

Effect of a price discount on retail channel switch from physical to digital and vice versa

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Abstract

Consumer decisions to select online vs online channels are an important area of the research, providing vital evidence for managerial decisions. Channel managers have to understand what (if any) discounts, among other stimuli, can be used to attract consumers to different shops. Two online experiments were run to test whether it takes the same discount size to attract consumers from physical to digital channels and vice versa. Results indicate that there is a minor preference to stay on a physical channel, which diminishes when a 40 % discount is offered. Consumers hold initial preferences for products and channels that drive their decisions stronger than perceived acquisition value, or dimensions of product involvement.

Keywords: *online and offline channel, price discount size, channel switch*