shopping experience were the most preferred dimensions taken into consideration by them of multichannel retailing whereas they had neutral view towards motivation and loyalty. The study has also reflected that in this Cluster young men respondents who shopped online as well as offline were innovative but not loyal .This could be so because younger generation are more receptive to new things and are therefore willing to accept new ideas.

CONCLUSION AND FURTHER RESEARCH

This study has highlighted that consumers of all segments preferred different multichannel choice and are influenced by a complex mix of retail variables .It has emphasized the importance for brick-and mortar retailers by all age groups as well as gender and therefore it is essential for the retailers to enhance the in store experience and retain the customer base. It is also essential to emphasize on online stores which appeals to consumers who are high focused on innovativeness and information search.

It is essential for most of the electronic retailers to join the multi-channel bandwagon which will enable them to create retail value in terms of price, loyalty and innovation and to some extent in

terms of shopping experience and time constraint for specific consumers segments which can enable desired satisfaction and in turn lead to retailer's loyalty.

The findings are encouraging to multi-channel retailers designing search ads focusing to a particular target group to create value for the customer which can drive both online and offline sales. The study can be further replicated keeping into account different demographic variables like occupation, income and marital status as well as physiographic variables like personality, lifestyle .Moreover different retail variables like store loyalty, repeat purchase behavior and store image can be taken into account to study their impact on multi-channel retailing. Other lines of investigation in further research, may be set to identify the factors that favor or discourage or to identify the features of buying of these products behavior, as well as grasping of the best practices that company in this field apply in order to create a positive purchase behavior and experience for customers.

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