INTEGRATION OF ONLINE AND OFFLINE CHANNELS IN RETAIL: THE IMPACT OF SHARING RELIABLE INVENTORY AVAILABILITY INFORMATION

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Abstract
Using a proprietary dataset, we analyse the impact of the implementation of a buy-online-pickup-in-store (BOPS) project. The implementation of this project is associated with a reduction in online sales and an increase in store sales and traffic. These results can be explained by two simultaneous phenomena: 1) additional store sales from customers who use the BOPS functionality and buy additional products in the stores (cross-selling effect); and 2) the shift of some customers from the online to the brick-and-mortar channel and the conversion of noncustomers into store customers (channel-shift effect). We explain these channel shift patterns as an increase in “research online, purchase offline” (ROPO) behaviour enabled by BOPS implementation and we validate this explanation with evidence from the change of cart abandonment and conversion rates of the brick-and-mortar and online channels. We interpret these results in light of the recent operations management literature that analyses the impact of sharing inventory availability information. Our analysis illustrates the limitations of drawing conclusions about complex interventions using single-channel data.

Speaker bio
Antonio (Toni) Moreno-Garcia joined the faculty at the Kellogg School of Management in 2011 as a Donald P. Jacobs Scholar and Assistant Professor of Managerial Economics and Decision Sciences, after conducting PhD studies in Operations and Information Management at the Wharton School of the University of Pennsylvania. His research focus is on empirical operations management. He has studied flexibility in manufacturing and service contexts, and its implications for pricing strategies. He is also interested in studying the effect of new technologies on supply chain strategies. On that front, he is studying service procurement
through online service marketplaces and the interaction between online and brick-and-mortar channels in retail.