Project Dissertation

Analysis of Impact of Consumer Buying Behavior in Multiple Channel Conflict

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CERTIFICATE FROM THE INSTITUTE

This is to certify that the Project Report titled "**Analysis of Impact of Consumer Buying Behavior in Multiple Channel Conflict**", is a bona-fide work carried out by Mr Himanshu Aggarwal of MBA 2013-15 and submitted to Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 in partial fulfillment of the requirement for the award of the Degree of Masters of Business Administration.

Signature of Guide   Signature of Head (DSM)

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DECLARATION

I **Himanshu Aggarwal**, student of MBA 2013-15 of Delhi School of Management, Delhi Technological University, Bawana Road, Delhi-42 declare that Dissertation report on **"Analysis of Impact of Consumer Buying Behavior in Multiple Channel Conflict"** submitted in partial fulfillment of Degree of Masters of Business Administration is the original work conducted by me.

The information and data given in the report is authentic to the best of my knowledge.

This Report is not being submitted to any other University for award of any other Degree, Diploma and Fellowship.

Himanshu Aggarwal

Place:

Date:

ACKNOWLEDGEMENT

This thesis is done as part of Master's program in Business Administration at Delhi School of Management of Delhi Technological University. There were many people who contributed towards the success of this research study and I would like to thank for their valuable time, efforts and well wishes.

I would like to thank my guide Dr. P.K. Suri (Professor, Delhi School of Management, DTU) without whose guidance a successful completion of this research project might have been a very difficult task to complete. His helping ideas showed me the way to proceed. I am really grateful for that. I would also like to thank all respondents who gave their valuable time during the data collection phase.

Delhi Technological University

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Himanshu Aggarwal

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EXECUTIVE SUMMARY

Multiple channel marketing is the use of various channels like retail store, web site, mail catalogue, emails or text messages to reach a customer. This study shows that effective multiple channel marketing has to be supported by good supply chain systems, so that the details and prices are consistent across the different channels. Subsequently, the study looks at the effect of manufacturer's strategies like adding new (online) channel to supply chain to compete and thereby the strategies for channel conflict reduction. Also, it includes the perception of consumers towards online and offline channels and impact of multi-channels on consumer buying behavior.

The first part of this report lays focus on setting the objectives and rationale of this study, followed by concept and framework development for reduction of channel conflict. It includes detailed analysis of different marketing mix strategies for manufacturers to reduce channel conflict between in general and specifically for online and offline channels. An important finding of this study shows that there are similarities between marketing strategies that manufacturers use to reduce channel conflict in general and those that can used to reduce channel conflict which is caused by adding online channel. The second part includes the research methodology and data analysis. Research methodology mainly comprises information about the setting up of questionnaires, sampling, research instruments and methods. Data analysis aims to explain the sensitivity of consumers towards online and offline channels and their role in the conflict arisen due to multiple channel marketing. Data analysis also tries to explain the perception of the retailers towards multiple channel marketing, their attitude towards this with respect to a particular brand. The final part contains observations, conclusions and recommendations that are a result of Data Analysis. It also includes all the questionnaires used to conduct the study.

In conclusion, the reports says, manufacturers or companies should not change their path to another channel without creating a win-win strategy with retailers to keep your head above water and for this they have to encompass, communicate and work together with their retailers to ensure both parties can benefit.

CHAPTER 1

INTRODUCTION

1.1 Digital Distribution Platform

E-commerce or electronic commerce is the set of processes of transactions such as buy, sell or exchange of goods, service, information through digital platform. New opportunities and avenues such as reduction in cost, tapping market in new locations, increase in consumer satisfaction and loyalty have become possible for the organizations through the introduction of E-commerce along with the sharing of data and information at global scale. With these benefits, conflict s among channel partners come as add on. Business success depends upon the handling of channel conflicts (Webb, 2002).

According to the Forrester Consulting, practice of transaction through digital platform among Indians has been changing at light speed and it to be expected that more than 0.1 billion would be using digital platform by the end of 2015 for shopping and in next two years this sector is expected to be more than $15000 million in size. It has said that in India, about 0.035 billion (15 per cent) of the 0.25 billion userbase of internet had performed transaction of goods or service through digital platform. Every month more than 20% consumers buy products through this digital platform. At present, out of 0.15 billion digital users, less than 0.01 billion are accessing e-commerce.

ViziSense, an online polling platform cited that about 58% goods ordered through digital platform were from cities under tier I,II and III where only 42% came from metros.

Time and convenience are the major factors attributing the increase in online shopping pattern and have also supported by numerous literature. Price sensitivity and assortment available to choose from are also taken under consideration by the customers. Some studies have done over the switching behavior of customers between the traditional stores and digital platform and found out that customers are prone to transit between these channels.

In Red Ocean market, organization could not sideline the digital platform as day by day consumers are associating with e-commerce business and also recommending it to other. With the increase in digital penetration in country, it is also expected to be increase in e-commerce consumer base. Large sum of funding is pumping in e-commerce sector by various venture capitalists and hence many e-commerce companies such as myntra, shopclues are entering into the market and this industry is expected to flooded with numerous players in coming years.

Organizations are eying to capitalize this business prospect so manufacturers thing themselves to go digital and to add online marketing channel in addition to their traditional retailers network, but they still perplexed about the mix of channel to serve their consumer base. Manufacturer might be a competitor or a supplier for the traditional store, which leads to the cross channel cannibalization. With the conflicting goals and interest, organization and retailers fight over the same customer base and hence leads to conflicting environment. Due to cross channel cannibalization and improved service quality digital platform are capable of transfer offline traffic toward them.

Organizations include new channel for distribution to optimize its operations and cost reduction with higher consumer engagement which are better serve by digital platform.

1.2 Marketing Channel Conflict and Multiple Channel

1.2.1 Marketing Channel

"A marketing channel is a set of interdependent organizations involved in the process of making a product or service available for use or consumption" (Coughlan, 2001).

Retail models, organization salesforce, distribution network, catalogues, agents internet and their integration forms the marketing channels. They are divided into indirect and direct channels. Indirect mode are those channels that are facilitated by the help of others external stakeholders to serve their target base whereas direct mode is which that connect company to customers directly, e.g. online platform, sales-force, etc. Adding another channel like digital platform to an existing modes, entity called multiple marketing forms.

1.2.2 Multiple Channel

Simultaneously offering of goods, information, or services with the help of more than one channels is known as multiple channel marketing. According to Kotler multi-channel is where two or more channels are used to serve its customer segments.

According to study (Webb, 1997), multi-channel model will provide the combination of offering to cater the need of large and segmented marked with different needs.

Some organizations use a mix of marketing modes to reach their target segment and to tap same segment with various modes.

1.2.3 Multiple Channel Marketing Opportunities

Organization can adapt them according to the needs of customer which is the imperative advantage of multiple channel model of marketing. It is require where consumers are having diverse buying behavior. They select the mode of purchase according to the convenience with minimum efforts. Customers can transfer from one channel to other at any stage to purchase.

Optimal utilization and reduce cost can be achieved by establishing the synergy among channels. Economies of scale in distribution and inventory plays the major role in this. Optimum supply chain management is the key of inventory cost reduction and distribution cost reduction of effective delivery network. Customer loyalty and trust get stronger with multi channel model of marketing due to the increased number of contact points.

Multi channel model can differentiate the brands help in value creation. One channel can be use for transmission of information while other can be use for the product distribution. Loyalty programs and after sales service also help in differentiation. Multi channel model leads to increased geographical reach and product extension.

1.2.4 Multiple Channel Challenges

Multi-channel model have challenges which are specific to case. Most common of them are:

    a) Synchronization creation among channel is a challenge for organizations as it is the base for the quality of goods and services provided by them. They have to maintain the effectiveness in transmission of information for the sake of their customers.

    b) Difference in price is also a problem for organization and there is price disparity between online and offline channel which in turn create the state of confusion for

customers. Customers tend to move toward low price model due to the price sensitivity

c) Capital estimation for the purpose of addition of new channel is challenging as new platform have high fixed cost and lack of certainty of its sustainability.

d) Big data and data of things is becoming the hard nut to crack for organization as online channel with increasing customer base require skill to maintain data consistency across platform and data security

1.3 Channel Conflict Definition

"Channel conflict arises when the behavior of a channel member is in opposition to its channel counterpart. It is opponent centered and direct, in which the goal or object sought is controlled by the counterpart.", according to Coughlan.

Conflict in multi-channel model takes place when two or more channel which are different from one another compete for the same customer and brand. It can be between the direct sales force and independent distributor, different distributors with different type , same retailers trying for the same target base. Multichannel model in the changing customer needs and preferences become a strategic part for organization. Digital space of e-commerce is becoming complex, day by day due to the increase in new entrants product with increasing conflict across channel.

Channel conflict is a indicator of the organization reach and penetration into the market. According to Stern & El-Ansary (1988), in absence of conflict, channels become stagnant and lack innovation.

Channel conflict would become destructive in nature when balance between channel conflict and coverage lost, and affect the strategy, profitability and position. Due to the perceived impact on bottom line, channels are sensitive to conflict. This means they tend to work upon to manage it.

Conflict can be shown in a various ways. Manufacturers are unable to sense whether the problem is marketing strategy symptoms or destructive channel conflict. When encountered with indicators of conflict, one should check market position and find out

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the true cause and act to avoid conflict. It is crucial for companies when they have to gain benefits from multiple modes. Therefore it is necessary to avoid conflict, and encouragement of cooperative behavior.

1.4 Online and Offline Channels Impact

When a firm provide its product at both the platforms (offline and online), fierce fight has expected due to the targeting of same customer base. Research (Camp,2010) classified the conflicts as external and internal form. Internal conflict is that which arise between two or more marketing channel that organization use. Whereas external one is due to the involvement of third party.

When a organization use digital channel in addition to its present offline channel system, expected conflicts are:

- **Under-utilized Assets**

  Various assets like stores, offices or call centers constitutes to a large sum of organization's capital and hence its utilization and optimization is necessary. Moving considerable amount to digital channel can upset equilibrium.

- **Cannibalization of channels**

  Addition of a new marketing channel, leads to restructuring of demand, generally this leads to cannibalization in favor of new channel. Point of discussion is whether the new channel would leads to substitute or complementary effect.

- **Desynchronization between channels**

  Online and offline modes have different structure and systems. But it is hard for customers in differentiating platforms for similar product and look for the convenience whether provided by offline, online or mix of them.

- **Price disparities**

  Online platforms have low operation cost due to the economies of scale and have low margin , which is a not possible in traditional retail network. Hence there is disparity in price among channels and due to which customer's sensitivity toward particular channel also changes.

Independent third parties also the source of external conflicts when they take up online distribution. Samsung is one of the example in this regard. When it start selling Smartphone through digital platform, retailers retaliated and as a result company had taken steps to win the trust of these retailers.

- **Retailers Alienation**

  Since direct sale by manufacture upsets the retailers since this would restructure the sale balance and generally against their goals. They move to competitors in such environment, those provide them better support.

- **Lack of ChannelControl**

  With the large number of channel incorporation, controlling force starts to decline as it is hard for and manufacturer to maintain the quality across channel. This difference in quality might tarnish the brand image of the organization.

  Moreover, same control can't be exercised over online mode and a large number of retailers is moving toward their own click-&-brick model.

1.5 Significance of the Study

With the advancement of technology, organization are trying to incorporate new channel into their distribution network to utilize the resources efficiently and to leverage the benefit of technology. They are targeting widespread geographical coverage and diverse consumer segment which require them integrate new channels to serve their customers. Hence organizations are moving toward multiple channel models. Basically this is to increase the customer's experience delight and to counter the competition, so to boost their sales. E-commerce sector in India has become popular in last few years and giving stiff competition to the traditional stores, causing the cross channel conflict and problem for organizations to handle. E-commerce model of procurement to save tax is one of the debatable questions among retailers and they are pushing the firms to take steps in this regard. Thus conflict management is becoming important for various stakeholders. Another reason for channel conflict is the free riding tendency of customer which annoyed the traditional retail owners.

1.6 Purpose of the Study

Purpose and objectives of the study are:

- To study the behavior of customers towards offline and online model.
- To analyze consumers transition between channel.
- To formulate framework of conflict reduction strategies.

CHAPTER 2

LITERATURE REVIEW

According to Senapati (2014), flexible services, attractive television advertisements, product assortment, and referral system are the factors for the boost in online shopping behavior in India. It also conclude that the e-commerce sites are acquiring large number of customers and leading to the decline in profit of traditional retailers, those are the reasons behind cross channel conflict.

Zhang (2010), discussed about the advantages and disadvantages of multiple channel model. According to it, financial performance gets improved due to reach to new markets, increased consumer loyalty, and developing strategic advantage. However disadvantages are: lack of digital front, infrastructure difficulties and multichannel offering cost.

According to Rosenbloom (2002), retailers must associate with other stakeholders such as their vendors and other members of the channel to serve their customers needs and providing them state of the art experienceshe. Hence, retailers are moving toward the integration of online mode with their existing model. Also, Balasubramanian (2005) concluded that consumers' preferences are affected by various forces like social intractability, economic goals.According to Kevin L. Webb (2002), manufacturers can get market insight by using multiple channel as a tool and can utilize one channel in case of overloading of other.

According to study (Coughlan, 2006), cause of conflict among channel is the action of one channel to prevent other to achieve its goal. Hence it is a reaction in response of a stimuli of restriction. It lay down reasons for conflict such as reality perception, incompatibility between goals, domain scope.According to Tsay (2004), additional sale channel generally leads in the decline of existing channel's sale, instead of its increase.

According to Webb and Lambe (2007), difference in price of a product available at different channels is a major factor of conflict. Discriminating promotion and selective promotion at different channel causes sense of distrust among channel partners.

Charles Steinfield talks about the virtual and physical synergy like operation, infrastructure, and buyers which are common to all. Explicit coordination, aligning the goal are few strategies to achieve synergies. It help in valve creation and reduction in expenditure.

According to Ying Wei (2014) purchase decision of customer drives through his loyalty toward that channel. Profit and price have strong influence over channel selection. With the increase in rationality during decision process, price sensitivity decline.

Yan (2008) developed strategies like Stackleberg, Bertrand and Channel Integration for price in multiple channel. It provided a framework of optimal branding strategy & market structure to maximize profits in multichannel environment. He suggested employing large brand differentiation between dual channel stores particularly when consumer is less price sensitive & market size is large. It filled a practical & conceptual gap in multichannel branding strategies. It also showed that both online & traditional channels should adopt a leader follower strategy to increase profits all the more when products brands are less differentiated.

According to Shipley and Egan (1992), long term business relation is a key determinant of channel members motivation & channel members reward is a key influence on channel cooperation & conflict. They studied brewer tenant as a franchise relationship and proposed of partnership approach model & analyzed the behavioral aspects of brewer/tenant relationship.

Magrath (1994) suggested that manufacturers can prepare their organization better if they anticipate conflict levels. Sources of conflict are differences in key factors (channel design & policies).

CHAPTER 3

METHODOLOGY

3.1 Research Purpose

Research is generally of three types : explanatory, descriptive or exploratory. This paper was descriptive cum exploratory. As there has been limited research in regard of multiple channel conflict with internet as one of the distribution channel, therefore the research was exploratory. Still, research purpose was also descriptive because existing literature used to design strategic framework for channel conflict reduction.

3.2 Research Approach

The research can be qualitative or quantitative or both. Qualitative research have data in the form of descriptions, pictures, or words, whereas quantitative research have data in the form of count, numbers. This study uses quantitative along with qualitative research to get insights.

For designing conceptual framework on multi channel conflict, secondary research was conducted, and to get the details about customer behavior in gathering information and deciding purchase, primary data was collected.

3.3 Research Strategy

Data of 100 respondents was collected through online questionnaire. Selected respondents have had exposure to both online and traditional retail purchase. Convenience sampling in addition to judgment sampling was adopted.

Data Collection

- Consumer's survey: Post graduate students from Delhi Technological University, and IIT-Delhi, were the respondents.
- Exhaustive questionnaire was developed to analyze and study the customer's behavior in information gathering and purchase decision and their contribution to channel conflict.

Secondary Data Collection

- Secondary data was collected from various research papers on channel conflict, suggesting strategies to gauge the repercussions from conflicting affairs.

3.4 Tools Used

Software used during compiling, analyzing and collecting data are:

- Microsoft Excel
- IBM SPSS
- Microsoft Word

CHAPTER 4

CONCEPTUAL FRAMEWORK

4.1 Conceptual Framework Design

Conceptual framework to minimize the channel conflict among the offline and online distribution channel is divided broadly into three parts: dependent and independent variables and moderator.
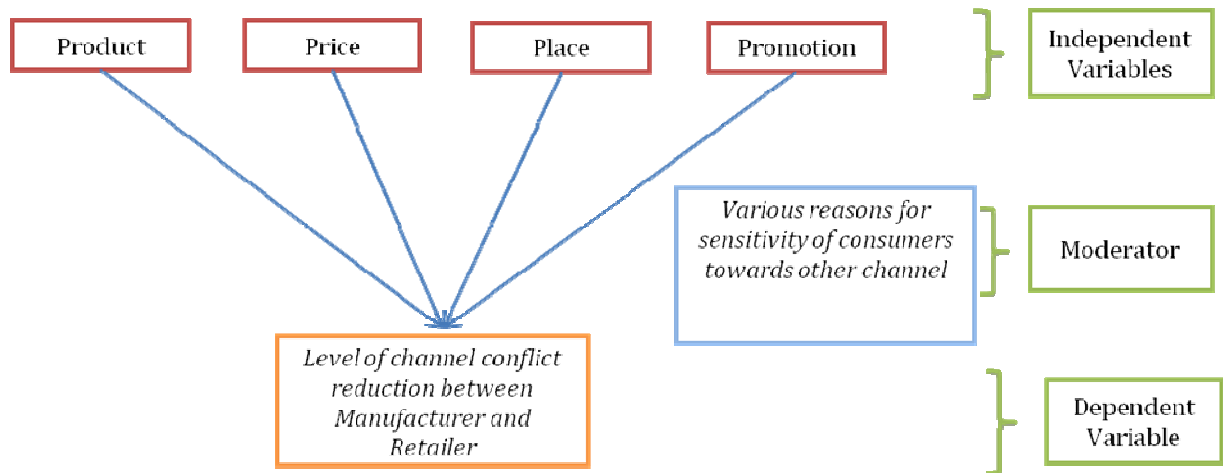
Figure: 4.1 Conceptual Framework

4.2 Strategies to reduce Conflict (Offline and Online)

Even digital platform is a channel but it has many similar characteristics as other channels have. Which enable it to view as any other channel integration instead of giving it any special treatment in case of conflict management. Whenever new channel integrated with the existing model, state of unrest is likely to happen. Here the traditional theories of conflict management are used to propose the framework of marketing mix for online-offline integrating to minimize the conflict. In is expected that when an online selling channel is introduced through internet, retailers' retaliation arises and leads to channel conflict.

In last few years there is an increase in number of manufacturers going digital, leveraging the benefits of technology. According to study (Web, 2002), out of fifty firms about sixty six percent of them are serving their customers directly through online medium and facing problem from other channels.

4.3 Channel conflict reduction - Strategies

a) Price strategy

Commission strategy, equal price strategy or channel integration price strategy are the price strategies adopted by manufacturers to control the conflict across channels, which are also applied in online model. According to Tsay & Agrawal (2004), manufactures uses pricing strategies when consumer have perception of lower price at online mode and appealing them only on price disparity. When firm set their price high in comparison to retailers, there would be decline in the level of conflict. In addition, interviews with store owners shows that they have strong feeling that firm must take action to minimize price disparity.

b) Product Strategy

According to Webb (2002), conflict among channel could be minimized by limiting the offering at various channels. Such as Asian Paint have in-house store to inform the masses about their product range but do not sell from there. Serving needs of different market through different channel would decrease the conflicting scope. They can use online mode to disseminate the information only. Early adopter are sensitive toward 'hot' product which are launched fresh in market, for such products firm let the retailers to take advantage and not offering them at online medium, while online medium are use to lateral products with mature or declining life cycle.

c) Promotion Strategy

Promotion strategies are adopted by the organization to boost the customer presence at particular channel. Such as BigBillionDay and Flat 50% sale are few of such kind.

Customer search products from one mode and closes the deal on the basis of availability of promotional deals. Hence consumers are ready to switch between the channel. In such scenario, one channel is used to promote other such coupons provided through one channel can only be redeemed through other.

Online channel have the accessibility advantage over other's in information transmission and hence can be used to promote the promotional campaign for the

traditional store network. Organizations uses mail and site catalogue to trigger the purchase intention and redirecting them to retailers. Hence promotions through online mode helps the organization and stores to minimizing the conflict level as the organization create the pull based demand for the retailers.

According to study (Zhang, 2009) competitive promotion is more responsive for offline channel and loyalty programs for online channel.

Above mentioned theories can be used to synergize the channels and integration to minimize the conflict. Promotions should be used carefully tactically as their long term sustainability is always a question of debate.

d) Place strategy

Diverging order model led's to retailers satisfaction as in this case the firm takes order online through their resources and transfer these order to retailers to fulfill. This is the integration model of online and offline channel.

Amazon integration with Future group to take order online and fulfilling through store have created new avenues for multiple parties.

Like case on Shopatron (www.shopatron.com), firm enables the manufacturers to sell online without annoying their retailers. His business takes customers orders and places them on Confident order exchange (Coex), an Internet based online exchange, where orders are taken up by a local retailer for delivery or the goods are held in a store to be picked up. Shopatron has now more than 400 brand manufacturers on its Coex system, which offers a solution to channel conflicts. Manufacturers paid a single set-up charge, followed by low monthly fee. Retailers can join for free, but pay a percentage of each sales and credit card processing cost to Shopatron. As consumer demand for instore pick-up increases, this system provides a win-win solution.
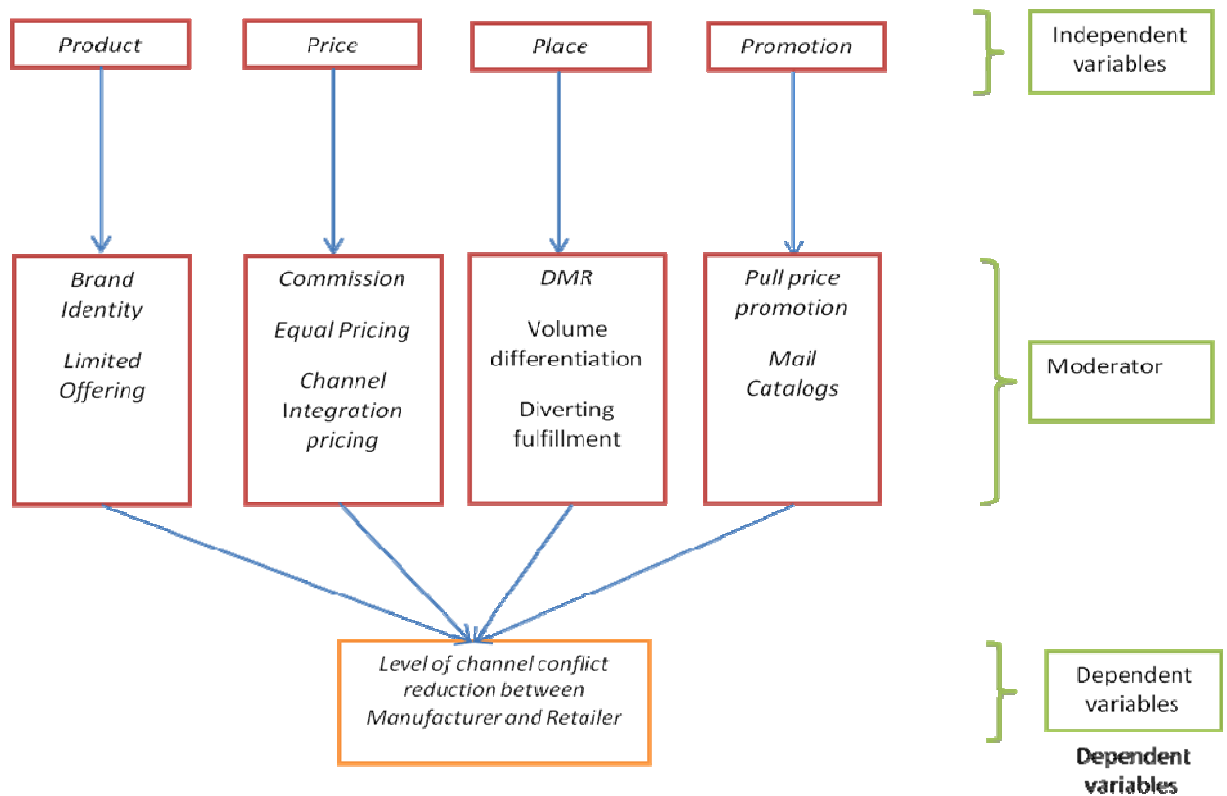
Figure: 4.2 Conceptual Framework Design

CHAPTER 5

DATA ANALYSIS

One of the most imperative advantage among the various other benefits of multi-channel is it's distinguish characteristics that provide manufacturers the opportunity to change as per customer needs and purchase process. Hence, multiple marketing channels is require where consumer have different needs, response to promotion, etc., marketing mix strategies of the manufacturers. This means different consumers have different buying behavior and thus they will chose the channel that best serve their needs. Our analysis of consumer behavior shows that while make a purchase consumer can switch between channels at various stages.

Traditional retail store integration with online model:

Figure: 5.1 Integration Model
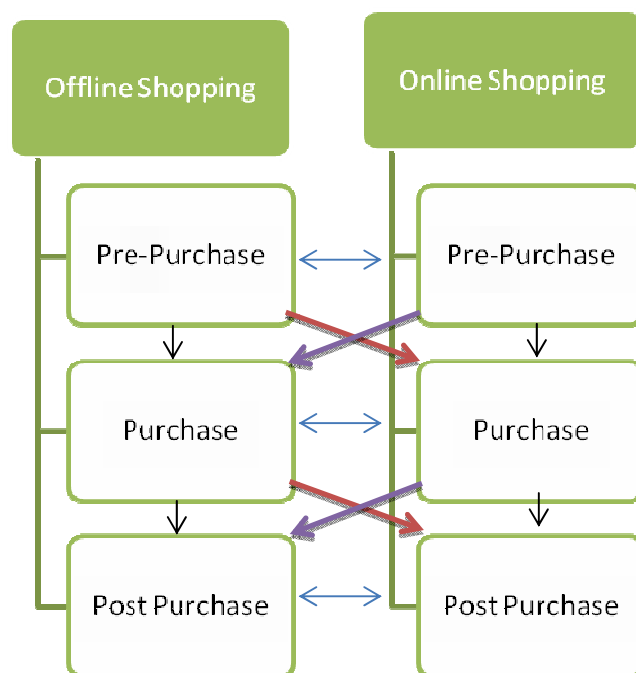
Customers can gather information from any channel and purchase the product on the basis of various underlying factors those drive their intentional/unintentional switching behavior. They can either process the entire purchase cycle from one channel or switch at various stages of purchase causing the state of unrest among the channel stakeholders.

5.1 Data Analysis

Table 5.1: Demographics

	Demographics	Number
N (100)		
Age	Above 50 years	1
	36-50 years	3
	25-35 years	15
	Less than 25 years	81
Gender	Male	74
	Female	26
Annual Household Income	Not want to share	25
	Above 10,00,001	33
	5,00,001 - 10,00,000	24
	2,50,001-5,00,000	18
	Under 2,50,000	0
Occupation	Homemaker	0
	Student	64
	Business	0
	Service in Private Sector	36
	Service in Public Sector	0
Education Level	Other	0
	Post Graduate	44
	Graduate	56
	High School	0

Out of 100 respondents those took part in survey, 26 were females and 74 were males.

Which simply gives the bifurcation of 26% female and 74% male of the taken sample space. There were also 81% of population which belong to the "Less than 25 years" age group, since the respondent were chosen on the basis of convenient

sampling and the participants were from fresh graduates working in industries or students (post-graduates/under-graduates). Whereas respondent belonging to "25-35 year" age group were only 15%.

The respondents taken under study were exposed to almost all the purchase channels and technology driven. Young generation also have the long term prospects for the sellers due to their long life cycle.

Most of the respondents were from high income level as : 33% from "Above 10,00,001 " and 24 from "5,00,001 - 10,00,000" category. Which indicates toward the high purchasing power parity in general. Whereas considerable chunk people opt-out themselves from revealing their earning which also reflects the social stigma of not to revel personal information.

Taking the respondents as a whole, they belongs to the educated class, either in services or pursuing their studies.

Figure: 5.2
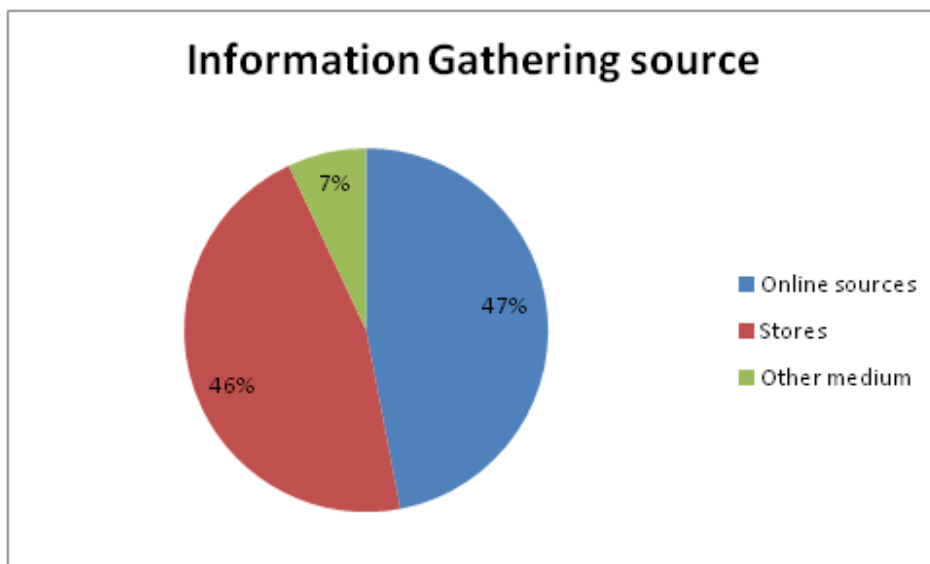
For the information collection, 47% of the respondents under research prefer online medium over other mediums while 46% gave preference to traditional medium over others. Just 7% of them opt for other medium which could be friends and family recommendations, past experience and many more.

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Figure: 5.3
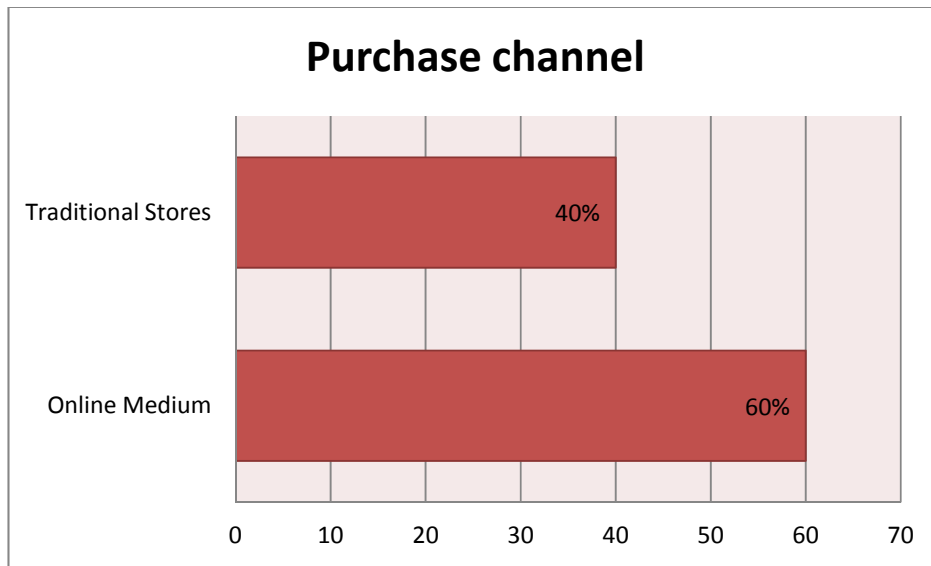
Purchase channel

According to the preference of respondents under research, majority of them purchase goods through online medium as 60% of them were in its favour.

Figure: 5.4

Information through Traditional Store
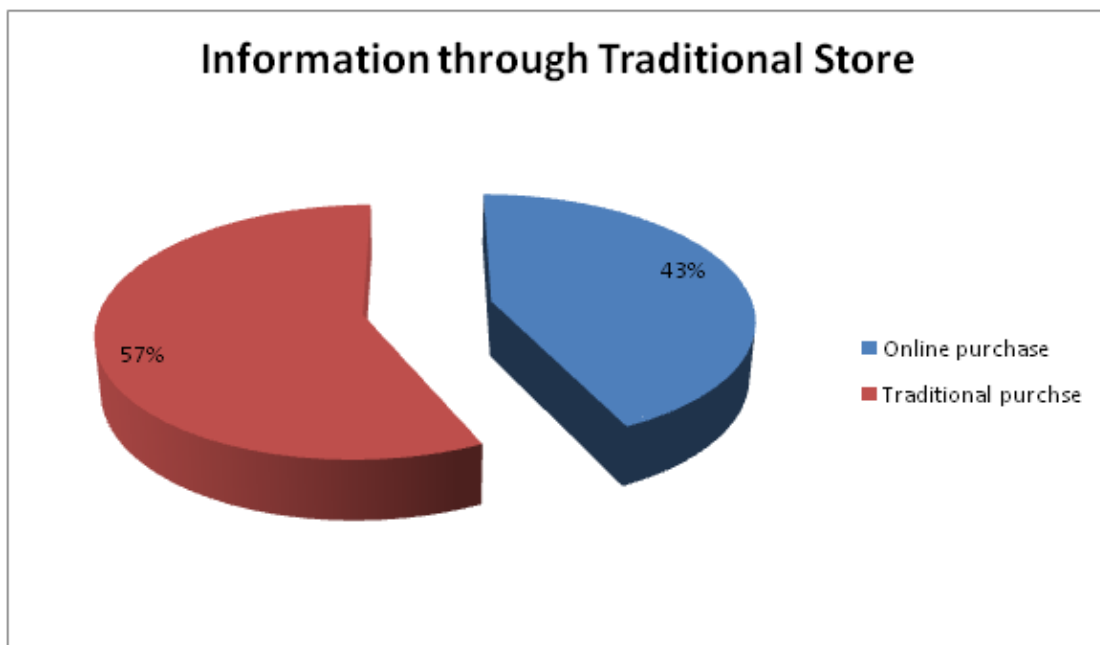
46% of respondents preferred traditional channel for information gathering. Out of those 46%, 57% of them were also go for the stores while taking purchase decision. Whereas 43%, switched the channel.

Figure: 5.5
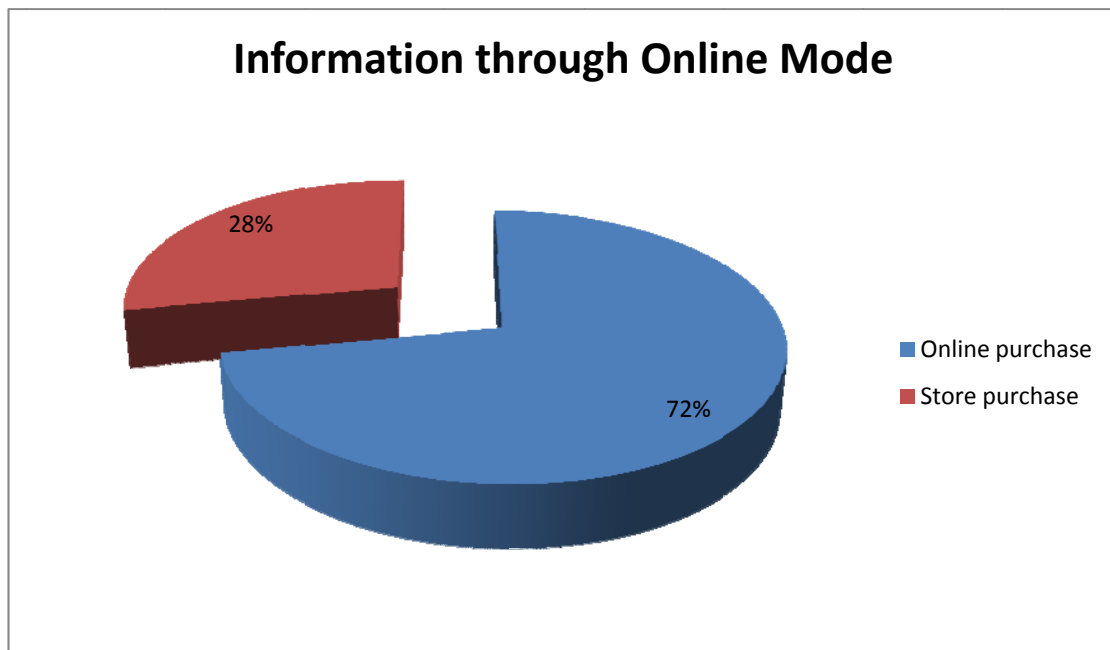
Out of respondents, those preferred online medium to collect product information, 72% of them go for the online medium to finalize the purchase while only 28% of them switched the channel.

Hence in can be observed that the switching from traditional stores to online channel is far greater than otherwise.

Table 5.2: Important Attributes (During Information collection through Retail stores)

How much do you agree the following parameter is require		%
Retail store provide trustworthy information	Highly Agree	0
	Somewhat Agree	29
	Indifferent	41
	Somewhat Disagree	15
	Highly Disagree	15
Full information available	Highly Agree	0
	Somewhat Agree	44
	Indifferent	41
	Somewhat Disagree	15
	Highly Disagree	0
Seeing is beveling	Highly Agree	30
	Somewhat Agree	70
	Indifferent	0
	Somewhat Disagree	0
	Highly Disagree	0
Real time information is available	Highly Agree	11
	Somewhat Agree	15
	Indifferent	44
	Somewhat Disagree	30
	Highly Disagree	0
Information related to Latest trend available	Highly Agree	15
	Somewhat Agree	40
	Indifferent	45
	Somewhat Disagree	0
	Highly Disagree	0

Figure: 5.6
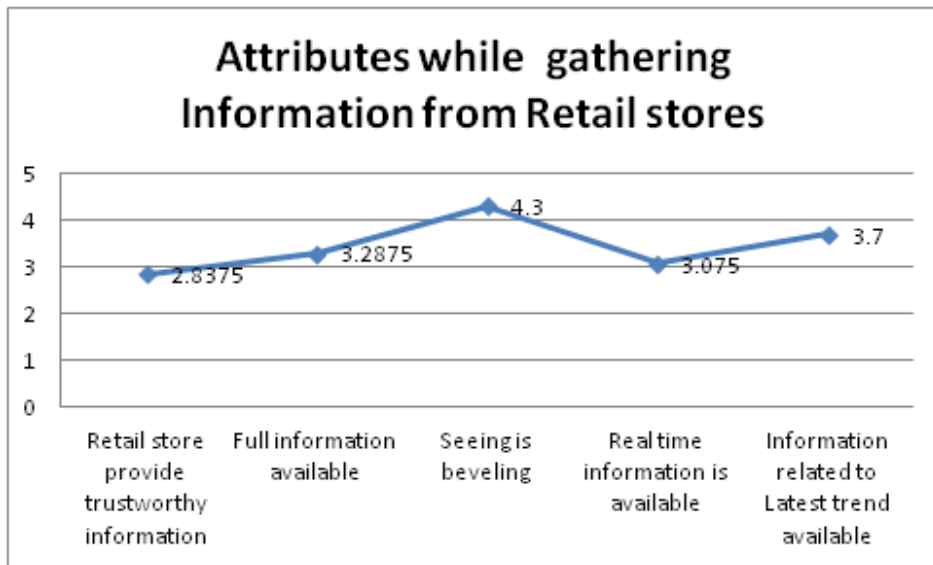
Linear representation of the attributes, important for the customer while collection information form a retail store shows that the, "Seeing is believeing" is the most important factor for them.

Table 5.3: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.651
Bartlett's Test of Sphericity	Approx. Chi-Square	260.553
	df	10
	Sig.	.000

Table 5.4: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.618	52.365	52.365	2.618	52.365	52.365
2	1.272	25.430	77.795	1.272	25.430	77.795
3	.673	13.468	91.263			
4	.226	4.515	95.778			
5	.211	4.222	100.000			

Extraction Method: Principal Component Analysis.

Table 5.5 : Rotated Component Matrix^a

	Component	
	1	2
Retail store provide trustworthy information	.342	.773
Full information available	.894	.184
Seeing is beveling	.871	-.107
Real time information is available	-.139	.838
Information related to Latest trend available	.912	.133

Extraction Method: Principal Component Analysis.
Rotation Method: Varimax with Kaiser Normalization.
a. Rotation converged in 3 iterations.

Above RCM has segregated the attributes into two dimensions of importance as:

- "Real-time information" and "Trustworthy information from retail store provide"
- "Latest trend information", "Full information" and "Seeing is beveling".

Table 5.6: Important attributes during collection of information from online mode

How much do you agree the following parameter is require		%
Large volume of information available	Highly Agree	11
	Somewhat Agree	15
	Indifferent	38
	Somewhat Disagree	33
	Highly Disagree	3
Convenience in getting information	Highly Agree	30
	Somewhat Agree	70
	Indifferent	0
	Somewhat Disagree	0
	Highly Disagree	0
Ability to compare details	Highly Agree	47
	Somewhat Agree	47
	Indifferent	6
	Somewhat Disagree	0
	Highly Disagree	0
Creative representation of information	Highly Agree	5
	Somewhat Agree	15
	Indifferent	30
	Somewhat Disagree	40
	Highly Disagree	10
Intractivity	Highly Agree	11
	Somewhat Agree	0
	Indifferent	34
	Somewhat Disagree	35
	Highly Disagree	15

Figure: 5.7
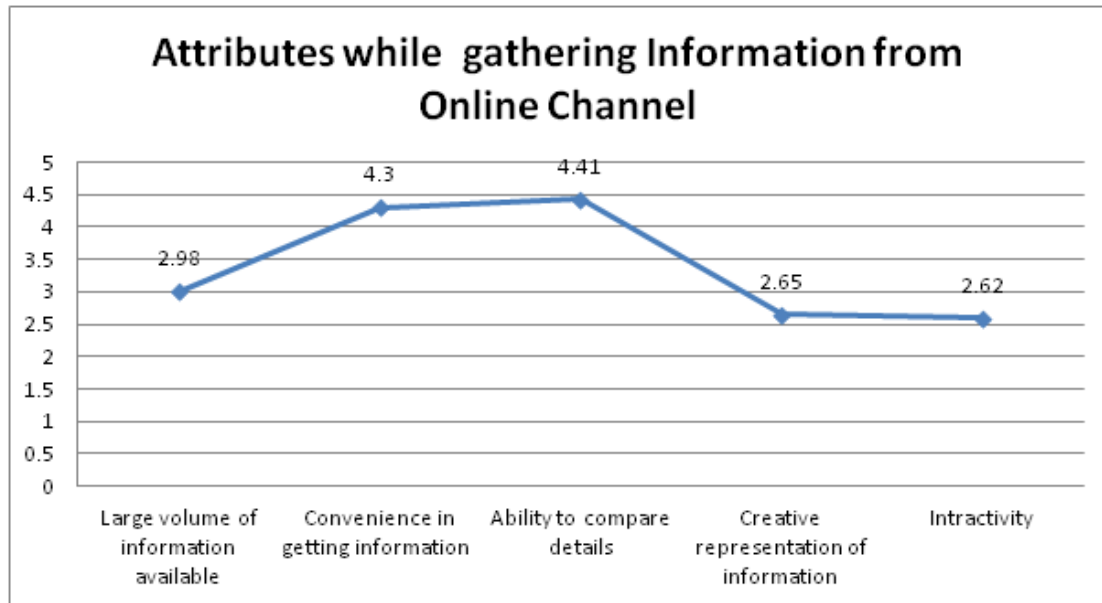
Linear representation of the attributes, important for the customer while collection information form a online medium shows that "Ability to compare details" and "Convenience in getting information" are highly important.

Table 5.7: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.536
Bartlett's Test of Sphericity	Approx. Chi-Square	66.211
	df	10
	Sig.	.000

Table 5.8 : Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	1.528	30.570	30.570	1.528	30.570	30.570	1.443	28.858	28.858
2	1.379	27.587	58.157	1.379	27.587	58.157	1.378	27.556	56.414
3	1.096	21.929	80.085	1.096	21.929	80.085	1.184	23.672	80.085
4	.551	11.019	91.104						
5	.445	8.896	100.000						

Extraction Method: Principal Component Analysis.

Table 5.9 : Rotated Component Matrix^a

	Component		
	1	2	3
Large volume of information available	-.243	.881	.035
Convenience in getting information	.785	.097	-.324
Ability to compare details	.481	.739	-.095
Creative representation of information	-.079	.015	.924
Interactivity	.728	-.215	.464

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 9 iterations.

Above RCM has segregated the attributes into three dimensions of importance as:

- "Information available in large volume" and "ability to compare Details"
- "Convenience in information gathering" and "interactivity"
- "Creative representation of information"

Shopping from Retail store

Table 5.10: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.501
Bartlett's Test of Sphericity	Approx. Chi-Square	282.640
	df	36
	Sig.	.000

Table 5.11 : Rotated Component Matrix[a]

	Component			
	1	2	3	4
Customized services (Better fitting, alterations, special promos)	.636	-.071	.040	.109
Sale Personal assistance	.623	-.273	.606	.093
Instant gratification	.782	-.050	.062	-.078
EasyExchange	.681	.444	-.228	-.199
Genuine Products	-.027	-.161	.094	.835
Visual Merchandising	.022	.241	-.145	.788
Reasonable Price	-.037	.077	.927	-.068
Easy access to store	-.225	.818	-.212	-.012
Large varietya vailable	.114	.880	.232	.094

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 6 iterations.

RCM and grilled down the nine factors into most important five factors:

- Instant gratification

- Visual Merchandising

- Sale Personal assistance

- Large variety available

- Genuine Products

Shopping from online channel

Table 5.12 : KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.484
Bartlett's Test of Sphericity	Approx. Chi-Square	437.501
	df	55
	Sig.	.000

Table 5.13 : Rotated Component Matrix[a]

	Component			
	1	2	3	4
PO Variety of product avialable	-.087	.939	-.034	-.084
PO Better quality	-.042	.555	.581	-.076
PO Better price	.027	.059	.829	.173
PO Convenience	.238	-.073	.227	.595
PO Discount offers	-.194	-.077	-.060	.801
PO Customer Support service	.741	-.453	.213	-.122
PO Easy purchase process	.874	.107	-.124	-.056
PO Attractive Interface	.843	-.048	-.221	.164
PO Time saving	-.458	.486	.067	-.174
PO Availability of Deals comparison	-.233	-.034	.772	.053
PO Avoiding Financial expenses (travelling/parking)	.143	.451	.178	.425

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Above RCM, segregated factors into four important factors:

- Avoiding Financial expenses
- Variety of product available
- Convenience
- Better price
- Availability of Deals comparison
- Easy purchase process

Correlation between Information gathering and Purchase decision

Table 5.14: Correlations

|		Gather Information From	Purchase Product From
Gather Information From	Pearson Correlation	1	-.230*
	Sig. (2-tailed)		.040
	N	80	80
Purchase Product From	Pearson Correlation	-.230*	1
	Sig. (2-tailed)	.040	
	N	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

In the above correlation matrix, it is shown that there is very weak but negative relationship between the selection of information gathering channel and purchasing channel.

Hence this can be taken as strong channel switching tendency which results in the channel conflict in multichannel environment (Online and Offline).

Age relation with Channel Switching

Figure: 5.8

Consumer Behaviour
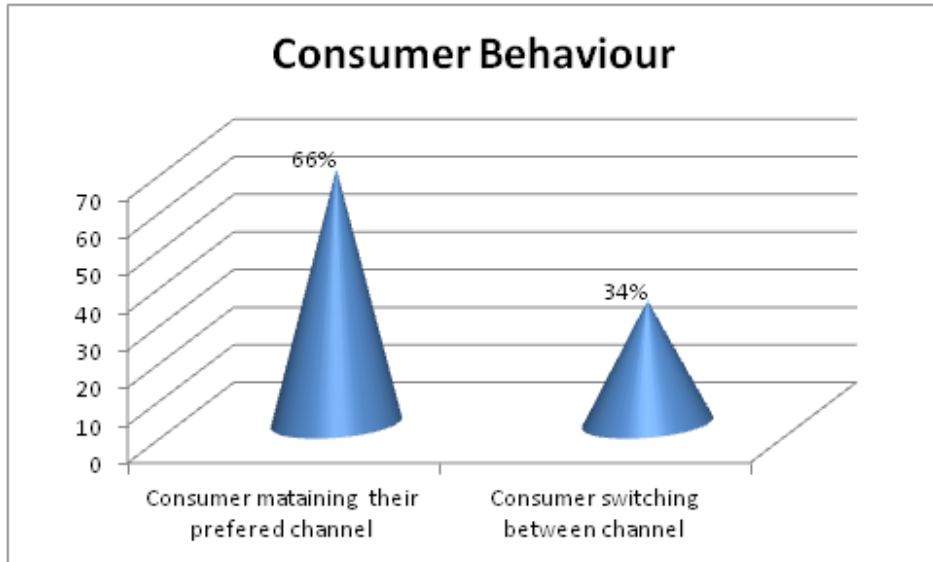
According to respondent data, 66% would like to maintain their preferred medium whether traditional store or online channel. While rest transit between the channels due to various reasons.

Figure: 5.9

Age and Switching behaviour relationship
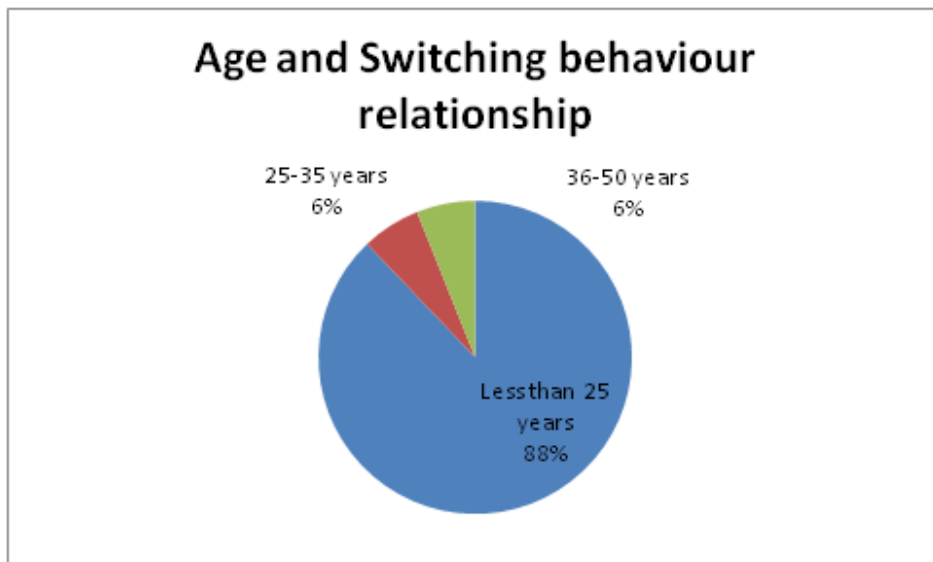
Channel switching behavior is prominent among the youngsters as majority of respondents below 25 year of age have switched the channel.

CHAPTER 6

DISCUSSION

6.1 Observations and Findings

a) Managing Channel conflict

- Manufacturers need to analyze the sale pattern of industry along with their own sale and to understand the relationship between product category and channel preference. Like, after the introduction of e-commerce, customers start preferring digital channels for the purchase of apparel, electronic goods, consumer durable and books. In this research, analysis of consumer behavior shows that 25% respondent preferred to purchase consumer durables through online medium, while 30% used online medium for apparels, and 26% for books.

- Value added services like extended after sale service and extended warranties can be used as conflict minimizing tools by manufactures and channels synergy be achieved.

- Optimum offering and effective communication should be practiced by manufacturers in multichannel model. Customers should be encouraged through value additions.

b) Consumer Buying Behavior in Multi-Channel model

- Categories like "Novels, books, magazines", "Consumer durables", and "Fashion accessories and clothing", have high switching tendency.

- Window-shopping or Free Riding behavior is prominent in consumers, hence different members of distribution network should take this into account.

- Retail stores are preferred by the consumers to gather information generally to see product in reality.

- Online channels are preferred to gather information when information comparison and convenience factor overweighed other factors.

6.2 Limitations

1) Research took consumer goods under its scope while services were not taken under consideration.

2) Respondents selected for the study were urban post-graduate students those had exposure to both the online and offline channel.

3) Mode of survey response was limited to the digital platform.

4) Focus of study was general rather than specific in term of product categories.

5) Number of respondents is less in comparison to attributes taken under survey.

6.3 Managerial Implication

1) Understanding the roots of conflict help in mitigating and synergizing the multiple channels.

2) Decline in channel conflict would help organizations in optimum utilization of assets.

3) Satisfied stakeholders would serve the customer better and higher interactive marketing.

4) Resource pool would be use to search new avenues rather than being tangled in unwanted attributes.

CHAPTER 7

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CHAPTER 8

APPENDIX

8.1 CONSUMER'S SURVEY

1) Gender
   o Female
   o Male

2) Age
   o Above 50 years
   o 36-50 years
   o 25-35 years
   o Less than 25 years

3) Annual Household Income
   o Not want to share
   o Above 10,00,001
   o 5,00,001 - 10,00,000
   o 2,50,001-5,00,000
   o Under 2,50,000

4) Highest Education Level achieved
   o Other
   o Post Graduate
   o Graduate
   o High School

5) Employment Status
   o Other
   o Homemaker
   o Student
   o Business
   o Service in Private Sector

o Service in Public Sector

6) Which of the following category of product you usually purchase
   o Home furnishings
   o Collectibles/arts and crafts
   o Games, Toys etc
   o Sporting goods
   o Healthcare and Beauty products
   o Books , novels, magazines etc.
   o Small electronics
   o Consumer Durables
   o Clothing and fashion accessories

7) I would like to gather products information through
   o Friends and Family
   o Traditional Retail shops
   o E-commerce site
   o Company website
   o Other online sources(eg. Social media, Blogs, etc)

Gather Product Information

8) I would like to gather Information from Retail stores because

	Highly Agree	Somewhat Agree	Indifferent	Somewhat Disagree	Highly Disagree
Retail store provide trustworthy information					
Full information available Seeing is beveling Real time information is available					
Information related to Latest trend available					

9) I would like to gather Information from online mode because

	Highly Agree	Somewhat Agree	Indifferent	Somewhat Disagree	Highly Disagree
Large volume of information available					
Convenience in getting information Ability to compare details					
Creative representation of information Inractability					

Purchase Decision

10) I would like to purchase product from

- o Traditional Retail shop
- o E-commerce site
- o Company website

11) I would like to purchase product from online mode because

	Highly Agree	Somewhat Agree	Indifferent	Somewhat Disagree	Highly Disagree
Variety of product available					
Better quality					
Better price					
Convenience					
Discount offers					
Customer Support service					
Easy purchase process					
Attractive Interface					
Time saving					
Availability of Deals comparison					
Avoiding Financial expenses (travelling/parking)					

12) I would like to purchase from Retail stores because

	Highly Agree	Somewhat Agree	Indifferent	Somewhat Disagree	Highly Disagree
Customized services (Better fitting, alterations, special promos) Sale Personal assistance					
Instant gratification					
Easy Exchange Genuine Products					
Visual Merchandising					
Reasonable Price					
Easy access to store					
Large variety available					