

# Customers willing to wait longer for delivery when they shop in store showroom vs. online, finds study

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Nearly a decade ago, Fei Gao predicted in his [research](#) that having online shoppers pick up their purchases at a local store could help retailers head off the so-called "retail apocalypse"—the notion that online shopping would eventually lead to the demise of traditional brick-and-mortar stores.

Today, it is a winning "omnichannel" strategy for sellers. Not only does it provide fulfillment to customers who want their purchases more quickly, but it saves millions spent on shipping. It also provides "upsell" opportunities for customers to make another purchase.

"When shopping online, people don't often like waiting long for the delivery," said Gao, an associate professor of operations and decision technologies at the Indiana University Kelley School of Business.

New research from Gao and colleagues at Michigan State University and Southern Methodist University finds renewed value in stores returning to an old concept—the store showroom—particularly when larger, big-ticket durable goods are involved.

Like at a traditional store, showroom customers can touch and feel the products. They can ask questions and assess how it may fit into their home. Showrooms have been shown to increase demand overall, attract new customers and reduce returns. They may carry no inventory, which allows the retailer to have smaller locations.

Gao and colleagues at Michigan State and Southern Methodist studied data involving more than 380,000 transactions at a leading national Italian furniture retailer to study whether customers' sensitivity to delivery lead time—also known as fulfillment—differed when sales were made through store showrooms, online or by phone using a printed catalog.

"Common wisdom in the retail world is that it shouldn't matter, because consumers are waiting the same amount of time to get exactly the same product," Gao said. "We found that isn't the case. When people go into a showroom, and they see the product and talk to [store](#) employees about it, they simply don't care as much about the long wait time."

Their findings appear in the article "[Channel Changes Choice: An Empirical Study About Omnichannel Demand Sensitivity to Fulfillment Lead Time](#)," which has been published online by *Management Science*.

The findings suggest that showrooms make customers less sensitive to lead time than online or catalog channels. A 10% increase in lead time caused a 0.29% reduction in daily sales volume at the showroom, compared with the reduction of 1.85% and 0.92% in online and catalog channels, respectively.

"What we find is that you don't really need to speed up the delivery process too much; you can make better use of your stores," Gao said. "Once people have seen the product personally, they know more about it, and it reduces what we call 'information uncertainty.' When you buy online, you're just seeing the pictures. Especially for furniture, you don't want to buy something that's too big for the space, and when you're buying online, you may not be sure if it will even fit."

Gao and his colleagues suggest that retailers should provide incentives for online customers to visit showrooms, since they may be willing to wait longer for their products' arrival.

The results also show that longer lead time prompts customers to choose the warehouse pick-up option when it is offered, given that they are impatient to receive the product, and showrooms attenuated this effect.

Companies that seem to be embracing this approach successfully, Gao

said, include men's clothier Bonobos, eyeglasses retailer Warby Parker and jeweler Blue Nile. Each started out online and recently opened showrooms where people could see their products.

The researchers acknowledged that they couldn't track cross-channel [customer](#) behavior, such as when someone first visits a showroom and then places the order online.

Other study authors are Stanley Lim, an assistant professor of supply chain management at Michigan State University, and Tom Fangyun Tan, a Corrigan Endowed associate professor of information technology and [operations management](#) at Southern Methodist University.

**More information:** Stanley Frederick W. T. Lim et al, Channel Changes Choice: An Empirical Study About Omnichannel Demand Sensitivity to Fulfillment Lead Time, *Management Science* (2023). [DOI: 10.1287/mnsc.2023.4839](https://doi.org/10.1287/mnsc.2023.4839)

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