

If you build it, they will come

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In a perfect grocery-shopping world, the supermarket where you usually shop would have an online presence that perfectly mirrored its bricks-and-mortar store, with the same selection of products and a minimal online-offline price difference. According to new research that's forthcoming in the September issue of the *Journal of Retailing*, grocery retailers that make an effort to create such a site and do the analytics necessary to find and retain customers will come out winners in this increasingly competitive market.

In a two-and-a-half-year study of 7907 households that shopped at supermarket chains offering multichannel shopping in the United Kingdom, KU Leuven Professors Katia Campo, Lien Lamey, and Els Breugelmans, along with post-doctoral candidate Kristina Melis, found that a consumer's decision to start buying groceries online at a particular chain led to their spending a greater share of their grocery spending at that chain rather than shopping around. Their study is described in "A Bigger Slice of the Multichannel Grocery Pie: When Does Consumers' Online Channel Use Expand Retailers' Share of Wallet?"

Because a consumer's decision to start shopping online creates not just opportunities for increasing the retailer's share of wallet but also risks for cannibalization within the chain, the authors wanted to explore how the decision to buy online affected spending and what factors stimulated or discouraged the amount consumers spent across the chain's platforms. They found that consumers are more or less willing to take advantage of the convenience and price benefits of online shopping based on the habitual purchase patterns they had formed before they went online. For

instance, if would-be digital shoppers don't find their favorite products in the online store, they may decide to try another chain. They will similarly be less willing to shop online if they are accustomed to buying private-label products at competing chains or shopping at deep discounters.

Grocery retailers who wish to attract customers to their online channel and encourage them to shift purchases from competitive chains—and thus create a new buying pattern - could offer features such as saved, personalized, online [shopping](#) lists or previous order lists "in order to nurture such online habitual purchase behavior," the authors suggest. Additionally, through data mining, retailers can assess which product categories or brands the household is not buying and use the online environment to customize promotions and communication. The authors also suggest [retailers](#) target business centers located at some distance from the store or residential neighborhoods with time-constrained residents, in order to attract them to their online channel.

More information: Kristina Melis et al, A Bigger Slice of the Multichannel Grocery Pie: When Does Consumers' Online Channel Use Expand Retailers' Share of Wallet?, *Journal of Retailing* (2016). [DOI: 10.1016/j.jretai.2016.05.001](https://doi.org/10.1016/j.jretai.2016.05.001)

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