Selling Channels Assessment: The Consumer View

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Abstract

This paper investigates the consumer image structure of various shopping modes and their comparative perception ratings. It aims to explore the important components that may cause the effectiveness of the performance of selling channels. These selling channels include the store, direct selling, catalogs, TV, and online selling. A survey of 12 attributes of selling channels was carried out on 579 subjects. By conducting a factor analysis, the research has unveiled the perceptions of five shopping modes. While stores, direct selling, and TV represent three factors, namely comfort, cost, and confidence, catalogs and online selling represent two factors, comfort and cost. The comfort factor refers to the comfortable feeling of selling channel function performance, cost refers to the spending of consumers' resources, and confidence refers to the efficacy of desirable product acquisition. By way of weighted-factor rating, the study found that stores recorded the highest overall perception ratings, while online selling recorded the lowest. In particular, the comfort factor was high in both store and direct selling, while other channels were low. The confidence factor was high in stores, direct selling, and TV. The cost factor was high in stores, while the others were low. The implication for marketers is that they should focus on making the experience of consumers more trustworthy and more accommodating with better customer service, especially for online, TV, and catalog selling, since the feeling of the function performance (comfort) appears to be more important than the other components (cost and confidence). Direct marketers should decrease consumers' anxiety in order to increase the market share of their firms

Keywords: *Selling Channel, Marketing, Management, Distribution Channel*

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การประเมินช่องทางการจำหน่ายจากมุมมองผู้บริโภค

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บทคัดย่อ

งานวิจัยนี้ได้ศึกษาภาพโครงสร้างของแหล่งซื้อสินค้าต่าง ๆ จากมุมมองของผู้บริโภคและเปรียบเทียบด้วยค่าคะแนนการรับรู้ต่อแหล่งซื้อสินค้าเหล่านั้น วัตถุประสงค์เพื่อค้นหาองค์ประกอบที่สำคัญที่ส่งผลต่อประสิทธิภาพการทำงานของช่องทางการขายสินค้า ช่องทางการขายในการวิจัยครั้งนี้ ได้แก่ ร้านค้า การขายตรง การขายผ่านแคทตาลอก การขายผ่านโทรทัศน์ และการขายทางอินเตอร์เน็ต ตัวแปรที่ใช้ในการประเมินค่าการรับรู้ได้แก่ลักษณะสำคัญ 12 ด้านของช่องทางการขาย เก็บข้อมูลจากกลุ่มตัวอย่างจำนวน 579 คน เมื่อใช้เทคนิคการวิเคราะห์ปัจจัยในการวิเคราะห์ข้อมูล พบว่า ร้านค้า การขายตรง และโทรทัศน์ แสดงองค์ประกอบ 3 ด้านที่ทำให้ผู้บริโภคซื้อสินค้า คือ ความสบายใจ ต้นทุน และความมั่นใจ การขายผ่านแคทตาลอกและอินเตอร์เน็ต แสดงองค์ประกอบ 2 ด้านคือ ความสบายใจและต้นทุน องค์ประกอบ ‘สบายใจ’ หมายถึง ความรู้สึกสบายใจต่อการประสิทธิภาพการทำงานของผู้ขาย ‘ค่าใช้จ่าย’ หมายถึง สิ่งที่ผู้บริโภคต้องใช้ไปเมื่อซื้อสินค้า ‘ความมั่นใจ’ หมายถึง ความเชื่อมั่นว่าจะได้รับสินค้าที่มีคุณภาพตามที่ต้องการ เมื่อทำการคำนวณค่าคะแนนที่ได้กับค่าน้ำหนักปัจจัย พบว่า ร้านค้าได้ค่าคะแนนรวมสูงที่สุด ในขณะที่ การขายผ่านอินเตอร์เน็ตได้ค่าคะแนนต่ำที่สุด เมื่อพิจารณาเป็นรายปัจจัย พบว่า ปัจจัยความสบายใจ มีค่าคะแนนสูงสำหรับร้านค้าและการขายตรง ส่วนช่องทางอื่นมีค่าคะแนนต่ำ ปัจจัยความมั่นใจ มี ค่าคะแนนสูงสำหรับร้านค้า การขายตรงและการขายทางโทรทัศน์ ปัจจัยต้นทุน มีค่าคะแนนสูงสำหรับร้านค้า ในขณะที่ช่องทางอื่นมีค่าคะแนนต่ำ ดังนั้น ฝ่ายการตลาด ควรมุ่งเน้นการสร้างประสบการณ์ที่ก่อให้เกิดความไว้วางใจจากผู้บริโภคมากขึ้น จัดให้มีการบริการลูกค้าที่ดียิ่งกว่าเดิม โดยเฉพาะช่องทางการขายผ่านอินเตอร์เน็ต โทรทัศน์และแคตทาลอก เนื่องจากความรู้สึกต่อประสิทธิภาพการทำงานของผู้ขาย (ความสบายใจ) ปรากฏความสำคัญมากกว่าองค์ประกอบอื่น ๆ (ต้นทุนและความมั่นใจ) ธุรกิจที่ใช้การตลาดแบบตรงในการขายสินค้า หากต้องการเพิ่มยอดขายให้มากขึ้นต้องหาวิธีการลดความกังวลใจของผู้บริโภคต่อการซื้อสินค้าทางอินเตอร์เน็ต แคทตาลอก และโทรทัศน์

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Introduction

Marketing has been conceptualized and accepted as an activity directed at satisfying needs and wants through exchange processes (Kotler and Keller. 2006). The hope is that a satisfied customer will be more likely to repurchase, leading to increased sales and market share for the firm. In order to achieve customer satisfaction, most firms rely on the integration of the "four P's;" namely, product, promotion, price, and place. Generally speaking, marketing is considered as the primary functional area in the firm that works to satisfy a firm's customers. In spite of the emphasis that many firms place on the four P's of marketing, the role of "place" in the marketing mix and its impact on market share has been neglected both in practice and in the marketing literature. In many firms the "place" function (or shopping channel from the consumer's view) is performed independently of the marketing department, with little or no communication exists between the two functional areas. However, the shopping channel can contribute to the success of the firm, and like marketing, can work to enhance important performance measures such as shopper satisfaction and market share. Consumer satisfaction is the result of the total marketing effort, but industry has generally failed to recognize the importance of the customer service provided by the selling channel and has not effectively integrated customer service with the other components of the marketing mix. Customer service, with the other components of the marketing mix components, advances the long-term profit objectives of the firm by improving customer satisfaction.

According to a report on home computers and Internet use in the United States (Newburger, 2001), shopping or paying bills online ranked fourth among 10 specific Internet uses. However, none of the Internet usage at home has, to date, generated sufficient profitable sales to pure internet firms. Only 36% of such firms have a profitable online business, as compared with 79% of catalog firms and 50% of stores (Quick, 2000). One factor which may account for this phenomenon is that not enough people are using the Internet. In a cross-cultural study of 12 countries, Lynch et al. (2001) found that website quality, trust, and positive attitudes toward it were critical in predicting both the shopper's purchase intentions and the loyalty of visitors to the website. This finding is consistent with those of earlier studies in highlighting the importance of psychological factors in determining shoppers' behavior online or off-line, including beliefs, preferences, and attitudes, as well as personality traits, psychological motives (Schiffman and Kanuk, 2007), and the role of trust online (Lee and Turban, 2001). According to Choi et al., (1999) the role of trust is important in most markets owing to the uncertainty of the quality of the product prior to purchasing it. This research aims to explore the important components that may impact the effectiveness of the performance of selling channels. It examines consumers' attitudes toward five shopping modes and investigates the image structure of these modes and the consumers' comparative perception ratings.

Research Methodology

Subjects

The subjects were 315 students, 222 employees, and 42 business owners, yielding a total of 579 subjects.

Questionnaire

The subjects were administered a questionnaire anonymously containing the semantic differential scale of '1' (disagree) to '7' (agree), and the respondents were asked to evaluate the attributes of five shopping modes: store, direct selling, catalog, online, and TV. Tables 2-6 show the attributes of the five shopping modes. The surveys were carried out in Bangkok and Khon Kaen province, Thailand.

Data Analysis and Results: Image of Shopping Modes

An exploratory analysis analyzed the questionnaire responses by 1) calculating the mean score for each attribute of the various shopping modes, and 2) conducting a factor analysis of the respondents' perceptions of the various shopping modes using principal components extraction and varimax rotation. Specifically, a factor analysis was adopted to investigate the latent factors of the various shopping modes. Essentially, the procedures of the technique involve a series of iterations, where a set of composite factors are generated, each typically representing a grouping of correlated variables within the original set. This aims to identify and compare the consumers' underlying attitudes towards the five shopping modes: store, direct selling, catalog, TV, and online.

Table 1 presents a descriptive summary of the respondents' perceptions of the attributes of the various shopping modes. The mean score expresses the intensity of their attitudes toward those attributes (on a scale of 1 [disagree] to 7 [agree]). Tables 2-6 outline the solutions to the factor analysis of the five shopping modes. They list the variance accounted by the factors, Bartlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy. The attributes relevant to each factor are described in the illustration of each factor under each shopping mode. Bartlett's test of sphericity and the KMO measure were adopted to determine the appropriateness of the data set for the factor analysis (Hair et al., 2009). This depends on the presence of several reasonable correlations between the variables to be used in the factor analysis. Bartlett's test of sphericity examines the hypothesis that the variables are uncorrelated in the population. On the other hand, the KMO measure is a measure of sampling adequacy that examines the appropriateness of the factor analysis. High values (between 0.5 and 1.0) indicate that the factor analysis is appropriate, while values below 0.5 imply that the factor analysis may not be appropriate.

The latent root criterion (eigenvalues › 1) has been adopted as the main method in extracting the appropriate number of factors, as the number of attributes (Hair et al., 2009). The rationale behind this technique is that any individual factor should account for the variance of at least a single variable if it is to be retained for interpretation. Therefore, the factors with eigenvalues › 1 are considered significant, while those ‹ 1 will be considered insignificant and disregarded. In addition, as the sample size of this study is more than 350, a factor loading of 0.30 is considered significant (Hair et al., 2009). The labels given to the factors are selected to reflect the properties shared by the set of attributes loading above 0.3 within each factor. However, it should be recognized that these labels are the outcome of the subjective interpretation of the researcher.

Table 1: Attitudes toward attributes, Mean Scores

Item	store	direct selling	catalog	TV	online
I can get a greater quality of product	5.37	4.35	3.85	3.53	3.41
It is easy to refund my payment on defective or unsatisfactory products	4.68	4.07	3.23	3.36	3.04
I can choose from a greater variety of models of the product	3.92	4.23	4.07	4.27	4.60
It does not embarrass me	4.80	4.70	5.00	4.87	4.99
It is a well-established brand or store	5.06	3.97	3.51	3.62	3.40
There is a sales assistant to advise me	4.80	4.33	3.51	3.50	3.41
My personal data are secure	4.74	3.91	3.60	3.57	3.52
I can receive goods on time	5.38	4.28	3.58	3.63	3.57
My credit card number is secure	5.43	4.21	3.71	3.74	3.48
It takes time to go shopping	4.71	3.30	3.16	3.16	2.99
I spend more money on going shopping	4.66	3.26	3.04	3.12	3.02
It requires more effort on my part	4.60	3.48	3.44	3.38	3.30
All Average/Mean	4.85	4.01	3.64	3.65	3.56

Table 2: Image structure of consumer perceptions of store

Factor/label	Attribute	Factor loading
Factor 1/ Comfort	Greater quality of product	0.763
	Well-established brand or store	0.727
	Sales assistant advice	0.712
	Easy to refund	0.702
	Personal data security	0.663
	Receive goods on time	0.649
Variance: 28.999 %	Credit card number security	0.611
Factor 2/ Cost	Spend more money on going shopping	0.887
	Take time to go shopping	0.869
Variance: 22.049 %	Require more effort	0.772
Factor 3/ Confidence	Embarrassing	0.838
Variance: 15.155 %	Greater variety of product	0.732
	Bartlett's Test of sphericity	0.000
	Kaiser-Meyer-Olkin measure of sampling adequacy	0.825
	Total variance	66.203%

Table 3: Image structure of consumer perceptions of direct selling

Factor/label	Attribute	Factor loading
Factor 1/ Comfort	Receive goods on time	0.848
	Sales assistant advice	0.839
	Credit card number security	0.788
	Well-established brand or store	0.754
	Greater quality of product	0.752
	Easy to refund	0.688
Variance: 35.549%	Personal data security	0.668
Factor 2/ Cost	Spend more money on going shopping	0.885
	Take time to go shopping	0.878
Variance: 20.165%	Require more effort	0.745
Factor 3/ Confidence	Greater variety of product	0.808
Variance: 13.640%	Embarrassing	0.803
	Bartlett's Test of sphericity	0.000
	Kaiser-Meyer-Olkin measure of sampling adequacy	0.868
	Total variance	69.354%

Table 4: Image structure of consumer perceptions of catalog

Factor/label	Attribute	Factor loading
Factor 1/ Comfort	Well-established brand or store	0.732
	Greater quality of product	0.694
	Personal data security	0.693
	Sales assistant advice	0.687
	Receive goods on time	0.672
	Credit card number security	0.612
Variance: 27.324 %	Easy to refund	0.578
Factor 2/ Cost	Spend more money on going shopping	0.815
	Take time to go shopping	0.784
	Embarrassing	-0.620
	Require more effort	0.616
Variance: 18.601 %	Greater variety of product	-0.226
	Bartlett's Test of sphericity	0.000
	Kaiser-Meyer-Olkin measure of sampling adequacy	0.820
	Total variance	**45.925%**

Table 5: Image structure of consumer perceptions of TV home shopping

Factor/label	Attribute	Factor loading
Factor 1/ Comfort	Receive goods on time	0.741
	Easy to refund	0.730
	Greater quality of product	0.723
	Credit card number security	0.675
	Well-established brand or store	0.633
Variance: 26.156%	Personal data security	0.553
Factor 2/ Cost	Spend more money on going shopping	0.852
	Take time to go shopping	0.817
Variance: 18.170 %	Require more effort	0.684
Factor 3/ Confidence	Greater variety of product	-0.725
	Embarrassing	-0.631
Variance: 14.647%	Sales assistant advice	0.509
	Bartlett's Test of sphericity	0.000
	Kaiser-Meyer-Olkin measure of sampling adequacy	0.849
	Total variance	58.973%

Table 6: Image structure of consumer perceptions of online

Factor/label	Attribute	Factor loading
Factor 1/ Comfort	Well-established brand or store	0.764
	Greater quality of product	0.714
	Receive goods on time	0.704
	Credit card number security	0.699
	Sales assistant advice	0.691
	Personal data security	0.671
Variance: 29.867%	Easy to refund	0.594
Factor 2/ Cost	Spend more money on going shopping	0.792
	Take time to go shopping	0.776
	Require more effort	0.720
	Greater variety of product	-0.695
Variance: 25.365 %	Embarrassing	-0.596
	Bartlett's Test of sphericity	0.000
	Kaiser-Meyer-Olkin measure of sampling adequacy	0.871
	Total variance	**55.231%**

Bartlett's test of sphericity and the KMO values in Tables 2-6 indicate the appropriateness of the data of all the shopping modes in terms of factor analysis. The latent root criterion (eigenvalues › 1) suggested a three-factor solution for store, direct selling, and TV, and a two-factor solution for catalog and online. The factor solution for direct selling recorded the highest variance (69.354%), while catalog selling recorded the lowest (45.925%). The comfort factor refers to the comfortable feeling of selling channel function performance. The cost factor refers to the spending of consumers' resources. The lower the costs, the easier it will be for the shopping trip. The confidence factor refers to the efficacy of desirable product acquisition.

Although the analysis factor has produced the image structures of the various shopping modes, it does not indicate the mean score ratings of the factors it produces. Therefore, the author has developed an index, the weighted factor rating (WFR), that transforms the factor loadings of the variables in each factor into the weighted mean rating of each factor (Ibrahim, 2005). In essence, the WFR presents the respondents' perceptions of the factors of the five shopping modes. The weighted mean scores range from '1' (very poor/very low) to '7' (very good/very high) with '4' as the midpoint of the scale. The WFR is computed as follows:

$$\text{WFR of factor } k = \frac{\sum_{j=1} \mu_{jk} f_{jk}}{\sum_{j=1} f_{jk}}$$

where μ_{jk} is the mean score rating of variable j in factor k and f_{jk} is the factor loading of variable j in factor k.

Table 6 shows the weighted ratings for the factors of the five shopping modes. All of the WFRs for the store fall in the "good" region of the scale. In particular, the store recorded higher scores for the factor comfort. As expected, the store recorded high scores for the factor cost. The store recorded relatively lower scores for the factor confidence. However, note that the WFR for confidence is above the midpoint mark.

Table 6: Weighted factor ratings for shopping modes

Factor	Weighted factor rating (WFR)
Store:	
Comfort	5.06
Cost	4.66
Confidence	4.39
Overall	4.70
Direct selling:	
Comfort	4.17
Cost	3.34
Confidence	4.46
Overall	3.99
Catalog:	
Comfort	3.58
Cost	3.62
Overall	3.60
TV:	
Comfort	3.57
Cost	3.21
Confidence	4.29
Overall	3.69
Online:	
Comfort	3.41
Cost	3.71
Overall	3.56

Overall the WFRs for direct selling fall in the midpoint region of the scale. However, the respondents have better perceptions of the confidence factor of direct selling than of the others. On the other hand, overall the WFRs for catalog, TV, and online fall in the poor region of the scale. In particular, direct selling recorded high scores for the factor confidence, high scores for the factor comfort, and recorded relatively lower scores for the factor cost. The catalog recorded both low scores for the factors comfort and cost. Likewise catalog and online both recorded low scores for the factors comfort and cost. TV recorded high scores for the factor confidence but low scores for the factors comfort and cost. Direct selling, catalog, TV, and online recorded low scores for the factor cos', referring to the ease of shopping. Among the five shopping modes, the store recorded the highest perception ratings based on the overall weighted factor rating, while online recorded the lowest.

Conclusions and Implications

A survey of 12 attributes of the five shopping modes among 579 consumers identified certain consumer image structures for the five selling channels and their comparative perception ratings. It aims to explore the important component that may bring about the effective performance of the selling channels. These selling channels include store, direct selling, catalog, TV, and online. Principal component analyses show that all the shopping modes portray some elements of differences in their respective perception structures. The factors “comfort” and “cost” are commonly adopted in all shopping modes, while “confidence” is neglected in catalog and online selling. On the other hand. the overall WFR analysis shows that the respondents have positive perceptions of the store. This is likely to be due to the inherent characteristics of the store. In particular, among the shopping modes, the store recorded the highest scores for comfortable feeling. This implies that the store is the most trustworthy. The overall WFR of direct selling falls in the midpoint region of the scale, and? where? the respondents have higher perceptions of confidence than with the others. This implies that direct selling is the most efficient for desirable product acquisition. All the WFRs for catalog, TV, and online fall into the poor quality region. They recorded low scores for the factors comfort, which may be a discouraging feature for them. This implies that consumers have less trust in these selling channels. In particular, consumers are aware of product quality, easy to refund, well-established firms, and receiving goods on time when shopping via television, catalog, and online. They are aware of personal data security and require sales assistant advice when shopping from television and online. In addition they are aware of credit card number security when shopping online. The implication for marketers is that they should focus on making the experience of consumers more trustworthy and more accommodating with better customer service, especially for online, TV, and catalog selling, since the feeling of the function performance ('comfort') appears to be more important than the other components (cost and confidence), Direct marketers should decrease consumers' anxiety in order to increase market share for their firms.

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