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SEMINAR SERIES

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TEMPLE UNIVERSITY

BUSINESS ANALYTICS ISSUES IN MULTI-CHANNEL RETAILING

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Customers often evaluate products at brick-and-mortar stores to identify their "best fit" product but buy it for a lower price at a competing online retailer. Kumar's research begins with analyzing this free-riding behavior by customers (referred to as "showrooming"). Next, he examines price matching as a short-term strategy to counter showrooming. Since customers purchase from the store at lower than store posted price when they ask for price-matching, one would expect the price matching strategy to be less effective as the fraction of customers who seek the matching increases. However, results show that with an increase in the fraction of customers who seek price matching, the store's profits initially decrease and then increase. He also looks at exclusivity of product assortments as a long-term strategy to counter showrooming. This strategy can be implemented in two different ways. One, by arranging for exclusivity of known brands (e.g. Macy's has such an arrangement with Tommy Hilfiger), or, two, through creation of store brands at the brick-and-mortar store (T.J.Maxx uses a large number of store brands). His analysis suggests that implementing exclusivity through store brands is better than exclusivity through known brands when the product category has few digital attributes.

More research examines the following two key questions in the context of multi-channel retailing: (i) What is the role of product returns in the evolution of new consumer's channel preference and channel choice? (ii) What is the impact of easier store access to customers on their online purchase behavior? For both of these studies, Kumar uses a unique panel dataset of consumers' purchase and return of products from different categories from a multi-channel department store.

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