



UNIVERSITY OF EDINBURGH
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The Showrooming Effect in Retail

An empirical study on the athletic footwear market

By

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Abstract

The dissertation thesis analyzes a topic of great interest for the retail industry, which recently raised debates among retailers and researchers. Retail showrooming is a new trend where consumers exhibit their shopping behavior across the online and the offline channels by switching retail channels at different stages of their shopping journey. With reference to a limited academic literature, the concept of showrooming in retail is outlined through the changes that happen in the retail industry at the moment, by emphasizing the drivers and the implications of this trend. Using as a guideline the simple decision making process model, the dissertation plans to open the discussion about retail showrooming for academics.

The research study is conducted on the athletic footwear market on a sample of students in order to learn more about their shopping behavior across retail channels. The study focus is to identify showrooming within the athletic footwear industry. Then, the application of the decision making model aims to find the influential aspects of cross-channel buying behavior and the level of influence for switching channels from online to offline and vice versa. But, debates rise across the significance of the brick-and-mortar stores and the future impact of the online channel over shoppers. Therefore, the implications of showrooming on customer loyalty are discussed by presenting the drivers that compel shoppers to return to the same retailer for a new purchase.

This dissertation thesis will contribute to the limited academic research on retail showrooming, by encouraging further research of the shopping phenomenon that seems to be changing the nature of shopping in a profound way.

Chapter 1: Introduction

Consumers' shopping habits have changed with the introduction of new technologies such as the internet. They are empowered to use information and data to their advantage and make decisions about their purchases and their preferences at a faster pace. On the other hand, the retail industry has also changed from a simple business model, where a single channel predominated, to a multi-channel customer centric model. Thus, consumers can interact with retailers across channels anytime, anywhere and at their convenience. Due to a diversity of products and brands, shoppers hardly make an instant purchase decision. They would rather search and evaluate products either online or in-store. Moreover, these shoppers are influenced by price, so they are inclined to make comparisons for products and price. This behavior turns consumers into savvy shoppers by seeking the best deal to satisfy their needs. Therefore, a new challenging retail trend threatens retailers with lower profits, close-down businesses and less loyal customers.

Retail showrooming is the most discussed retail phenomenon, which is debated by mass-media. Showrooming refers to consumer behavior of searching and evaluating a product of interest in-store and, then, purchasing it online or vice versa. Academic research has not covered this phenomenon in great detail yet, but the concept of showrooming is synthesized as research shopping within a cross-channel retail activity.

Analogue to the concept of showrooming, academic literature refers to a cross-channel shopping behavior where consumers switch retail channels during the shopping journey for convenient shopping. To this extent, commercial reports indicate that shoppers use the technological devices (mobile phone, tablets and laptops) during the search and the purchase stages. Furthermore, another concern for retailers is the level of loyalty expressed by their customers. Showrooming is actually leading to less loyalty to retailers due to the high frequency of switching retail channels.

The dissertation thesis proposes to analyze the problem of showrooming raised within the retail industry. The paper uses the framework of a traditional business research which introduces a contemporary problem and the changes that have occurred within the retail industry with reference to the sport footwear market. The second chapter defines showrooming in terms of academic literature by presenting the factors of influence of the trend and the implications to retail industry in general. Evidence is strengthened by data given by commercial report studies

which warn retailers across the sport footwear market about the negative implications of showrooming. After identifying the issues of concern, and the gap that academic research misses within this context, the third chapter outlines the research framework. Mixed research methods are implemented to determine three objectives. One purpose is to identify consumers who engage in showrooming when they purchase sport footwear. Secondly, by defining the influential aspects of cross-channel buying behavior during the consumer shopping journey, the investigation will present the level of influence for switching from online to offline channels and vice versa. Lastly, the aspect of retail loyalty plans to identify whether showrooming on sport footwear has an effect on customer loyalty to physical retail stores.

The research study is conducted on a sample of students from the University of Edinburgh. Their behavior is exemplified within a critical analysis upon the research findings during the fourth chapter. Finally, in chapter five, the conclusions attest the findings with reference to research questions. Implications of the study related to the contribution it has for academic research are presented, as well as further suggestions for study.

Chapter 5: Conclusion

The existing research studies retail showrooming, which is the recent retail tendency encountered across shoppers. Learning about consumer behavior during the shopping journey carries consideration over the shoppers' attitude when choosing online or offline channels at different stages of their shopping decision making process. The study has been applied on sport footwear product category, which has faced a considerable decline in sales due to economic factors and the change in consumer behavior toward shoe purchases. A sample of students was taken for research to learn about their shopping journey and their free-riding behavior across retail channels. The study looks into each stage of the decision making process in order to learn about the drivers of influence when switching channels from online to offline and vice versa. Consequently, the aspect of customer loyalty towards a retailer is undertaken. Finally, the study plans to assess the significance of the brick-and-mortar store and how likely consumers still value their shopping experience inside the store.

5.1. Overview of Retail Showrooming

Evidence about retail showrooming has been found in commercial studies that show consumers who start their shopping journey in-store and they complete the purchasing stage at another retailer. Conversely, academic literature states that shoppers engage within a cross-channel shopping activity by switching from online to offline channels. Compared to electronics, which is one product category frequently analyzed in such studies, the sport footwear market is expected to confirm the results from commercial reports. But, the shopping process is determined by the utilitarian or the hedonic value of the purchase. Therefore, according to the existing research, consumers engage into two different scenarios of shopping journey when they purchase sport shoes.

One scenario shows that consumers use a single channel during their shopping journey: they start search offline, at physical stores, they evaluate a few items at a couple of stores and they complete the purchase in-store. The findings from the study show that going in-store is an experience fulfilled by the access to touch and to try the products, but also to talk to the store

personnel about the interest for different items or recommendations that may suit the shopper's needs. It is also argued that shopping for sport footwear implies personal attachment, where the level of comfort and the product features are determinants for sport shoes purchases. According to findings to literature and commercial studies, this scenario does not fit into the showrooming model.

A second scenario presents consumers who shop across retail channels. They start their search online at retailers who have online only or multi-channel presence. Shoppers evaluate the product still online, where they check information about its features and price. But the process of evaluation is continued offline, at different physical stores where shoppers look to obtain a confirmation of the product they choose to purchase by trying them on. Finally, the purchase is completed offline, in-store.

This scenario endorses showrooming across channels, which confirms the academic literature on free-riding behavior across retail channels. Consumers are determined to switch retail channels during the evaluation stage, from online to offline. One factor that concurs to search online is the convenience to have Internet access about product information anywhere and anytime. Then, in-store evaluation is determined by product variety, the immediate access to try on, the service offered by staff and the instant acquisition of the item.

The speculation that mobile devices are used right at the moment of shopping, to make product comparisons and check a lower price at other retailers, is contradicted by the study. The study shows that shoppers use their mobile device as an informative tool of store proximity search.

As outlined about showrooming, sport footwear shoppers make product comparison on price and product features. But, getting the best deal, when shopping sport footwear is not as important as how suitable and comfortable the shoes are. This decision is taken during the in-store evaluation of the product. Therefore, the physical store is still a dominant channel within the shopping decision making process.

Evidence about showrooming infers that consumers are not loyal to a specific retailer or channel. Generally, shoppers will shop across channels until they find the best deal. But this is not confirmed by the sport footwear shoppers. They value the in-store experience and the helpful and knowledgeable staff will make shoppers return to the same retailers. Moreover, these consumers feel that they would become loyal whether retailers will offer them a

personalized experience, they will learn about their shopping preferences and send notifications on new arrivals, sales and promotions.

In summary, retail showroaming predominates within the sport footwear market. Consumers exhibit such behavior across online and offline retail channels. Switching retail channels at different stages during the shopping journey is related to drivers like product features and price. As much as the online search is predominant to learn about the product, browsing online during the evaluation stage, is still an informative step which influences the channel of purchase. As most shoppers confirm that in-store experience is still detrimental for shopping sport shoes, the forecasts about the dissolution of the brick-and-mortar store is refuted.

5.2. Implications

As academic literature is limited in analyzing retail showroaming, the existing research undertakes concepts from academic observations on the cross-channel behavior and the multi-channel retail environment. Whereas shopping on a single channel has been discussed at the level of the search stage, the dissertation thesis opens the discussion about shoppers and their decision making process when they shop across channels. This aspect fills an inexistent gap in the academic research.

The issue of retail loyalty has been discussed about shoppers within a multi-channel retail environment, where the retailer has online and offline presence on the same time. But, the existing study covers aspects of retail loyalty when consumers engage in a cross-channel shopping journey, when there is lack of lock-in channel at a particular moment of the shopping decision making process to keep customers engaged on the same channel of search and evaluation. Finally, the study also contributes to prove the value of the shopping experience in a physical store when shoppers are showroaming, which contradicts the debates from media about the future of the physical store.

