

TOWARDS A BETTER UNDERSTANDING OF COMPETITIVE SHOWROOMING

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ABSTRACT

As understanding of competitive showrooming from a consumer perspective is missing in the marketing literature, we investigate the underlying psychological process of consumers' competitive showrooming and whether moral considerations matter. By testing the mediating effect of calculative commitment towards the physical retailer and the moderating role of a consumer's perceived moral intensity of competitive showrooming, we contribute to a refined understanding of competitive showrooming.

INTRODUCTION

The growth of digital retailing technologies has spawned showrooming as a widespread consumer behavior. Showrooming refers to consumers viewing, gathering information on, or trying products at physical retail stores but subsequently purchasing online (Gensler, Neslin, & Verhoef 2017). As long as consumers use the same retailer's offline and online channels, this behavioral pattern is not critical from a retailer's perspective as the corresponding sales remain within the company (Burns et al. 2018). However, consumers frequently engage in competitive showrooming, that is using a physical retail store solely as showroom but purchasing in the online stores from competing retailers (Gensler et al. 2017). As physical retailers invest time and money in providing services (e.g., sales advice) without corresponding compensation, competitive showrooming is harmful for physical retailers. Therefore, it is of superior managerial relevance to develop effective strategies against competitive showrooming.

Physical retailers have taken actions, such as price matching guarantee, charging showrooming behavior, and cross-channel selling to address competitive showrooming (Rapp et al. 2015). Most of these strategies are based on the common belief that economic benefits of online retailers (e.g., price advantages) explain why consumers decide to competitively showroom. However, economic strategies of physical retailers are limited in their effectiveness to prevent competitive showrooming. To develop further effective strategies, companies need to understand the underlying psychological process of consumers' competitive showrooming in detail.

Prior research (e.g., Gensler et al. 2017) identified factors that influence a consumer's decision to competitively showroom, which can be clearly classified into gain (e.g., economic) and hedonic (e.g., excitement) factors. According to goal framing theory, consumers' competitive showroaming may also be influenced by normative factors (Lindenberg and Steg 2007). Although prior work has described showroaming as a morally questionable behavior (e.g., Chiou, Wu, & Chou 2012), which may conflict with a consumer's normative goals, a consumer's moral considerations of competitive showroaming, are disregarded. This points out that solely relying on economic strategies is not sufficient to prevent consumers from engaging in competitive showroaming.

To overcome these limitations, it is crucial for researchers and practitioners to understand a) the mechanisms that explain why consumers engage in competitive showroaming and b) how a consumer's moral considerations influence the decision to competitively showroom. As there is scarce research especially focusing on showroaming from a consumer perspective (Neslin et al. 2014), research and managerial practice lack a comprehensive knowledge on these issues.

HYPOTHESES AND INITIAL EMPIRICAL RESULTS

Testing the following hypotheses supports common beliefs and generates novel insights, which makes them relevant to empirically investigate:

- H1. Higher perceptions of economic benefits of competitive showroaming are positively related to a consumer's competitive showroaming intention.
- H2. A consumer's calculative commitment towards the physical retailer mediates the effect of economic benefits of competitive showroaming on competitive showroaming intention.
- H3. The economic benefits of competitive showroaming will exert a less negative influence on calculative commitment towards the physical retailer when a consumer's level of perceived moral intensity is high.

To test for the first two hypotheses, we conducted an initial study with a one factor (economic benefits: high vs. low) between-subjects experiment. We altered the price benefits of a laptop in an online store compared to a physical store to operationalize the levels of economic benefits. We chose the electronics industry for this study, because this sector is heavily affected by competitive showroaming. We carefully developed and

pretested the scenarios and manipulation before data collection. The respective conditions were assigned randomly. All constructs were measured using established multi-item scales. 92 respondents participated in our study (45.70 per cent were female, age range: 19 to 70, age mean: 37.50 years). All measures show acceptable levels of reliability. Participants report highly significant differences in economic benefits perceptions in the expected directions. The significant positive impact of economic benefits on competitive showrooming intention supports Hypothesis 1 ($\beta = .43, p < .05$). As the direct effect of economic benefits on competitive showrooming intention is insignificant ($\beta = .13; SE = .15; ns$) and the indirect effect is significantly positive ($\beta = .30; SE = .10; 95\%$ bias corrected bootstrap CI with 10,000 samples [.10, .51]), a consumer's calculative commitment towards the physical retailer fully mediates the effect of economic benefits of competitive showrooming on competitive showrooming intention. Accordingly, Hypothesis 2 is supported.

To replicate these findings and to test for the third hypothesized relationship, we are currently conducting a 2 (economic benefits: high vs. low) by 2 (moral intensity: high vs. low) between-subjects experiment. The manipulation of economic benefits are identical to the previous study. To prime an individual's level of perceived moral intensity of competitive showrooming, respondents read through a fictitious newspaper article about the consequences of competitive showrooming (negative vs. positive) for physical retailers. Empirical findings will be presented at the conference.

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