The Impact of Internet Shopping on City Centre Shopping

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IGU Conference, August 17, 2004, Glasgow

Outline Presentation

- Main objectives
- Background
- Data Collection
- Results (product, information search, purchase behaviour, and enjoyment of shopping)
- Conclusions

Outline

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Main Objectives

- To analyse the effects of consumers' online shopping behaviour on their physical shopping behaviour;
- To analyse these effects within a spatial context, in our case city centres.

Background: The Importance of City Centres

- Large number of small scale shops per capita concentrated in urban areas;
- City centres are on top of the retail hierarchy;
- A large number of "e-commerce sensitive" sectors are located in city centres.

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City Centre Presence & E-commerce Sensitiveness of Dutch Retail Sectors (2002)

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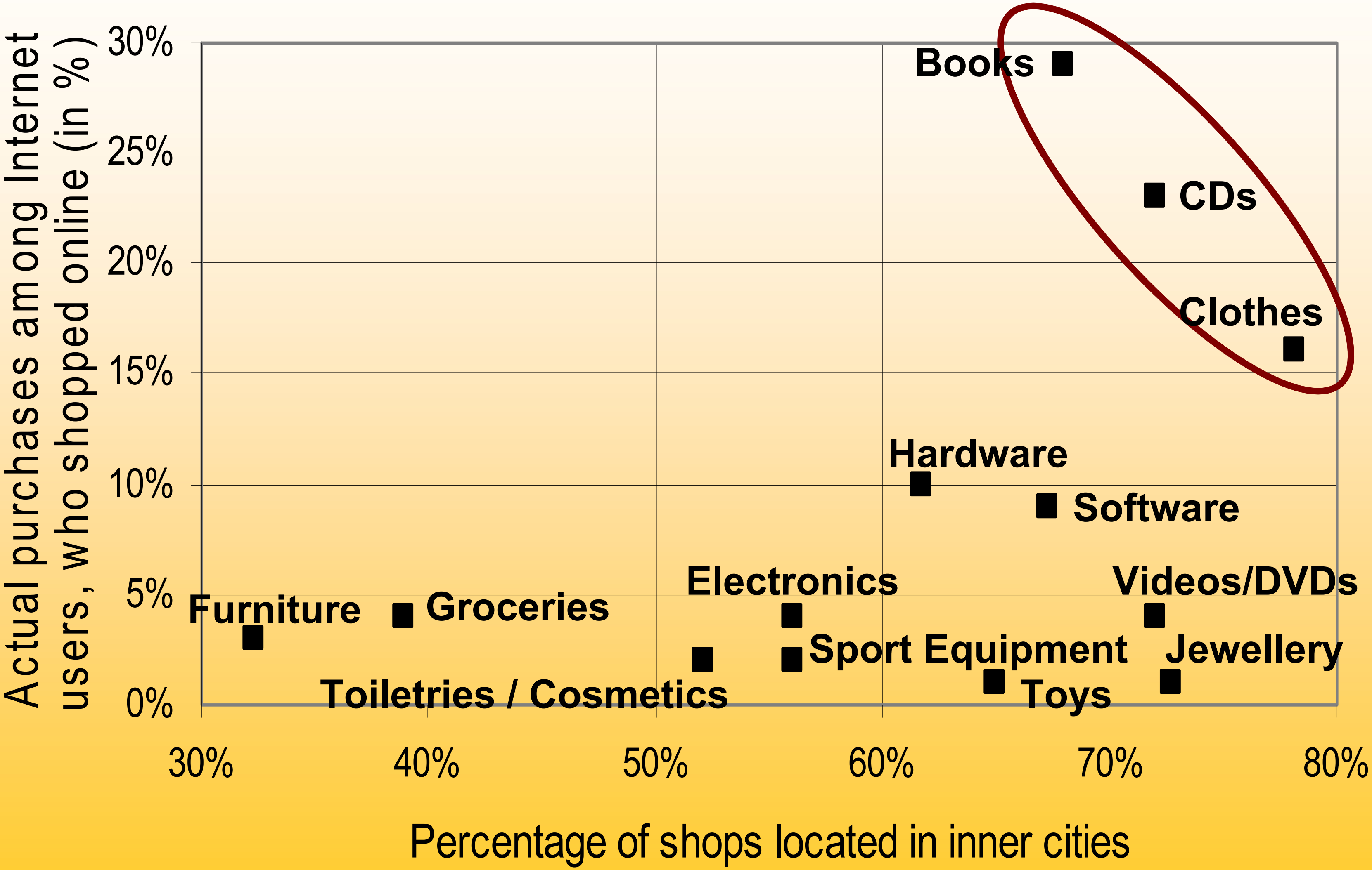

(Source: Boschma & Weltevreden, 2004)

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Data Collection

- Period: January 26 to February 18, 2004;
- 15,769 panel members received an invitation by e-mail to participate in the research;
- Response: 4,868 people (30.9%);
- Effective response: 3,218 people (20.4%);
- Distribution of respondents by online shopper types:
  - 2,010 Full e-shoppers (63%);
  - 879 Online searchers (27%);
  - 329 Non e-shoppers (10%).

Characteristics of the e-shopper population (N= 2,010)

Gender:	
• Male	**47.8%**
• Female	**52.2%**
Age:	
• < 30	**30.6%**
• 30 to 54	**61.7%**
• 55 or older	**7.7%**
Education:	
• Low educated	**14.4%**
• Medium educated	**41.2%**
• High educated	**44.4%**
Number of times purchased online in 2003:	
• 1 to 4 times	**28.0%**
• 5 to 9 times	**31.9%**
• 10 times or more	**40.1%**

10 Most popular products on the Internet and in the City Centre

(based on respondents' last 3 purchases)

	Top 10 Internet (N = 5,678)	%	Top 10 City Centre (N = 5,695)	%
1	Books	12.6	Upper wear	23.4
2	Upper wear	8.8	Shoes	10.7
3	Videos & DVDs	8.6	Personal care	7.4
4	Theatre tickets etc.	8.3	Groceries	5.7
5	CDs	7.0	Books	4.8
6	Computer hardware	6.6	Underwear	4.8
7	Bus/Train/Airline tickets	5.5	Cosmetics etc.	3.9
8	Used merchandise	5.5	Videos & DVDs	3.8
9	Travel	4.1	Theatre tickets etc.	3.5
10	Underwear	3.7	Presents & Gifts	3.4

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(II) Bought online from whom?

(Based on Top 150 online retailers, which account for 74.1% of respondents' last 3 online purchases)

	Organisation type (Top 150)	Share (%)
1	**Dotcoms** (e.g., Amazon.com)	**38.1**
2	**Catalogue Retailers:**	**25.1**
	• With physical outlets (e.g., ECI)	(5.2)
	• Without physical outlets (e.g., Neckermann)	(19.9)
3	**Traditional retailers**	**14.9**
	• Independent retailers	(1.9)
	• Multiple retailers (e.g., Hunkemöller)	(13.0)
4	**Online Auctions** (e.g., E-bay)	**12.0**
5	**Service providers/Manufacturers**	**9.8**
	• With physical outlets (e.g., Vodafone)	(1.3)
	• Without physical outlets (e.g., Dell)	(8.5)
	Total (N= 3,891 purchases)	**100**

(III) In-store search to buy online

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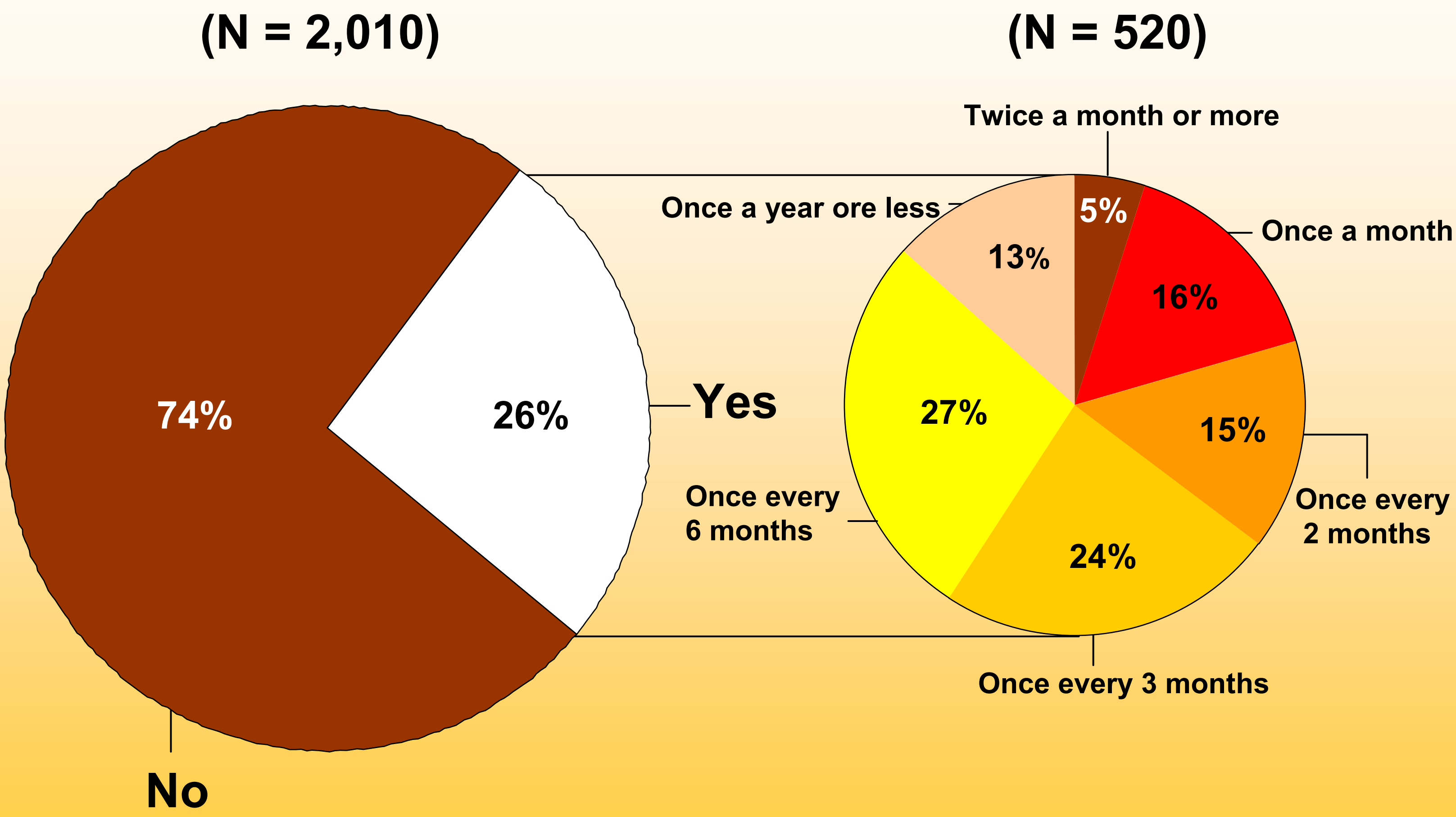

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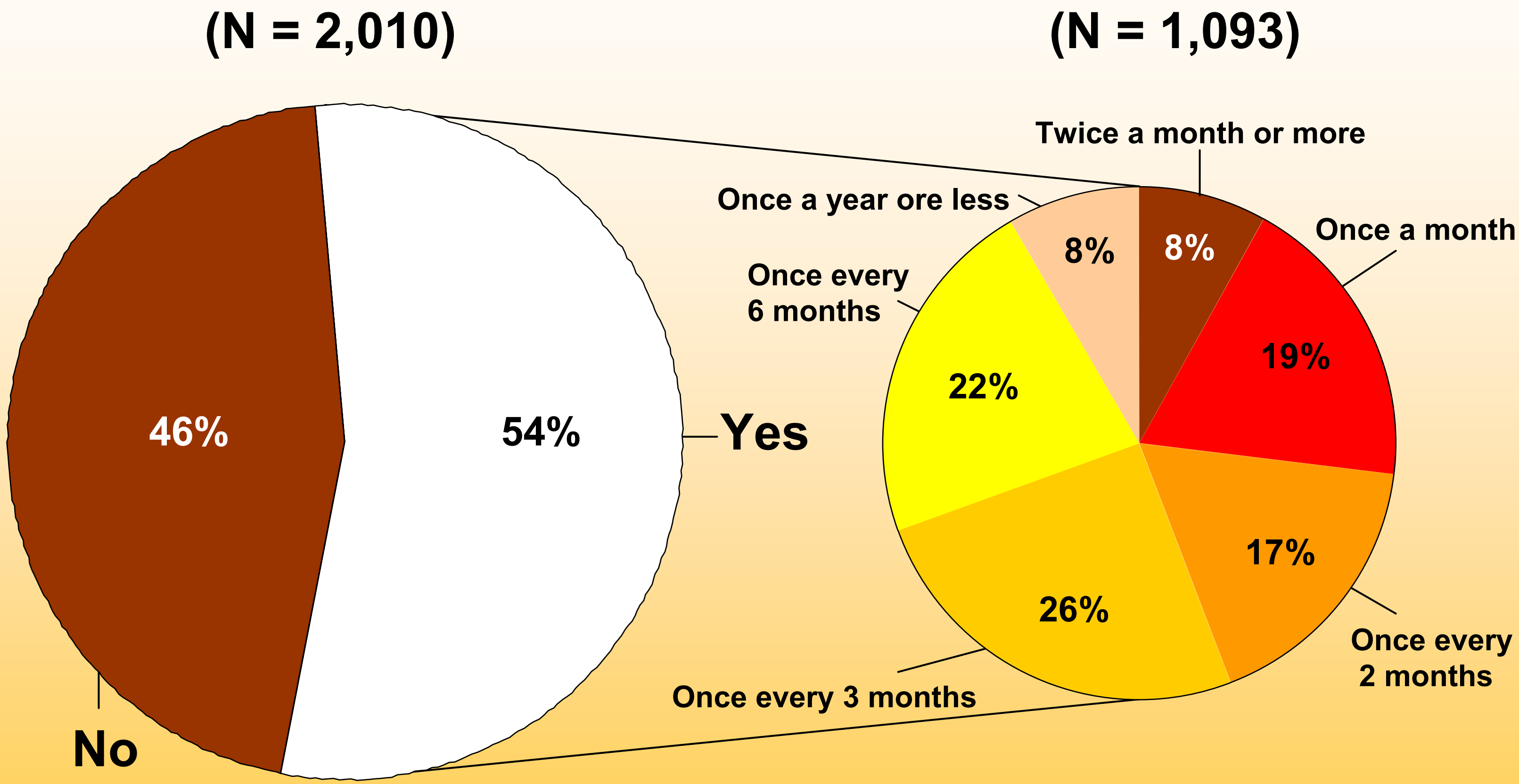
(IV) Online search to buy in-store



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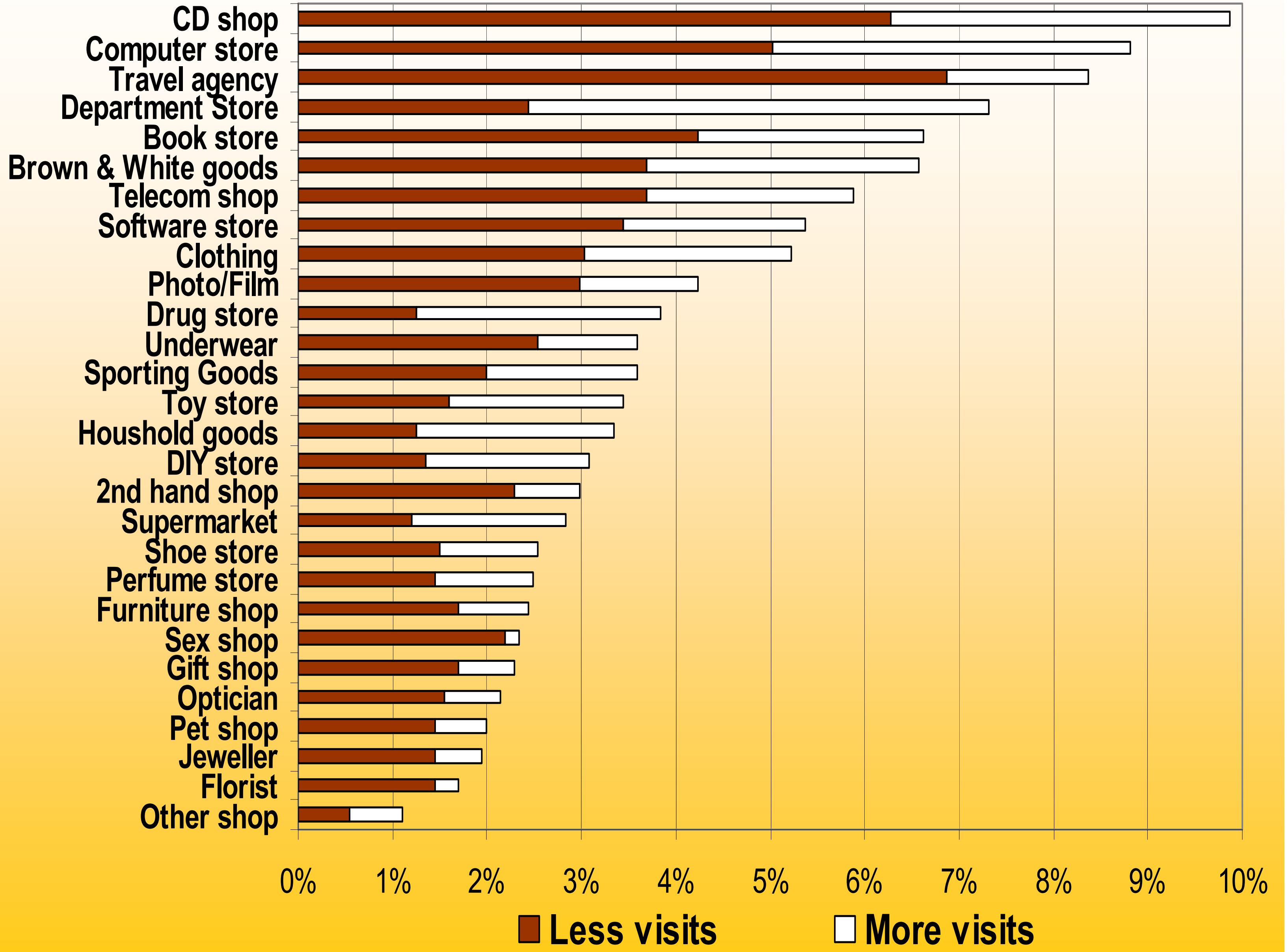
(V) Impact of online information search on visits to various city centre stores (N= 2,010)



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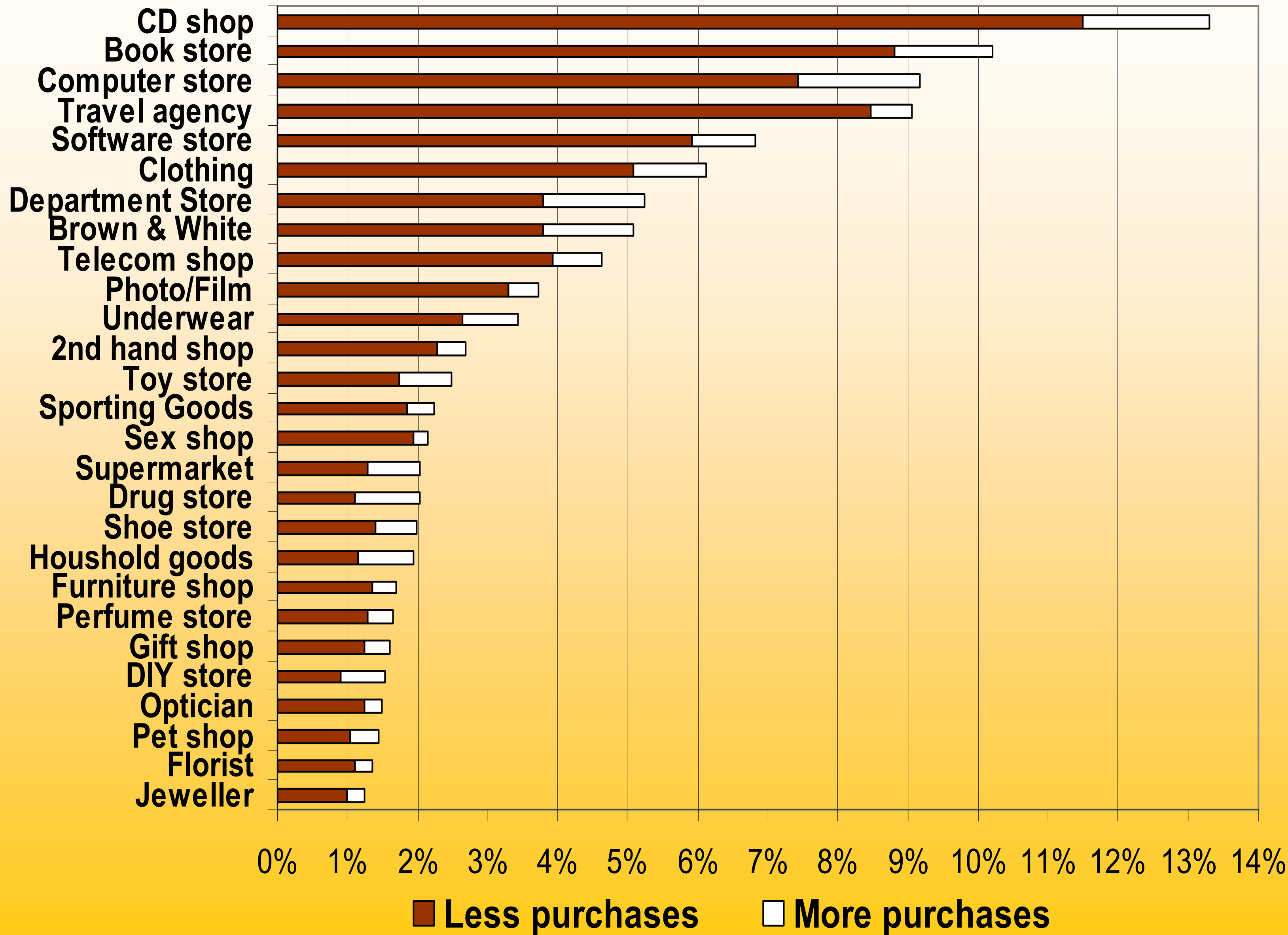
(VI) Impact of online buying on purchases in various city centre stores (N= 2,010)



(VII) The relationship between enjoyment of online buying and city centre shopping of e-shoppers (N= 2,010)

	Enjoyment of city centre shopping				
Enjoyment of online buying	Hardly/ not at all	To some extent	To a high/ very high extent	Total	N
Hardly/not at all	**16.6%**	42.9%	40.6%	100%	175
To some extent	14.5%	**44.6%**	40.9%	100%	1,028
To a high/ very high extent	8.6%	43.0%	**48.5%**	100%	807
N	247	881	882		2,010

Chi-square = 22.60;
Significant, with p < 0.01;
Cramer's V = 0.075

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Conclusions (I)

Conclusions: Support for substitution

- E-shoppers mainly purchase from online retailers that have no physical presence in city centres;
- The majority of e-shoppers, who changed their city centre shopping behaviour because of buying online, purchase less in all store types.
- Half of the products frequently purchased in city centres are also frequently bought online by e-shoppers;
- The majority of e-shoppers, who changed their city centre shopping behaviour because of searching online, visit most store types less often;

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Conclusions: Support for complementarity

- E-shoppers more often use the Internet to acquire product information to buy in-store than vice versa;
- Only a small part of all e-shoppers changed their city centre shopping behaviour because of shopping online;
- E-shoppers, who highly enjoy to shop online, also most highly enjoy to shop in city centres;
- <u>Some shops are relatively more frequently visited</u> by e-shoppers, who changed their city centre shopping behaviour because of searching online.

End of Presentation