



The trend of showrooming and webrooming behaviors of the consumers in Ho Chi Minh City

DINH Tien Minh

University of Economics Ho Chi Minh City
dinhtienminh@ueh.edu.vn

Abstract

Showrooming is the practice of examining merchandise in a traditional brick-and-mortar retail store or other offline setting, and then buying it online, sometimes at a lower price. The reverse way of showrooming is webrooming which is when consumers go online to search products, but then head to a bricks-and-mortar store to complete their purchase because they can see and touch the real products and have opportunities to experience the products that they want to buy. In the age of smartphones, tablets and ubiquitous price information, showrooming has become a real issue for traditional retailers. According to Google and TNS online shopping research (2014), there were more than 36 million of internet users, accounting for 40% of the total population of Vietnam. 30% of the Vietnamese owned the smartphone and 58% of them use often their smartphone to buy online (Nielsen research, 2014). This rapid development leads day by day Vietnam to the trend that some western countries are facing. That is showrooming and webrooming behaviors of the Vietnamese consumers. This paper aims to discover such a trend and how these behaviors affect the retail market including the traditional retailers and online retailers in Ho Chi Minh City and what factors influence the channel choice of the consumers. The research result showed that webrooming is the current trend and continue to develop together with the fast growth of smart devices, information technology and the standard living of Vietnamese people.

Introduction

According to a recent report of CB Richard Ellis Co. Ltd., Vietnam was one of the ten most promising retail markets in Asia in 2014. Ho Chi Minh City and Hanoi were, particularly, two of the ten regional cities which attracted most the largest foreign brands. The retail market in Ho Chi Minh City has been itself a busy one because besides the traditional distribution channel including wet markets and household-sized shops, the other models of modern channel such as convenience stores (Shop&Go, FamilyMart, B's Mart...), supermarkets (BigC, Co.op mart, Lottemart...) and shopping malls (Vincom, Parkson, Crescent Mall...) have also been introduced year by year with a non-stop development. By statistic, Ho Chi Minh City had 238 official wet markets, 175 spontaneous markets, 640 convenience stores and 174 supermarkets in 2014 (Department of Industry and Trade of HCMC, 2014). Moreover, the GDP per capita per year of Ho Chi Minh City increases from 4,545 USD in 2013 to 5,131 USD in 2014 (Department of Statistic of HCMC, 2014). The standard living, therefore, has been improved. The consumers become more and more active and spend more money for their life but in the smarter way. That kind of way can be explained by their shopping behaviors. For example, with the very fast growth of information technology, the consumers prefer increasingly to browse websites than to go directly to the store in buying something. In other words, to save time, they tend to buy products online. They do not need to visit stores but can still purchase what they want from home. This convenience, however, puts some retail settings in challenge. Retailers must run appropriate strategies to maintain and develop their businesses in a very active city, Ho Chi Minh City. Some of the best illustrations are the case of thegioididong.com in building a team of delivery for its online sales channel, the website of



fashionSieuMua.Com with the most reasonable prices and the birth of famous online bookstores named tiki.vn, vinabook.com, saharavn.com, Phuong Nam book ... Besides such a modern buyer, online buyer, there are still the consumers who are typically very traditional. It is meant that they just want to go to the shop for examining merchandise and then to buy it right there. From the beginning of 2011, the new trends of consumer behavior had been marked in some western countries. That is showrooming and webrooming or a hybrid model namely Buy online, Pick-up in store (BOPS) that changed totally the world retail market. This paper aims to discover such a trend and how showrooming and webrooming affect the traditional retailers and online retailers in Ho Chi Minh City – Vietnam by performing an omnibus research market with a small sample of two hundred respondents. The expecting result will be to know who these shoppers are, what they shop, why they shop and how they shop. The implications for retailers seeking to adapt to a changing consumer landscape will be also recommended.

1. Concepts of showrooming and webrooming

For 20 years, brick-and-mortar retail stores have faced a threat from the growth of e-commerce. But even when someone enters a store, a retailer remains anxious. In 2010,



retail analysts and media outlets in the US began to talk about the electronics chain Best Buy becoming a “showroom for Amazon.” From this, the term “showrooming” was born — i.e. consumers using a retailer as a showroom to view products in-person before buying them from an online retailer (Matthew Quint, David Rogers and Rick Ferguson, 2013). In other words, showrooming is considered as the practice of examining

merchandise in a traditional brick-and-mortar retail store or other offline setting, and then buying it online, sometimes at a lower price. Online stores often offer lower prices than their brick-and-mortar counterparts because they do not have the same cost. Showrooming can be costly to retailers, not only in terms of the loss of the sale, but also due to damage caused to the store's floor samples of a product through constant examination from consumers. This leads to the fact that stores becoming showrooms for online shopping.

Webrooming is when consumers go online to research products, but then head to a bricks-and-mortar store to complete their purchase because they can see, feel and touch the real products and have the opportunities to experience the products that they want to buy.

Webrooming tends to be more popular to shoppers. However, webrooming and showrooming both exist and create competitive motivation for suppliers to develop their products' qualities and prices, to diversify discount policies as well as enhance their customer services or after-sale services. As a result, customers can get more benefits from their purchases.



A report of the Interactions¹ on May 13th 2014 shows that 76% of shoppers did showrooming, the process of researching in-store before buying online, while 88% of customers made purchases through webrooming, or researching online before buying in-store. When asked why they chose webrooming, most of the customers' responses fell into three major reasons. 75% of the shoppers believed they can find the lowest price. 72% of them said that they were interested in making comparisons among products. 71% of them reasoned as they like conducting product research. The report also revealed the common reasons why people did research in-store before buying online, or showrooming. 68% of the customers wanted to experience the products in person. 48% of them said they could buy products at lowest prices. 41% of them would like to ask for further information related to the products they were researching.

Methodology

The research is conducted by two steps, qualitative and quantitative. The purpose of qualitative research is to discover a deeply understanding of human behaviors and to uncover the motivations of those behaviors related to showrooming and webrooming by focus group technique under discussion setting. The outcome of this step helps to form the questionnaire more suitable and understandable which is needed for the next step, quantitative research. A wide range of ages of respondents was then determined for face-to-face interview in different chosen places (convenience stores, shopping malls, university campus, wet markets...). The selected respondents are from sixteen year old. This selection will make the research result more diverse and reliable. Once finished the questionnaire, every respondent was offered a voucher which is quite costly (one hundred Vietnam dong) and easy to use in a Pizza restaurant. The sample size is roughly two hundred of shoppers (n=200).

Result

Here are some details of qualitative step:

Focus Group	
Time	25th February, 2015
Respondents	Students, Lecturer, Officer
Quantity	5
Place	Campus B, University of Economics Ho Chi Minh City, Vietnam
Choosing method	Randomly

Here are some details of quantitative step:

Face-to-face Interview				
Time	From 4th March, 2015 to 15th March, 2015			
Age	16 – 18	19 – 22	23 – 30	> 30
Quantity by quota	40	80	40	40

¹ Extracted from "Webrooming Now Popular Among 88 Percent of Shoppers" (<http://www.prnewswire.com/news-releases/webrooming-now-popular-among-88-percent-of-shoppers-259048921.html>, 2014)

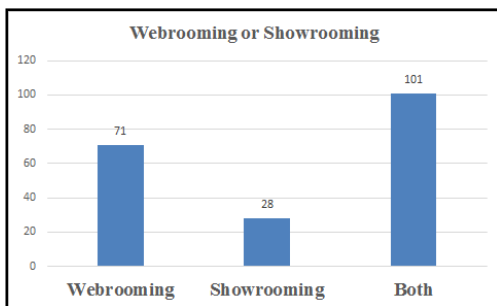


Place	Campus B of University of Economic Ho Chi Minh City, Crescent Mall, Nowzone and AEON Mall in Ho Chi Minh City, Viet Nam.
Respondents' requirement	Familiar with the Internet

The respondents are categorized by sex and by age to be able to get an objective perspective about customer's behaviors. They need to know how to use internet because webrooming and showrooming are both activities in which, people have to use the internet when they want to buy something. In other words, when consumers want to buy products by either showrooming or webrooming, they need to have certain knowledge about the Internet and know how to use it.

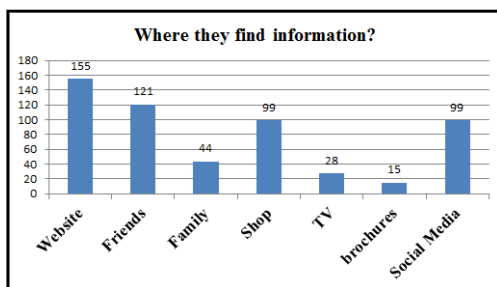
Here is the research result by using Excel to statistic the answers from two hundred questionnaires:

Type of purchasing



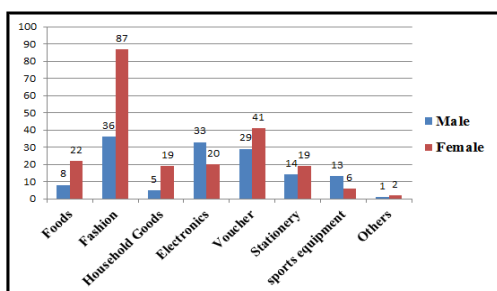
The chart shows that the majority of Ho Chi Minh City people have used both two forms. However, showroomers are less than webroomers (about 43 persons).

The sources of information that customers often base on when buying something



The main sources of information are websites (155 persons), friend (121 persons) and both social networks and shop (99 persons). Today, with the development of the Internet, the stores always have their own websites to promote their products to customers and convince them to go to that store.

The products that customers often buy online

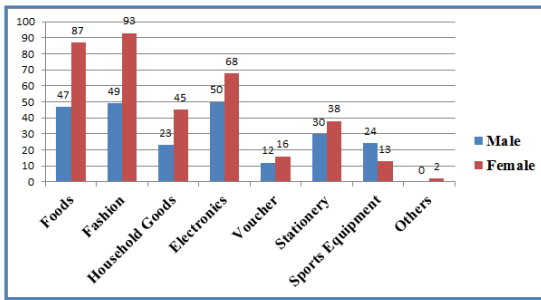


Here is the habit of online buying of customers in Ho Chi Minh City at present. In overall, women mainly buy fashion products (about the frequency of 87), voucher (41) and food (22) while men want to buy fashion products (36), electronics devices (33) and vouchers (29). Both of men and women choose purchasing household goods quite a few (Male: 5, Female: 19).



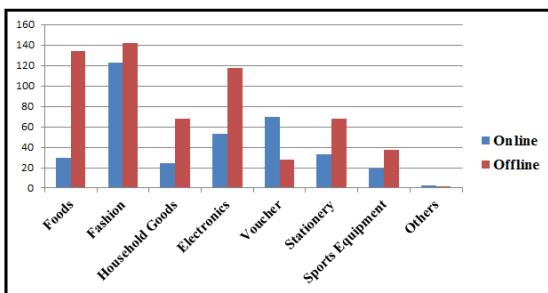


The products that customers often buy directly



For the women, the fashion products such as clothing, shoes, handbags... are purchased directly the most (about the frequency of 93), followed by foodstuffs (87) and electronic goods (68). For the electronics devices, before going to the prestigious stores, women also have researched them online. For men, the products they buy online at most is electronic goods (approximately 50), the second is fashion products (49) and the third is foodstuffs (47). Both women and men are interested in the same types of goods but the order is different between one another.

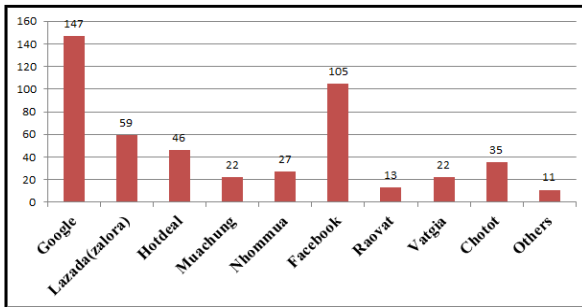
Compare the two types of online shopping and direct shopping:



household goods (44).

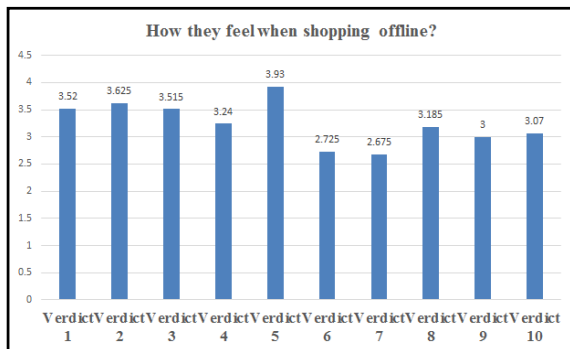
In reverse, online shopping gets more than direct shopping just only for the voucher (difference of 42). Voucher is one of the new products in recent times. Voucher may be a discount sheet or a combo of goods and services.

The websites the customers would prefer for prices:



Looking at the statistics dashboard, it is to see a clear stratification among sites so that they are looking for product information. We may list three websites, Google (147 votes), Facebook (105) and Lazada (59). Google and Facebook might be quite familiar to everyone. This will be the main online source that the retailers must pay big attention on.

Feeling of the consumer when purchasing directly (offline):

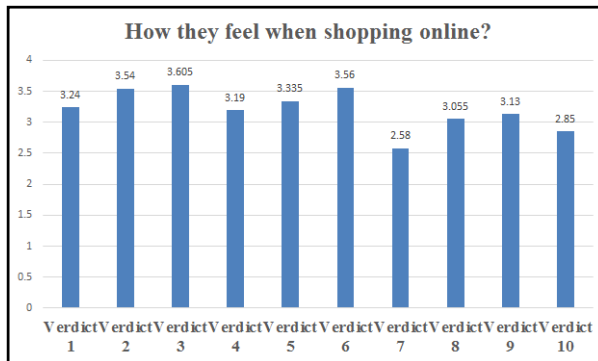


In this graph, the first five (from 1 to 5) are the Likert scales five points with positive feelings and the last five (from 6 to 10) are the Likert scales five points with negative feelings. Based on that, customers have three clear positive feelings when conducting direct purchase: the quality of products (average point of 3.93), comfortable (3.625) and relax (3.515). However, besides that, they also have two



negative feelings we need to care about: lack of information about the direct product comparison (3,185) and difficult to make decisions about the product (3.07)

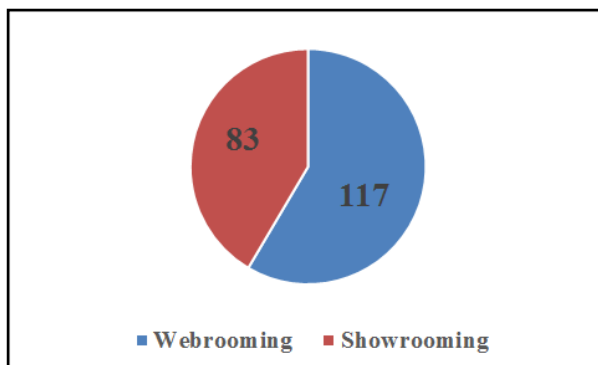
Feeling of the consumer when purchasing online:



In this graph, the first five (from 1 to 5) are the Likert scales five points with positive feelings and the last five (from 6 to 10) are the Likert scales five points with negative feelings. Based on that, customers realize 3 outstanding positive feelings: more competitive price (3.605), convenient (3.54) and objective view of product (3.335). Besides that, there are also some negative thinking such as lack of trust

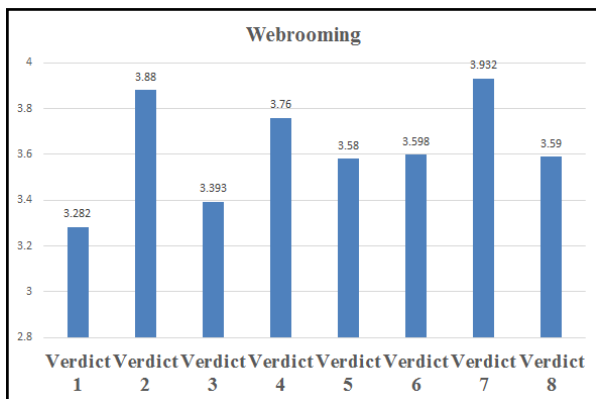
(3.56), poor customer care (3.055) and the expensive transportation cost (3.13).

In the future, the trend the customers prefer to use, webrooming or showrooming:



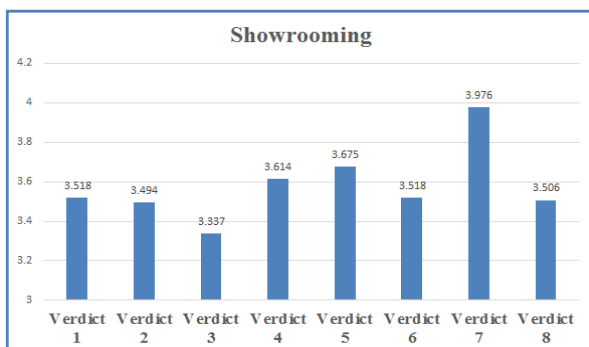
This is a single choice question for the interviewee. According to the record, there are 117/200 persons who choose the way to buy something in form of webrooming. That information shows the customers still prefer buying directly to buying online. So what reasons lead to that result?

The reasons the customers choose webrooming:



This question uses the Likert scale 5 point for every statement. Based on the chart, the best choices that suit the customers most, for instance, are the fast payment (3.93), the quality of product (3.88) and the diversity of promotion program (3.76).

The things the customers wish when showrooming:



This question uses the Likert scale 5 point for every statement. Based on the chart, it is clear that consumers desired payment procedures faster and more convenient (3.97), faster delivery (3.67), and more promotions (3.61).

2. Summary and recommendation

This omnibus research market gives the overall picture of the shopping



behaviors of consumers in Ho Chi Minh City. This also helps the online business retailers as well as the traditional retailers to understand the psychology and social aspects affecting to customers nowadays in general and the clear difference in their behaviors among different age groups, different cultural levels, income and gender in particular.

Indeed, today's consumers are in control of their shopping experience, and they will use whatever tool is available to search for the most competitive offer – i.e. no matter what they're shopping for, consumers are in control of the brand experience. From electronics to infant care products, consumers conduct price comparison research on their mobile devices across a wide and diverse range of categories (An Aprimo Whitepaper, 2013).

Therefore, to be able to stand in the very competitive market like Ho Chi Minh City and to get success, here are some implications reserved for the retailers who operate its businesses not only under traditional channel but also under modern channel.

- The traditional retailers don't sell online. Retailers must focus on empowering their associates to deliver better service and improve the overall consumer experience in the store. It's necessary to build a good image through the personnel services, the atmosphere, the convenience and the comfortable at store. That will contribute for sure in keeping the current consumers and in attracting more new consumers.
- Enhance the in-store experience: A retailer can also offer incentives for customers to shop in the store, such as free shipping on orders placed in-store, exclusive in-store items, easy returns, gift wrapping, longer warranty and other perks like bonus loyalty points.
- Take advantage of social influences: Retailers must not only accept but embrace smartphone use in their stores. One way to do so is to encourage and participate in your consumers' social media interaction. Retailers can integrate social media in the store by creating displays that encourage "liking" merchandise or sharing pictures of a product via Facebook, Twitter or LinkedIn. Provide consumers with special promotions through social media, and use events and promotions to strategically drive revenue.
- The traditional retailers don't always have to fight with price with online retailers. They need to be sure that their prices are fixed in all over their channel network. If not, this may lead to loss revenue due to disbelief of the consumers.
- The online presence is now very important for traditional retailers even they are not online setting: As said before, in the smartphone era, the consumers can do many things with this device during their shopping. It's a must to design the website impressively with much information as possible for the shoppers – i.e. the honest photos of products, the information about quality of products... And of course, the website with the function "Buy online".





- Make an impressive video or online gameplay to attract the internet browsers. For that whenever they want to search information, they will think of you. Website chotot.vn is really good at this point in Viet Nam.
- Use SEO and Facebook sponsor to make our website on top of the search engine. Whenever the customers need information about something they can reach the website at fastest rate.
- Create a Fanpage in which the customers can join and get information about your news and promotions. Make more promotion on holidays, every weekend if they buy at stores.
- Create Apps (application) on smart devices (iPhone, iPad, iWatch...) that provides all information needed about the products.
- Apply a new way of selling. That is *Buy Online Pick-up in Store* (BOPS). It means online purchases at the store, allow users to purchase online and go to the store to get product. This way becomes very popular around the world in recent times.

Sources

An Aprimo Whitepaper (2013), *Showrooming Uncovers a New World of Retail Opportunities*, <http://www.aprimo.com/tdresources/102301%20aprimo%20showrooming%20uncovers%20a%20new%20world%20of%20retail%20opportunities%20wp.pdf>

An NCR Whitepaper (2011), *Combating Showrooming Viewpoints*, <http://a4a0f6939b58c150df1e-8685fe7e4e24133c371aae6679c184ac.r40.cf1.rackcdn.com/v3/:original/showrooming-wp.pdf/e0ee9b91351d28538ee0fcb9fbd6d525/showrooming-wp.pdf>

CB Richard Ellis Co. Ltd., Vietnam, www.cbrevietnam.com

Department of Industry and Trade of Ho Chi Minh City,

www.congthuong.hochiminhcity.gov.vn

Department of Statistic of Ho Chi Minh City, www.pso.hochiminhcity.gov.vn

General Statistics Office of Viet Nam, www.gso.gov.vn

Google & TNS (2014), *Report on online consumer's behavior in Viet Nam*, <http://ria.vn/kinh-doanh/thong-ke-hanh-vi-mua-sam-truc-tuyen-cua-nguoi-tieu-dung-viet-nam>

Matthew Quint, David Rogers and Rick Ferguson (2013), *Showrooming And The Rise Of The Mobile-Assisted Shopper*, Columbia Business School and Aimia, http://www.aimia.com/content/dam/aimiawebsite/CaseStudiesWhitepapersResearch/english/Aimia_MobileAssistedShopper.pdf

Ministry of Industry and Trade of Viet Nam, www.moit.gov.vn

Nielsen Viet Nam, www.nielsen.com/vn

Online marketing strategy, <http://bit.vn/baochitruyenthong/chitiet/xu-huong-kinh-doanh-online-2015-mua-online-nhan-hang-tai-shop-996#sthash.9GWmoUxE.QeqXgDf2.dpuf>

TNS Viet Nam, www.tnsvietnam.vn

TNS Mobile Life (2013), *Mobile is both curse and cure for retailers at risk from showroomers*, http://www.tnsglobal.com/sites/default/files/whitepaper/tns-mobile-life-infographic-showrooming_0.html#sthash.M6bK0ZjE.dpbs





Viet Au (2014), Doanh nghiệp nội trú thách thức mở cửa thị trường bán lẻ,
<http://www.vietnamplus.vn/doanh-nghiep-noi-truoc-thach-thuc-mo-cua-thi-truong-ban-le/287620.vnp>
<http://vietnamnet.vn/vn/cong-nghe-thong-tin-vien-thong/136651/google--17-trieu-nguoi-vn-dang-dung-smartphone.html>
<http://www.prnewswire.com/news-releases/webrooming-now-popular-among-88-percent-of-shoppers-259048921.html>
<http://kinhdoanh.vnexpress.net/tin-tuc/quan-diem/cua-hang-tien-loi-de-doa-cho-truyen-thong-2758105.html>
<http://bit.vn/baochitruyenthong/chitiet/xu-huong-kinh-doanh-online-2015-mua-online-nhan-hang-tai-shop-996#sthash.9GWmoUxE.dpuf>
<http://www.sieumua.com/hot-deal-18.html>.

