

Chapter X

Online Shopping and Catalog Shopping: Exogenous and Endogenous Antecedents of Consumers' Channel Choice

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ABSTRACT

Multichannel retailing can offer a wide range of synergies for retailers when their distribution channels accommodate consumer's preferences and their buying behavior. Among the large number of retail types, mail-order companies are well suited to benefit from electronic commerce. Not only can they use their infrastructure and experience with direct selling, but many mail-order companies also seek to use the Internet to attract new target groups to increase their typically small and narrow customer bases. Currently, we do not know enough about the antecedents of channel choices, especially in the mail-order sector. This chapter addresses this issue and draws special attention to exogenous (i.e., independent of the retailer) factors influencing online shopping behavior. These variables include perceived convenience and perceived security of online shopping in general and consumers' attitudes toward the catalog as the existing distribution channel. One endogenous factor, that is, attitude toward the online shop, is assumed to influence buying behavior at the online shop. To examine relationships between the catalog and the online shop, 2,363 consumers who are familiar with both distribution channels of a mail-order company were surveyed online. The structural equation model developed reveals that attitudes toward the printed catalog most strongly influence attitudes toward the online shop. Further, the analysis has shown that antecedents of buying behavior at the online shop are moderated by gender. Shopping behavior of men is influenced by their attitudes toward the catalog, while that of women is determined by their attitudes toward the online shop.

INTRODUCTION

Successful online retailers such as Amazon or eBay have become symbols of profitable e-com-

merce activities. However, pure Internet players generated only 31% of total Internet sales in 2003, whereas multichannel retailers, that is, retailers that use online and off-line distribution channels

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simultaneously, account for 52% of Internet sales (Grosso, McPherson, & Shi, 2004). In the U.S., multichannel sales reached a level of \$23.4 billion and a customer base of 55 million households in 2004. The top categories are apparel and accessories, home décor and furnishings, gifts, and men's and senior products (Multichannel Retailing on the Rise, 2005a). Academic research by Min and Wolfenbarger (2005) also shows that multichannel retailers have a higher market share and marketing efficiency than pure players.

One of the best known examples of multichannel retailing is the case of Tesco.com, which is one of the most successful electronic food retailers in the world (Madlberger, 2004). Tesco integrates its online distribution channel very strongly with its stores (Dawson, 2001). Also other retailers such as Sears, Gap, or Land's End demonstrate that synergies can be exploited when one organization has different distribution channels. Consequently, it is not surprising that today's e-commerce landscape, apart from a few exceptions, is largely dominated by multichannel retailers (Haeberle, 2003).

A recent study by the Financial Insight's 2006 U.S. Consumer Channel Preference Study revealed that consumers are heavy multichannel users in the financial sector. All distribution channels are important to them for different reasons (Each Delivery Channel, 2006). Similarly, studies on success factors in e-commerce have identified several synergies that facilitate online retailing for multichannel players. Retailers with a network of physical stores can achieve synergies in the form of lower costs, differentiation through value-added services, improved trust, and the possibility of extending product markets when they go online (Madlberger, 2006; Steinfield, Bouwman, & Adelaar, 2002). As Maltz, Rabinovich, and Sinha (2004) argue, brick and mortar stores benefit from their large experience in logistics handling. Moreover, multichannel retailers can spread their risks among several channels, which strengthens their financial standing.

Among traditional types of retailers, mail-order companies are in the best position to capitalize on synergies. These retailers are, in fact, considered to be well-suited for online business. This is also why most mail-order companies began to develop electronic marketing channels quite early in order to complement their catalog-based channels. For example, the apparel retailer Land's End launched its online shop as early as 1995 (Alptekinoglu & Tang, 2005). In addition, the target groups of many mail-order companies are stable but nondynamic and limited in size, which forces them to target new customer segments. The Internet could provide them with the opportunity to attract new customer segments and benefit from various synergies.

However, these synergies can only be turned into competitive advantages and financial gains if electronic retailers successfully respond to consumer needs. Hence, in addition to the analysis of potential synergy effects for multichannel retailers (Hansen & Madlberger, 2007), consumer behavior has to be taken into account. Besides the analysis of antecedents of online shopping, the distinction between influencing factors that are exogenous to the online shop and those that are endogenous (Monsuwé, Dellaert, & deRuyter, 2004) is critical. To gain insights into the antecedents of consumers' channel choices, the following two research questions are defined:

- Which exogenous factors influence consumers' attitudes toward a mail-order company's online shop as an endogenous factor?
- To what extent do their attitudes toward the online shop as an endogenous factor influence their buying behavior at that particular shop?

In order to answer these key questions, we have developed a structural equation model based on the theory of reasoned action as well as on findings from the literature on distribution

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