



Channels for search and purchase: Does mobile Internet matter?



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ABSTRACT

Recent industry reports indicate that consumers own four digital devices on an average, and switching devices during shopping is the “new normal.” The addition of mobile Internet as a new channel of search and purchase has spurred the adoption of the digital medium, and easy accessibility of the Internet on multiple devices is influencing shopping patterns. A consumer may prefer some channels for search and others for purchase or use a combination of channels to search and purchase simultaneously. As a new channel, it is unclear 1) whether mobile Internet offers greater search or purchase benefits and 2) what type of products are more suitable for mobile Internet search and purchase. In this study, we develop a framework that describes the factors that drive the use of mobile Internet in a multi-channel environment. We test the framework using survey data from a sample of U.S. consumers. The main findings from our study indicate that 1) the choice of channel combinations that include mobile relative to other channel combinations increases with an increase in perceived search convenience of mobile channel. 2) in the digital channel, mobile and desktop differ in their utility along search dimensions. The probability of choosing channel combinations that include mobile increases due to search convenience whereas desktop is attractive due to perceived gains of price comparison search; and 3) mobile Internet search increases for consumers searching for utilitarian products. The insights from this study deepen our understanding of how digital media is used in the search-purchase process and have important managerial implications.

1. Introduction

“Consumer has decided digital isn't just part of the shopping experience. Digital is the foundation of it.”

Mike Parker, Chief Executive, Nike, March 22, 2017

“Our traffic [store] is down but our conversion is up significantly. Deloitte estimates that 50% of all retail transactions by the end of next year will have a digital experience involved, they buy it or they research it. I argue that at J.C. Penney we are already beyond 50%. And what we are seeing in our traffic by device is very indicative of this.”

Mike Rodgers, Executive Vice President, Omni-channel, J.C. Penney, October 8, 2014 Analyst Conference

The retail landscape is changing with more consumers shopping online and fewer visiting retail stores. This behavioral shift has led to an

increase in digital shopping.¹ Recent industry reports indicate that U.S. consumers own four digital devices on average,² and switching devices during shopping is a common occurrence (Deloitte 2015³; Adobe Digital Index report 2017). The role of the Internet has increasingly changed over the years from an important channel of information acquisition (Verhoef et al., 2007; Ratchford et al., 2003) to becoming a useful channel for search and purchase (Bucklin and Sismeiro, 2009). Of particular interest is the mobile Internet as a channel of search and purchase.

With increasing adoption of the mobile, consumers are spending a significant proportion of time on mobile devices as compared to other devices (Deloitte 2015). While previously mobile was primarily an information and entertainment channel (e.g., read news, magazine articles or use gaming apps), consumers are now increasingly engaging on mobile Internet to obtain quick answers and information while traveling, visiting websites to find product information, and their mobile

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¹ <http://fortune.com/2017/03/21/nike-ceo-retail-landscape-unsteady/>.

² <http://www.nielsen.com/us/en/insights/reports/2014/the-us-digital-consumer-report.html>.

³ Pdf document “us-cb-navigating-the-new-digital-divide-v2-051315.pdf” Available from <https://www2.deloitte.com>; <https://blogs.adobe.com/digitalmarketing/campaign-management/learning-consumer-trends-marketing-customers-across-digital-devices-2/>.

activities imply a greater intent to purchase.⁴ With increasing reliance on the Internet and availability of mobile Internet and desktop Internet channels, consumers have started to experience wide and rich selection of retail shopping environments (Dholakia et al., 2010). Switching within the digital⁵ channel, and switching across digital and offline channels is increasingly influencing consumer shopping patterns. For instance, a consumer may search for information on mobile and laptop but purchase in store or search on mobile and purchase using desktop. In such an environment, a consumer may prefer some channels for search and others for purchase or use a combination of channels to search and purchase simultaneously. It therefore becomes necessary to understand which factors influence the use of mobile Internet channel in a multi-channel environment; these factors are not currently well understood. Even less understood is whether mobile Internet plays a role in search or as a purchase device or both, and what types of products are best suited for mobile marketing efforts. Marketers are aggressively allocating a greater proportion of advertising budgets to mobile marketing, yet research in the digital search and shopping space is still evolving (Shankar et al., 2016).

The extant literature examines the role of the Internet as an information channel (Verhoef et al., 2007; Ratchford et al., 2003) and pays considerable attention to consumer shopping in multiple channels such as consumer spending on the web, catalog and store (Kumar and Venkatesan, 2005; Kushwaha and Shankar, 2013). However, the existing literature does not examine search and purchases in the mobile Internet channel, which is differentiated in crucial ways: a) mobile Internet is accessible anytime-anywhere even though it has limited scrolling capabilities; and b) while using search engines on the mobile Internet, the search ads display a phone icon for consumers to click and initiate instant communication. Therefore, mobile Internet behavior is likely to be different from web usage behavior on other devices, and is expected to influence shopping. Consumer's mobile Internet shopping behavior in multichannel environments is under-researched, and an in-depth understanding of factors that drive the use of mobile Internet is important for marketers to strategically target shoppers with advertising and promotions. To address this gap in the existing literature, we examine search and purchase in digital (mobile and desktop) and offline channels and research the following questions:

- 1) What is the role of mobile Internet in search and purchase? Do mobile Internet specific attributes influence consumer's choice of channel combinations for search and purchase?
- 2) Within the digital channel, what factors distinguish the use of mobile Internet and desktop?
- 3) Does product category moderate the influence of mobile Internet specific attributes on selection of channel combination for search and purchase?

We examine survey data of a random sample of U.S consumers to understand the varying shopping patterns in the digital and offline shopping environment. The main findings of this study follow below:

- a. First, mobile Internet is a useful channel for search. The perceived utility of mobile channel offering search convenience significantly increases the choice of channel combinations that include mobile relative to other channel combinations.
- b. Second, in the digital channel, mobile and desktop differ in their utility along search dimensions. The probability of choosing channel combinations that include desktop increases due to perceived gains of price comparison search using desktop, whereas mobile is

attractive due to search convenience.

- c. Third, the mobile Internet channel is useful to search for utilitarian products. Although perceived gains from price comparison search using mobile do not influence channel combination, for utilitarian categories the perceived gains to price comparison search using mobile positively influence the choice of digital search and mobile purchase.

The insights from this study provide a deeper understanding of how digital media is used in the search-purchase process, and highlight the role of mobile Internet in consumers' purchases. The findings are important from both research and managerial perspectives. First, retailer's emphasis on content design and optimization for mobile websites can facilitate easy access to product information and increase the efficiency of consumer's mobile search. Second, retailers can target consumers searching for utilitarian products in the digital channel, by providing targeted information in the mobile channel, and price comparison information using the desktop Internet channel. Third, retailers can target distinct segments of consumers using personalized product offers to increase their engagement in the mobile channel. For consumers with high out-of-pocket expenses, retailers can offer mobile apps with secure and convenient checkouts to reduce transaction costs and offer service benefits. Retailers can target mobile coupons and deals to consumers with prior purchase experience in the mobile channel to accelerate mobile purchases. The findings of our study contribute to the multi-channel marketing literature, as well as to the extant literature by including the mobile Internet as a new channel of search and purchase. We consider the mobile Internet as distinct from the desktop Internet, and examine consumer's choice of channel combinations in the digital and offline medium.

The remainder of the paper is structured as follows. In the next section, we review the literature on search and purchase. In the subsequent sections, we discuss the conceptual framework, data description, and results. In the final section, we conclude with a discussion of the main findings and directions for future research.

2. Literature review

The search literature has paid considerable attention to search in multiple channels. It examines consumer decisions in the online channel vs. store and offline word of mouth channel. Ratchford et al. (2003) study the determinants of the consumer's decision to search for automobile information on the Internet vs. other potential sources. The authors find that consumer characteristics such as age, income and education are important determinants of search in online and offline channels. While older consumers are less likely to search using the Internet, younger and educated consumers are more likely to search online, and Internet search substitutes traditional search. The observed channel substitution effect may be attributed to the perceived quality of information. Strebel et al. (2004) examine the factors that drive consumers' information-channel-choice behavior. The main findings of their study indicate that (a) information channels operate as substitutes as far as information quality is concerned; (b) during each segment of search, consumers tend to use multiple information channels, and the information channels act as complements.

Wendel and Dellaert (2005) find that in selecting a channel to search, a consumers' consideration of media channel is a function of the media channel's perceived benefits. Perceived benefit such as consumers' perception of information content is a key motivator of online use in a multi-channel environment (Montoya-Weiss et al., 2003). Kumar and Venkatesan (2005) focus on the purchase decision in a multichannel context and study the effect of customer characteristics on multichannel purchase behavior. The authors find that consumer characteristics such as experience in a channel and purchase frequency are among the important factors that influence purchase channel choice. In the context of mobile shopping environment, Natarajan et al.

⁴ <https://www.marketingweek.com/2015/11/20/how-consumers-shop-on-mobiles/>.

⁵ Throughout this paper, we refer to "digital" as consisting of mobile Internet and desktop Internet. The desktop Internet is a composite category of horizontal scrolling devices including desktop, laptop and tablets such as ipad etc. This classification is followed in industry and academia.

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