Linking multi-channel customer behavior with shopping motives: An empirical investigation of a German retailer

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Abstract

Operating multiple channels, in store as well as non-store, allows a retailer to cater to the different shopping motives of its customers. This research into the buying behavior of 525 customers of a multi-channel retailer that operates five channels in Germany shows that most customers use only one channel within a buying process, selecting the channel that best satisfies their shopping motives in each situation. Based on exploratory qualitative and quantitative research, this study identifies five shopping motives: "recreational orientation", "convenience orientation", "independence orientation", "delivery-related risk aversion" and "product- and payment-related risk aversion". In the majority of the store channels examined in this study (chain stores and bakeries), single-channel users primarily look to satisfy emotional and social needs. Single-channel users of non-store channels (catalogue and online-shop) look for convenience and strive for independence. Multi-channel users, who obtain their information from the online-shop and then make their purchase in the chain store, are combining the independence of online-shop information with the reduction of risks associated with buying products in the chain store. These findings can be used to develop recommendations for managing the individual channels.
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Keywords: Multi-channel retailing; Shopping motives; Shopper segments; Perceived risk; Convenience orientation; Independence orientation; Recreational orientation

1. General overview and purpose

Multi-channel retailing is not a new phenomenon. For decades, retailers have been offering their customers the opportunity to buy their goods through different channels, whether this involves a chain store system with multiple, store-based distribution channels, or a retail enterprise that uses mail-order catalogs in addition to its store-based outlets. Despite the success achieved by multi-channel retailers with mail-order catalogs, the subject of multi-channel retailing has long been confined to a shadowy existence. Only with the increased prevalence of electronic sales channels has the interest in multi-channel retailing grown in the arenas of both business practice and science. The key issue for a retail business is how it can best satisfy its customers' needs by simultaneously offering customers different channels for alternative utilization (Alba et al., 1997; Mathwick et al., 2002; Dholakia et al., 2005; Zaharia, 2006).

One of the key aims of multi-channel retailers is to expand the scope of their sales market in geographical, time- and goods-related terms. The more channels they employ, the better they are able to cover "understaffed" areas, overcome customers' time restrictions, and offer channel-specific goods. The time aspect is particularly important in those countries that have very restrictive regulations on shop closing times, such as Germany. The combination of new retailing formats, new products, new information and communication technologies, and changing conditions in people's personal environments, has contributed to a profound change in customer behavior.

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Multi-channel retailers offer new ways for customers to satisfy their needs, and they are particularly suited to accommodating consumers who behave in a multi-optional manner, i.e., consumers who have different needs at different times in different places (Wiswede, 1991, p. 34; Schröder and Großweischede, 2002, p. 86). That is why it is so important for multi-channel retailers to know how their customers behave and to understand the causes, in particular the shopping motives that lie behind this behavior. This is the only way they can ensure the efficient deployment of resources in managing the individual channels: customer groups can be clearly identified and better catered to, and they can help to reduce the losses associated with non-selective coverage.

This study reveals how customers use the channels of a multi-channel retailer during the buying process, which patterns of behavior can be identified, and which shopping motives can explain the various behaviors. Findings from research into buying behavior and retail patronage behavior are used as a basis for the development of the research design and derivation of the hypotheses. Although there are some research studies that have dealt with customer behavior in multi-channel retailing (e.g., Nicholson et al., 2002; Dach, 2002; Schramm-Klein, 2003), examination of the stages in the buying process has until now been omitted. This study aims to help fill this gap by focusing on the "information prior to purchase" and "purchase" stages. Recent works on multi-channel topics have focused on customers using "different channels at different stages of their decision-and-shopping cycles, for example, using Web sites to obtain information but making purchases offline" (Rangaswamy and Van Bruggen, 2005, p. 5; Van Baal and Dach, 2005; Balasubramanian et al., 2005). But the different channels in these studies do not belong to the same retailer. The focus of our study is not to compare online- and offline-channels but to investigate shoppers' behavior in different channels belonging to one retailer. The basic patterns of behavior that come into consideration are the use of *several channels* and the use of a *single channel* for information and purchasing. The objects of the research are the customers of a retail enterprise in Germany, which offers its goods through five channels: three store channels, and two non-store channels. The multi-channel retailer follows an identical market approach across all the channels: they all share common assortments, pricing, service policies, communication policies and store branding. Each channel offers customers the possibility to obtain information and make a purchase. The key questions addressed in this study are the following:

- What are the shopping motives of customers who shop through a multi-channel retailer?
- Over which channels do the customers of a multi-channel retailer spread the "information prior to purchase" and "purchase" stages?
- Can the different patterns of behavior be explained by different shopping motives?

So, one aim of this study is to reveal multi-channel customer behavior. Another purpose is to explain the customer behavior when buying through a multi-channel retailer, considering both customers using more than one channel and customers using only one channel during one purchasing process.

2. Conceptual framework and hypotheses

2.1. The buying process and the purchasers

This study examines the retail patronage decision process, paying particular attention to shopping motives. The cognitive paradigms of buying behavior theories regard purchase decisions as problem-solving processes with multiple stages. Engel et al. (1995) differentiate between five stages: need recognition, search for information and information processing, pre-purchase alternative evaluation, purchase decision and post-purchase evaluation. Depending on product category, personal characteristics and situational factors, a purchaser runs through these stages to differing degrees of intensity. Regarding the case of the extensive buying decision, the questions subsequent to the problem recognition are as follows: Which product is capable of satisfying the purchaser's need? What information is required to make the decision? Where can the purchaser obtain this information and buy the product? A customer of *one* multi-channel retailer can use either the same channel, or different channels, for the various stages of the buying process. The result is a combination of different channels, or the choice of a single channel, for conducting the buying process. In this study, we have focused on the stages "information prior to purchase" and "purchase". The customers are divided up according to the channel, in which they seek the information, and the channel, in which they make the purchase. Single-channel users seek information and make their purchase in the same channel, while multi-channel users use two channels. Theoretically, a customer can use more than one channel to search for information. The explorative research we conducted in focus groups and one-on-one interviews showed that in this special case if the customers use two channels for search (i.e., internet shop and chain stores), they would buy in one of the two channels, usually in the last one they used. We decided to limit the research to one channel for the information stage in order to avoid overextending the respondents. The quality of the answers depends heavily on the respondent's capacity to recollect the actual situation, especially if the survey takes place several days after the event. For further discussion, see Section 6.

2.2. Review of literature

A customer's buying choices are influenced by four psychological factors: motives, perception, learning, and beliefs. Shopping motives are "forces instigating behavior