

Balancing Retail Channels: An Empirical Analysis of Offline and Online Shopping Equilibrium among Nagpur Consumers

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Abstract

With an emphasis on the variables influencing buying preferences and the demographic variances in these preferences, this study investigates the balance between offline and online shopping channels among Nagpur consumers. Data from a sample of 100 customers was gathered using a questionnaire as part of a descriptive study approach. The study pinpoints the main elements that influence customers' decisions to purchase online or offline, including price sensitivity, product variety, convenience, and service quality. The results show that while older people and paid employees enjoy the tactile feel and instant availability of items at offline stores, younger customers and those with higher income levels tend to choose internet shopping. The study emphasises how complicated consumer decision-making is, influenced by a combination of socioeconomic and personal preferences. Adopting omnichannel strategy is one of the recommendations made to address the various demands of customers.

Keywords: Offline shopping, online shopping, equilibrium, consumer preference, retail channel, etc.

Introduction

Recent years have seen a dramatic change in the retail industry, mostly due to the growth of e-commerce. Brick and mortar retail establishments continue to be vital to the shopping experience even as consumer behaviour progressively moves towards online channels, especially in places like Nagpur where both online and offline shopping are common. The coexistence of physical stores and online platforms in this dual-channel retail model necessitates a thorough comprehension of the dynamics at work in order to determine how customers balance their preferences between these two buying methods. This study examines how customers in Nagpur balance their offline and online buying habits, paying particular attention to elements that affect consumer choices such as perceived service quality, price sensitivity, product selection, and ease of use. The study will shed light on the variables influencing this equilibrium and make suggestions for retail companies trying to maximise their tactics in a cutthroat industry.

There is growing demand on retailers to figure out how to successfully combine online and physical channels. E-commerce is becoming more and more popular, giving customers the flexibility to purchase whenever and wherever they want, frequently at more affordable pricing. Nonetheless, tangible experiences like product touch and feel, individualised customer care, and immediate product availability are still provided by physical retail establishments. Businesses looking to match their tactics with customer expectations must comprehend how customers balance these benefits and drawbacks. Residents of Nagpur, a sizable Indian population that strikes a balance between traditional shopping customs and the growing popularity of online shopping, are the subject of this study. This study intends to investigate the preferences, perceptions, and decision-making processes that influence consumers' decisions between online and offline buying using empirical research.

Literature Review

Many studies have examined how consumers' purchasing habits have changed from offline to online, especially with the emergence of e-commerce sites like Amazon, Flipkart, and Myntra. The idea of "channel migration," which describes how customers switch between physical and online channels for their buying based on a number of conditions, is the subject of a sizable amount of literature. Verhoef et al. (2015) claim that the rise in e-commerce may be attributed to both its convenience and the cheaper costs and wider selection of goods that online marketplaces provide. Online shopping has become more and more appealing due to the convenience of purchasing whenever and wherever one chooses, particularly during the

COVID-19 epidemic, which hastened this trend even more (Chevalier & Goolsbee, 2003). However, some customers still find traditional retail establishments to be quite appealing, especially for things that need to be physically inspected before being purchased, even if internet shopping is growing quickly. According to research by Stone et al. (2019), customers still appreciate the tactile sensation and instant pleasure that physical retailers provide, even though they believe that online purchasing is more convenient and economical. In industries like apparel and electronics, where customers are more likely to rely on the tactile experience before making a purchase choice, this preference for physical shopfronts is more noticeable (Meyer & Kuehl, 2018). Additionally, the chance to sample or test things and the significance of face-to-face connection with salespeople continue to be major benefits of offline shopping. A strategic solution to this dual-channel problem is the idea of "omnichannel" commerce, in which companies seek to integrate online and offline channels seamlessly. Consumers increasingly need an integrated shopping experience that enables them to seamlessly transition between offline and online channels (Melnyk et al., 2013). For example, before making the final buy in-store, a customer can decide to peruse merchandise online. As an alternative, they can decide to purchase goods online and pick them up in person. A unified omnichannel approach is becoming increasingly important as a result of these behaviours, as companies need to offer a consistent experience across all channels.

Convenience and price sensitivity have been found to play a key impact in customer choices when weighing online vs offline buying. A study by Natarajan et al. (2017) found that while offline shopping is frequently favoured by those who value instant product acquisition and in-person engagement, internet shopping tends to draw customers looking for lower pricing and better convenience. These elements affect how customers behave and play a part in the difficult choices they make when deciding between online and physical retail.

Furthermore, the offline-online balance has become even more challenging due to the increasing importance that mobile devices play in enabling online buying. Impulsive buying has increased as a result of mobile shopping applications and social media platforms that make it simpler for customers to research items, compare prices, and make purchases while on the move (Sutton et al., 2016). In cities like Nagpur, where internet and smartphone usage are rising quickly, this trend has been especially important as it propels the move to digital shopping.

Demographic variables like age, wealth, and education also affect how much time is spent online vs offline. Due to their experience with and discomfort with digital platforms, elder customers may show a greater preference for physical purchasing, whereas younger consumers are more likely to favour online shopping because of its convenience and technical attractiveness (Venkatesh et al., 2014). Income levels also matter; depending on the product category and their individual requirements, customers with higher incomes are frequently more likely to purchase both online and offline (Cheung et al., 2015). Retailers in Nagpur must comprehend these demographic differences in order to customise their marketing and sales tactics to target particular customer categories.

In conclusion, a number of factors, such as price sensitivity, convenience, product category, and customer demographics, affect how much time is spent online vs offline. Businesses in Nagpur need to comprehend these characteristics in order to remain competitive as the retail landscape continues to change. This study's empirical examination of consumer behaviour will add to the current discussion on retail channel equilibrium and assist merchants in creating successful omnichannel strategies to satisfy changing customer demands.

Objectives:

- To examine the factors influencing consumer decisions in balancing offline and online shopping channels in Nagpur
- To analyze the demographic variations in offline and online shopping preferences among consumers in Nagpur

Methodology:

To investigate and evaluate how customers in Nagpur balance offline and online buying channels, the research technique for this study will employ a descriptive research design. The questionnaire approach will be used to collect data; a systematic series of questions will be created to elicit demographic data, variables impacting purchasing decisions, and customer preferences. To provide a varied representation of responders, a sample size of 100 customers will be chosen. Convenience sampling will be the method used, and respondents will be selected based on their availability and desire to complete the survey. This strategy will make it easier to get primary data from a diverse range of people, enabling a thorough comprehension of consumer behaviour in relation to the balance between physical and online buying.

Data Analysis:

Convenience, price sensitivity, product variety, and perceived service quality are some of the most important aspects that impact consumers' decisions while balancing physical and online purchasing. One of the main reasons people buy online is convenience, which allows them to shop whenever and wherever they want without having to go to actual places. Given that online platforms frequently provide competitive rates, discounts, and promotions, price sensitivity is also quite important. However, customers who appreciate the tactile experience of physically inspecting things continue to find offline shopping enticing, particularly in areas where touch and feel are crucial, such as groceries, electronics, and clothing. Product selection also affects the choice because physical stores might have a more carefully chosen selection, but online platforms typically offer a greater range of products. Additionally, customer selections are greatly influenced by perceived service quality, which includes things like personalised customer care in physical locations and the quickness of delivery and returns in online buying. Additionally, as customers choose between physical and online purchasing channels, variables like delivery timeframes, brand trust, and return policies all play a part in their difficult decision-making process.



With 35% of respondents saying that the freedom to buy whenever and wherever is a major factor when deciding between physical and online shopping, convenience was shown to be the most important factor affecting customer purchases. At 30%, price sensitivity came in second, indicating that customers are strongly influenced by the availability of lower costs, deals, and discounts on the internet. For 25% of respondents, the tactile sensation of physically handling things in-store was also significant, highlighting the value of hands-on examination, especially for categories like electronics and apparel. Other noteworthy elements that highlighted the ease of getting things fast or buying them right away in-store were product variety (20%), quickness of shipping and returns (28%), and instantaneous product availability (30%). Significantly, 18% and 22% of respondents, respectively, said that they valued personalised service and brand trust. Last but not least, a lesser percentage (5%) indicated additional elements that were not addressed in the survey options, which could indicate further subtleties in customer behaviour. According to this research, a range of convenience, economic, and experience variables influence consumers' choices for both physical and online purchasing.

Table 1 Demographic Variation

Demographic Factor	Offline Shopping Preference	Online Shopping Preference
Age Group		
18– 24 years	8%	6.3%
25– 34 years	56%	54.7%
35– 44 years	4%	10.5%
45+ years	32%	28.4%
Occupation		
Salaried Employees	48%	48.4%
Students	32%	36.8%
Business Owners	12%	6.3%
Homemakers	4%	2.2%
Doctors & Retired	4%	3.2%
Gender		
Male	64%	48.4%
Female	36%	51.6%

These numbers demonstrate the wide range of buying interests seen in Nagpur across various demographic groups. Younger generations and students are more likely to purchase online, whereas older generations and paid workers are more likely to shop offline. In terms of gender, a somewhat larger proportion of women prefer to shop online, while men tend to prefer to purchase offline. Retailers may adjust their tactics to suit the unique requirements of each demographic group by having a better understanding of these preferences.

Conclusions:

According to a study on Nagpur customers' balance of offline and online shopping channels, both forms of buying are very important and are impacted by a number of criteria, including price sensitivity, product assortment, convenience, and service quality. While older age groups tend to prefer offline shopping for the tactile experience and instant product availability, younger consumers—especially those between the ages of 18 and 34—are more likely to purchase online owing to its ease and competitive price. Furthermore, it was shown that employment and wealth had an effect on shopping choices, with students and paid workers showing a more balanced propensity towards both channels. These results point to a complicated decision-making process in which convenience, socioeconomic circumstances, and individual preferences all influence consumer behaviour.

Recommendations:

In order to accommodate the wide range of consumer preferences, businesses are advised to implement an integrated strategy that blends offline and online purchasing channels. Online platforms should provide appealing prices, speedy delivery, and a simple return policy for companies aiming to attract younger customers. However, to attract older customers who appreciate these features, physical retailers should concentrate on developing captivating in-store experiences, individualised service, and instant product availability. In order to further bridge the gap between offline and online purchasing habits, merchants should also investigate omnichannel techniques, such as enabling customers to place online orders and pick them up in-store. This will assist companies in creating a smooth, multi-channel experience and better matching them with customers' changing buying habits.

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