

*The Hong Kong Polytechnic University*  
*Department of Logistics and Maritime Studies*  
*Research Seminar*

## **Consumers' Information Searching Behavior in an Omnichannel Environment**

by

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**Date: 16 May 2019 (Thursday)**  
**Time: 2:30pm-3:30pm**  
**Venue: R902, Shirley Chan Building**  
**The Hong Kong Polytechnic University**

**(Conducted in English)**

### **Abstract:**

Retail customers are now "omnichannel" in their outlook and behavior. They use both online and offline retail channels readily. To thrive in this new environment, retailers of all types are reexamining their strategies for delivering information and products to customers. In this study, we focus on investigating how the seller can benefit most when facing omnichannel consumers' strategic searching behavior.

We study this issue by focusing on the drivers of a consumer's shopping strategy, that is, her decision on whether to purchase through physical store or online store. This decision depends on her costs of accessing each channel, her preference of the product feature after inspection, the product quality correlation between each channel and the relative prices. By visiting the physical store and inspecting a product in person, a consumer can learn the true value of the product and also acquires an improved although imperfect knowledge about her true value with the online product. A consumer learns her true value with the online product only after she has made and received the online order, and the consumer can return the online product for full refund after incurring a return cost, which includes not only monetary expenses but time and psychological burdens involved in the product return process.

Our analysis shows that the online product return cost will affect the retailer's optimal selling channel design and product quality information design when facing different product quality correlation through dual channel selling. Specifically, when the return cost is in an intermediate range, and if the quality correlation is in low range, the seller tends to put high end product in the physical store to facilitate consumers' offline inspection of product quality and gives them more accurate product information through offline channel to enlarge the cross channel market. While if the quality correlation is in high range, it means the products is more substitutable in its quality level, thus the seller tends to put its relatively low end product in the physical store to help expand its market through cross channel selling because at this time the quality level is more homogeneous, the offline low end product will provide consumers with the online product information more accurately, which will lower the consumers expectation of online product to decrease the online product quantity of keeping the product and transform it into offline market increased demand which help the seller to establish its brand loyalty through its consumer segments. Next, when the return cost is quite low, the seller will optimally choose the pure-offline selling strategy which only exists when the product quality correlation is low enough under the condition that the offline product quality is better than average and it's indifferent whether the seller take the store-only strategy or omnichannel strategy by placing high-end products in the physical store.

Moreover, we find that when the seller's products quality all improve with a large scale, web-only strategy will not satisfy the seller's optimal selling strategy because online distorted information will not resolve the true value of the products but will only impair the seller's profit by prohibiting a portion of consumers choosing to exit the market. At this time, omnichannel strategy will benefit the seller through the quality correlation of online and offline products by utilizing the cross-channel interaction as a synergized shopping platform.

### **Bio:**

Shujun is currently a PhD student under the supervision of Prof. Li JIANG. Her research interest is the interface between information system and operations.

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**All are welcome!**