

An Empirical Study on the Customer Channel Choice Behavior in the Overall Process of Shopping Under O2O Mode

Ting Dai, School of Management, Shandong University, Jinan, China & Department of Public Education, Jinan Vocational College, Jinan, China

Decheng Wen, School of Management, Shandong University, Jinan, China

Xiao Chen, School of Management, Shandong University, Jinan, China

ABSTRACT

Through dividing the entire shopping process into three stages: pre-purchase, purchase and post-purchase, this study analyzed the customers' channel choice behavior in each, from perspectives of product quality, Customers and channels. Based on a survey answered by 395 multi-channel shoppers, the findings show that the products' perceptibility and security, is positively associated with the online channel (vs. offline) during the pre-purchase and purchase stages and no significant association in the post-purchase stage. The customers' shopping motivations and network involvements are positively associated with the online channel in the pre-purchase and purchase stages, but the perceived risks are negatively associated with the online channel throughout the entire shopping experience. The channel's usefulness has a significant and positive correlation with the online channel in all three stages of shopping, but the channels' ease-of-use only has a significant and positive impact in the pre-purchase stage and weaker in the other two. The findings provide some useful suggestions for multichannel retailers.

KEYWORDS

Channel Choice Behavior, O2O, Overall Shopping Process, Product Quality

INTRODUCTION

O2O is a business mode combining online with offline physical channels, in this mode, customers can transfer freely from one channel to another channel at different stages of a transaction, or trade in both channels. It has been highly regarded by customers because it combines the ability to save time and money through the online channels, with the service advantages in the offline channels. Overall, O2O mode is able to bring more conveniences to the customers. According to statistics from iResearch (<http://report.iresearch.cn/report/201509/2443.shtml>) in 2015, the penetration of O2O to customers in china is close to 40%. Many retailers also have wholly adopted the transformation from a traditional mode to O2O mode. Taking China's top one hundred chain enterprises as an example, 82% of the physical retail enterprises have developed e-commerce business, while e-commerce giants like Alibaba and Jingdong have made the layout of offline resources to promote the integration of online and offline resources. iResearch estimated that the O2O market size of the retail industry in 2015 reached 465.54 billion Yuan. Although O2O mode has been widely used and praised upon, there are actually a lot conflicts between the two channels, which jeopardize the possibilities to smoothly integrate. Two of the channel conflicts are: the quality of products provided by the channel fail to

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meet customers' demand, the loss of customers during the transfer from one channel to another. Issues as such make many O2O retailers that rose in the boom suffer hardships today. This paper argues that the main reason for these problems is that retailers failed to take notes of their customers' preferences to accurately launch products on both online and offline channel accordingly. In order to achieve maximum success and efficiency, it is important to the retailers to use the appropriate channel for their products. Therefore, to further this research, it is necessary to take a closer look at customers' channel choice in relationship to the following three: customers' characteristics, product quality, and channel attributes.

Many scholars have been conducting theoretical research on the customers' channel choice behavior. Schoenbachler & Gordon (2002) analyzed the driving forces of customer multi-channel shopping, and concluded that customers' perceived risks, shopping experiences and motivations, and the design of the website may have influences on customers' multi-channel shopping behavior. Verhoef, Neslin, & Vroomen (2007) took the approach to study the characteristics and channel attributes on customers' channel choice behavior at the searching and purchasing stages. Blattberg, Kim, & Neslin (2008) and Neslin et al (2006) came to conclusion that the factors influencing customer channel choice behavior includes channel attributes, customer characteristics, marketing strategies, and shopping traditions. Frasquet, Mollá, & Ruiz (2015) analyzed the reasons for customers to choose multiple channels at the three different stages of shopping: pre-purchasing, purchasing, and post-purchasing. These studies provided the underpinning theories for the research on the factors of multi-channel shopping and customer channel choice behavior. However, none of these studies considered product quality as a possible factor that affects customers' channel choice behavior. Additionally, most of the studies do not systematically analyze customer channel choice throughout the continuous process of shopping. Although the analysis made by Frasquet, Mollá, & Ruiz (2015) touches upon the factors affecting customer channel choice at the three stages of shopping, it is limited to correlation analysis among the three. Besides, it does not empirically verify its findings, and fails to involve product quality in the factors affecting customer channel choice.

Based on the above analysis of the previous researches, this study attempts to analyze how product quality, channel attributes, and customer characteristics affect customer channel choice behavior in the whole process of shopping.

CONCEPTUAL FRAMEWORK

Customers' channel choice behavior runs through customer shopping behavior under O2O mode, but people do not have a unified understanding of shopping behavior. Glock & Nicos (1963) thought that customer shopping behavior referred to customer choice behavior or purchasing behavior in a specified time or during a period of time, and they defined the customer behavior inside the process of choosing and purchasing. Walters & Paul (1970) expanded the scope of shopping behavior to the process of purchasing and using products, and claimed that all the decisions and behavior involved in the purchasing and using process belonged to the category of customer behavior. Zaltman (1995) and Hoyer & MacInnis (2010) defined customer shopping behavior as all the activities related to purchasing, including willingness, decisions, purchasing, using, and after-use attitude. Frasquet, Mollá, & Ruiz (2015) believed that customer shopping behavior consisted of three stages of searching for, purchasing, and post-purchasing. They further claimed that searching for information was the pre-purchasing behavior, paying and taking delivery were the main behavior at the stage of purchasing, and post-purchasing behavior included activities like consulting, inspecting, using, and returning products, and made comments as well. Thus it can be seen that people's understanding of both the denotation and connotation of customer shopping behavior has changed. Its denotation has extended from "purchase" to the whole process of "pre-purchase", "purchase", and "post-purchase"; its connotation has developed from "choosing" and "purchasing" to a full range of procedures including searching for information, choosing products, making decisions, paying, using, accepting after-sales

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