

Marketing Seminar

Speaker: Prof. **DAVID BELL**, Wharton School at the University of Pennsylvania

Title: **Inventory Showrooms and Customer Migration in Omni-Channel Retail: The Effect of Product Information**

Abstract:

We propose that, given the opportunity, customers self-select into channels based on their need for visceral product information, i.e., the need to touch, feel, and sample physical products before purchasing. Using data on display showroom introductions by WarbyParker.com, a leading US eyewear retailer, we find that: (1) the introduction of an offline channel increases demand overall and through the online channel as well, and (2) customers who migrate offline are those with the highest cost-to-serve both online and through other mechanisms such as product sampling. The second finding is evidenced by a decline in product returns through the online channel, and through a higher rate of conversion from sampling, and a reduction in repeated sampling by individual customers. The economic impact of more efficient matching made possible by the introduction of offline inventory display showrooms, is substantial.