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Do habits influence the types of information that smartphone shoppers seek?☆



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ABSTRACT

Smartphones enable consumers to acquire information from non-store sources while shopping at traditional retail stores. Retailers need to respond to this development by first understanding the types of information that consumers seek with their smartphones and then crafting appropriate strategies. We propose that the types of information that a consumer searches for are affected by her habits resulting from her ownership and use of different types of electronic devices and her social capital. Specifically, we suggest that devices that allow for a specific type of information at home engender a habit of seeking similar type of information in other contexts such as the point of purchase. Consumers residing in rural areas and women are more likely to be in the habit of seeking information from friends and family because both tend to draw on their social capital for their decisions. Findings from our empirical analysis provide support to such effects.

1. Introduction

Consumers often search for product-related information before making a purchase. Traditionally, they obtained this information by visiting a retail store to examine the product. In addition, they may also acquire information provided by the retailer at the point of purchase through signage, displays and salespeople (Grewal et al., 2011). The introduction of the Internet however substantially altered not only what information is sought by consumers but how that information is acquired. Some types of information, such as price comparisons across stores (Jung, Cho, & Lee, 2014) and product attributes, have become easier to access on the Internet and thus are being utilized to a greater extent by consumers. Additionally, new types of information, such as blogs (Huang, 2016), product reviews (Singh et al., 2017), and product recommendations (Senecal, Kalczynski, & Nantel, 2005) have become available to consumers. The Internet has thus significantly expanded the information available to consumers, but it has been constrained by the fact that it can be accessed only from a PC tethered to a consumer's home or office thus making it difficult to acquire and use at the point of purchase the information that it makes available.

The substantial growth in the use of smartphones, however, has enabled consumers to access online information at the point of purchase thus allowing them to also simultaneously use information provided by retailers in the store. Due to the small screen size, however, it is not very

convenient to browse the Internet on the smartphone and an individual may have to go through several screens thus making them inconvenient and costly to use in terms of time. Smartphones may therefore be used only for acquiring specific types of information such as price comparisons, expert reviews from blogs, consumer ratings, and product reviews.

One advantage of smartphones on the other hand is that, unlike the PC, they can also be used to contact friends or family for advice by calling, texting or using social media applications, such as Whatsapp. According to a Google study, 82% of shoppers use their phones to consult external sources about purchases while shopping at brick and mortar stores (Lawson, 2016). Consumers' ability to rely on such external sources of information from within stores increases the challenges from emerging technologies faced by traditional retailers. For instance, the additional information may lead to choice deferral and postponement of purchases (Mochon, 2013). Customers who shopped at, but didn't buy from a retailer's store may also choose not to buy the product or buy online. Such loss of customers as they shop for a product (Nunes & Cespedes, 2003) has been labeled the "research shopper phenomenon" in the literature (Chiou, Wu, & Chou, 2012). The Google study highlights the importance of this issue as it found that nearly one in four shoppers changed her mind while in a checkout line after looking up details on a smartphone (Lawson, 2016).

As noted by Varadarajan et al. (2010, p.105), the "ability of customers to engage in comparison shopping from anywhere and at anytime

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with the aid of interactive technology enabled mobile devices, is both a threat and an opportunity for retailers". In-store retailers, therefore, need to better understand the acquisition of information using smartphones at the point of purchase and take steps to benefit from this emerging practice by consumers. Specifically, they need to gain insights into which types of information their target customers are most interested in and why, and then respond appropriately to increase the likelihood of purchases. For instance, a retailer whose target segment is interested in price comparisons could respond either by presenting information which reduces price uncertainty or offering to match competitors' prices or both. On the other hand, retailers whose customers are more concerned about the product rather than the price and are more likely to visit product review sites, can offer additional information on the products or facilitate access to online product reviews. Similarly, retailers whose customers are interested in interacting with, and obtaining advice from friends, should take steps to facilitate such interactions, for instance, through increased availability of wireless connectivity in the store. Such targeted responses can help retailers better manage point of purchase research shopping by consumers and lead to increased sales.

There are few insights as yet, however, on how such interactions influence consumer decisions. Specifically, there is little understanding as yet into the types of information that consumers are most likely to seek at the point of purchase with the aid of smartphones and the factors that determine them. Importantly, existing theories of Internet search which were developed for computer-based acquisition of information, cannot be automatically extended to smartphone search because they did not typically involve interactions with and information from family and friends. The goal of our research is to address this gap in the literature.

We propose that the types of information that a consumer seeks in a store depend on her habit of seeking similar types of information in other contexts. Further, we relate the type of information sought by people in contexts other than purchase decisions to their demographics. The managerial advantage of our research therefore is that retailers can develop specific tactics regarding the type of information that they should provide based on the demographics of their patrons. Most retailers would already have information on these demographics and can also augment that information using data from brokerage companies, such as Acxiom.

The first factor that we study to understand the role of habits is the ownership and use of different consumer electronics devices – such as MP3 music players, tablet computers, electronic readers, and game consoles. A consumer's habitual use of these electronic devices affects the types of information sought by her even via her smartphone when she is in a traditional retail store. Our key argument therefore is that a) users consume specific types of information when they interact with consumer electronics devices and b) this engenders in them the habit of seeking similar types of information in other contexts such as the points of purchase (Noam, 2009; Turow & Kavanaugh, 2003). In particular, we suggest that the use of electronic devices that consumers use at home to seek and consume information builds a habit of using electronic devices to search for information at the point of purchase. In addition, consumers also develop a preference for the types of information that they consume using the devices. Thus, for instance, game consoles are typically used to play with other players in multi-player games. A customer who owns a game console may, therefore, be more habituated to interact with others electronically. Consequently, prior to purchasing a product, she may be more interested in obtaining advice from friends than in reading product reviews on the phone. In contrast, a consumer who uses a tablet computer for tasks such as e-mail, reading the news, or shopping – thus, interacting with the device rather than with others – may be more habituated to visiting product review sites by herself rather than in seeking opinions from friends.

The second factor that we study to understand the role of consumer habits is the consumer's social capital (Coleman, 1987, 1988; Putnam, 1995). Investigating the role of social capital leads us to consider the

effect of a demographic variable that has not been studied in the search literature, namely, the type of community that a consumer lives in. Drawing from the social capital theory on residential location and exchanges between individuals (Coleman, 1988), we argue that consumers in rural and suburban areas are more likely to be in the habit of turning to friends and family for information and advice regarding a purchase than to product review sites or price comparison sites. Similarly, drawing from earlier findings in the literature (Chai, Das, & Rao, 2011), we suggest women are more habituated to tap their social capital to seek advice from friends and family. This allows us to study the role of two demographic variables, place of residence and gender, about which information can be easily obtained by store managers.

We use data from a national survey of consumers to empirically investigate how habits formed due to the use of four consumer electronics devices, MP3 players, electronic readers, game consoles and tablet computers, and social capital affect the types of information that consumers seek with their smartphones while shopping at traditional retail stores. We next provide the contextual and theoretical background for our research and follow with a description of our data. We present our propositions regarding the relationship between social capital, specific devices used by consumers and the types of information that they seek at the point of purchase. We follow this with a description of our data and our modeling approach for the empirical analysis and a section with a discussion of our results and substantive findings. We conclude with the managerial implications of our findings and suggestions for future research in this area.

2. Contextual and theoretical background

Consumer search literature in marketing, owing to its long tradition, is extensive. To organize this vast literature, Jacoby, Chestnut, Weigl, and Fisher (1976) divided it into three main sub-areas: depth of search, sequence of search, and information content. The last sub-area covers topics related to the content of searches such as the types of information sought, e.g., price or product attributes. Our research is most closely related to this sub-area as we are interested in the types of information sought by consumers with the help of smartphones while shopping at traditional stores.

Several studies have explored the types of information that consumers seek in traditional settings and the factors that influence those. An early study (Berning & Jacoby, 1974) investigated the types of information sought by consumers for five different products and found significant differences in the amount of information sought from friends. As a typical example of research in this field, Grant and Tybout (2008) consider two types of information sought by consumers for new products, marketplace conditions and characteristics of the sponsoring company. They find that the use of these two types of information depends on whether the product launch is described as occurring in the past or future. Rao and Sieben (1992) study two other types of information, extrinsic and intrinsic, and how their use depends on consumers' prior knowledge. Separately, Maheswaran and Sternthal (1990) find that while novice consumers process both attribute and benefit information, expert consumers are more likely to process attribute information. Similarly, Chakravarti and Jinhong (2006) empirically show that competing technological standards determine whether consumers pay more attention to information about the absolute or relative performance of products.

With the commercial adoption of the Internet, researchers also started exploring the different types of information that consumers seek on the Internet. Bhatnagar and Ghose (2004) for instance find that the information consumers seek online is materially different from the information that they seek from brick and mortar stores. From the Internet, consumers acquire information related to prices, location of physical stores, availability of products/services, opinions of other customers, reviews and recommendations from experts, and personalized information. Browne, Pitts, and Wetherbe (2007) determine that

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