

More is better when it comes to online product selection

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Before online shopping, if a store didn't carry the item you wanted it could take days or weeks to get it, if the store would even make a special order. That was then. Now, there's no reason for retailers not to take advantage of the unlimited retail space online and offer everything they sell. Recent research supports this approach: the more products offered online, the greater the revenue for the retailer.

In "Does Greater Online Assortment Pay? An Empirical Study Using Matched Online and Catalog Shoppers," forthcoming in the September issue of the *Journal of Retailing*, Junzhao Ma, a lecturer in the [marketing department](#) at Australia's Monash University, investigates how a larger selection of [products](#) available online affects consumer spending, using data from a large US retailer that specializes in apparel and offers both printed catalog and Internet shopping. In particular, he examines the effect on the retailer's main products, offered in the catalogs and for which there is high demand, and the less-popular niche items that were available on the retailer's website but hard to find in its catalogs.

Ma found that [online shoppers](#) spent significantly more than catalog shoppers on both popular and low-demand products—almost 11 percent more per customer per year on the main offerings and 250 percent more on the hard-to-find niche items. Catalog shoppers spent only 2.5 percent of their total on niche items, yet the category accounted for 8.4 percent of the total spending of online shoppers.

Overall, customers spend more online because it's easier to locate items

through the search function, the author suggests, especially the less mainstream items. Product line managers can benefit from this information, he writes: "Low-selling (niche) products are regularly pruned from the product line to reduce operational complexity and corresponding cost...but as shoppers grow more accustomed to the idea of searching for niche items online, carrying these [niche products](#) can not only yield additional revenue but also help retailers recruit and retain customers."

More information: Junzhao Ma, Does Greater Online Assortment Pay? An Empirical Study Using Matched Online and Catalog Shoppers, *Journal of Retailing* (2016). [DOI: 10.1016/j.jretai.2016.05.004](https://doi.org/10.1016/j.jretai.2016.05.004)

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