Chapter II

Developing Consumer-Preference Profiles as a Basis for Multi-Channel Service Concepts

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Abstract

Electronic distribution channels, such as the World Wide Web, mobile terminals, and digital television, have provided new opportunities for the retailing industry by providing consumers with alternative channels with which to buy goods and services. In order to better understand the implications of multi-channel access on electronic retailing, we will highlight the steps of the consumer decision-making process that rely the most on multi-channel access technologies (e.g., information search, comparison of alternatives, purchasing, and paying), describe the different channels, and use segmented groups of Finnish consumers to build sample consumer preference profiles, upon which new services can be developed.
Introduction

Electronic distribution channels, such as the World Wide Web, mobile terminals, and digital television, have provided new opportunities for the retailing industry by providing consumers with alternative channels with which to buy goods and services. These channels provide new ways to offer traditional services, such as movie ticketing, in addition to new services such as ringtones. However, despite the proliferation of e-retailing offerings, many Finnish consumers have been reluctant to adopt services across different electronic distribution channels. This suggests that either the benefits associated with one or more of these channels are not yet apparent or that the costs of switching to and using electronic distribution channels exceed the benefits. Slower adoption also may be caused partly by the shortcomings in communications technology or Web site design, including insecure or incomplete transactions, slow performance, and content or service errors. These technological deficiencies, however, will likely diminish over time, as electronic markets mature.

Instead, more attention should be paid on consumer behavior—how consumers perceive the benefits, risks, and costs of electronic channels relative to conventional ones, and which channel characteristics most affect consumer perceptions. By studying the consumer’s choice of channels in a multi-channel retailing environment, retailers can build a consumer-preference profile from which new services can be more easily developed. In this chapter, we will highlight the steps of the consumer decision-making process that rely the most on multi-channel access technologies (e.g., information search, comparison of alternatives, purchasing, and paying), describe the different channels, and use segmented groups of Finnish consumers to build sample consumer-preference profiles upon which new services can be developed. The study was done by using focus-group discussions. The groups consisted of four to eight people belonging to the segments studied.

Use of Channels at Different Stages of the Buying Process

Consumer buying decisions are generally modeled as a process consisting of seven steps: need recognition, information search, evaluation of alternatives, purchase decision, purchase, use, and evaluation (see Figure 1). This model offers a generalized and comprehensive view of the consumer buying process and helps us to distinguish between the different steps of the purchase process.
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