CHALLENGES IN THE HOME DECOR PHYSICAL STORES

TEAM 2

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Methedology

In this assignment we wanted to find out the challenges physical stores have encountered with the growing e-commerce. After identifying the most crucial challenges, we want to come up with solutions. To find out the most important challenges physical stores encounter we made a quantitative questionnaire focusing on the home decor branch in Denmark. We wanted to find out the buying behavior of the population, do a segmentation based on that, and locate the typical challenges in the customer journey.

We created a descriptive quantitative market research using both primary and secondary data. The research design, we found the problems we wanted to know about. We used the 7 O's as a support, so we could make sure, that we knew everything in the populations' buying behavior. We quickly found out, that we were not able to cover the whole population, so we had to make a sample. In order to create a sample, we chose non-probability sampling, since we had a fairly short time to create the sample. We chose to create a convenience sample.

Of the population we managed to interview 109 people.

Since we used convenience and non-probability sampling, our results might not be as credible as if we have used other sampling methods. If we were to consider the entire population, our results might have been more valid. Since we use convenience sampling, our results might be bias, since it is not representative of the whole population. If the sample is not representative of the whole population, there will be a low external validity. Although there is a low external validity, the internal validity is high, and therefore we can use this sampling method.

We made statistics to see whether our sample of the population was representative or not, based on the age, using Goodness of Fit-tests (GOF) with a 5% significance level. We also checked if there were preferences of a physical store using Goodness of Fit-test (5%) and confidence interval of 95%. In order to come up with the solutions of the challenges we identified, we had to come up with some segments, the physical stores should target. In this process we based the segmentation on the demographic factors, where we took into consideration the age, the gender and the average monthly household income.

Analysis

Before analyzing our results from the questionnaires, we had to check if our results in the sample was representative of the entire population or not. We checked both age and gender, to see if our sample was representative. We checked the goodness of fit of both factors with a 5% significance level, and found out that on age our sample was not representative at all (0,33 % p-value) and therefore the age part was not representative in our sample, but the gender part was (17,5 % p-value). Based on these statistics we can say that our sample is not representative of the whole population and our results might be bias. Also we wanted to see if there were any preferences of going to a physical store vs. an online store. We checked the confidence interval on 95% for a proportion, to find out how many people in the population who would prefer a physical store, and found out that the percentage of the entire population who prefers the physical store would be between 67% and 83%. Then we checked the goodness of fit to see if there was a preference, and there was a preference.

According to the information we get from the 109 effective questionnaires, more than half of the people (61) participated in the survey buy home decor when they are in a need. Though 68 (62.4%)of participants have had their experience shopping for home decor online, but 82(75.2%) people prefer to buy home decor in physical stores.

To get to know why did this happen and look into the pros and cons of physical stores, we asked a few more questions to know why people prefers physical stores.

First, we asked about the things customers will do before they buy things. And even though 73(76.6%) participants have this habit to search for information online before buying, most people still prefer to buy in physical stores.

We wanted to check what influenced the consumers to purchase in a physical store.
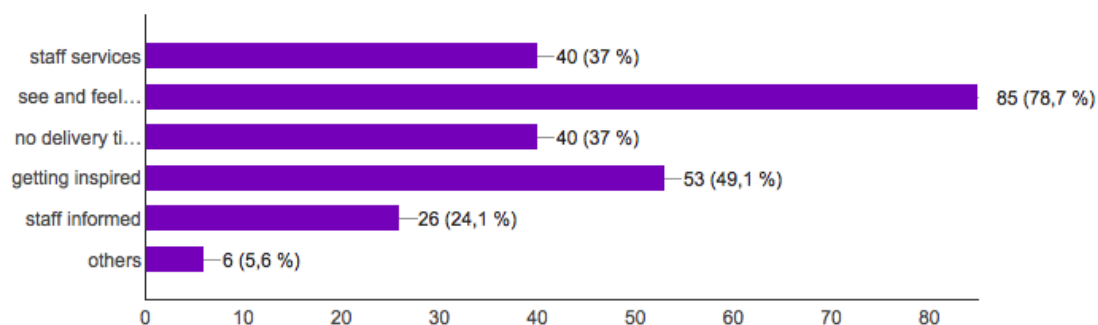
The above graph shows some information about why do they choose physical stores. 85 out of 109(78.7%) people thinks seeing and feeling the actual products before buying is very important. It's obviously one of the pros of physical stores. The next main reason is getting inspired. 53(49.2%) participants chose this as one of the reasons they choose to go to the physical stores to buy home décor. Delivery time together with the staff service (40 people chose), makes physical stores more competitive than online shops. As we can see in the bar graph above, Staff informed only 26 of the people interviewed agreed that this was influencing them to choose a physical store. Only 6 people thought that other answer options were needed, so we can quickly conclude, that our options were pretty adequate. To sum up, the most influencing factors of buying in a physical store was seeing and feeling the product before buying. Also getting inspired, staff services and no delivery time were important factors.
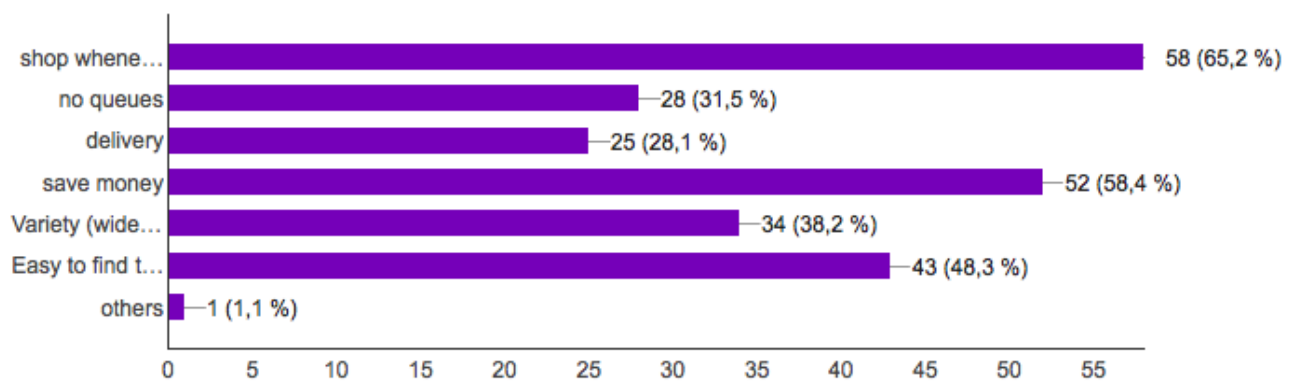

On the other hand, 89 people answered the question about 'what influence your decision to buy home decor online '. The top 3 answers are 'shop whenever you want'(58,62.2%),'save money '(52,58.4%) and 'easy to find the specific product '(43,48.3%). We can see that time is the top problem for physical stores. People want to shop whenever and wherever they want. And online shops have price advantage as we can see participants quite a lot of people consider it a way to save money. 34(38.2%)chose the variety as one of the reasons why they prefer online shops. 28(31.5%) people chose no queues and 25(28.1%) people chose delivery as some of their reasons. only 1 have other reasons of choosing online shops to buy home décor. As we can see from the result, time and price advantage can be the very obvious advantage of online stores.

After seeing why people chose both online and physical store, we wanted to know how many people who encountered challenges in a physical store.
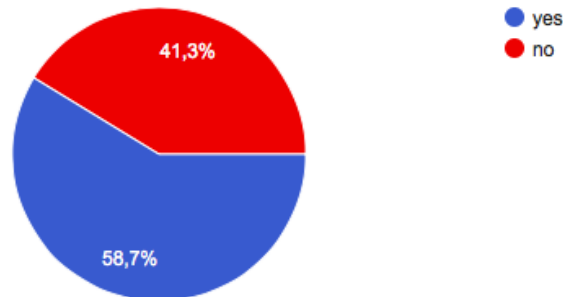
While buying in the physical stores, customers faced a lot of challenges, 58.7% (64 people) have had challenges buying in a physical store. We then wanted to find out what challenges they faced.
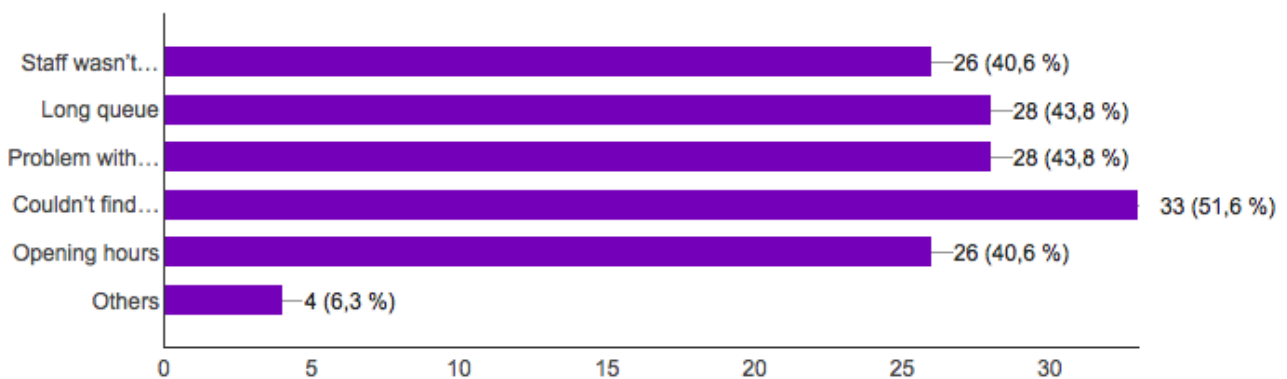
51,6 % of the people who faced challenges, have had challenges with finding the specific product. 43.8% customers both have had challenges with carrying all the bags and long queues. Also both staff wasn't important and opening hours 40,6 % felt challenging.

The questionnaire we made is based on 7O's Framework. Based on the 7O's we were able to understand a part of the consumer behavior.

Occupants: Males and females aged 18-35 and 46-55 with and average household income less than 40.000 kr. Or between 50.001-70.000 kr.

Objects: Home decor

Objectives: Satisfying needs/wants(urges)

Organizations: Influencer - Physical: See and feel factor; Online: Time-saving factor

Decider: Make their own decisions - Individual

Purchaser: Make their own purchases - Individual

Operation: Search information about the product and buy - High Involvement =>

Considerate buying behavior

Occasional: Any time of the year - Not Seasonal

Outlets: E-shopping, Physical stores

Challenges and solutions

In order to do the customer journey map and find the segments home décor physical shops should target, we have to do a segmentation. In order to do that we took the findings from the questionnaire and the results from the 7O framework and created our segments. We came up with some thoughts of what our segmentation should include, and we concluded that we wanted to base our segmentation on demographic factors. We wanted to include age, gender and household income, to see which segments the home décor physical shops should target.

PREFERENCE OF WHERE TO BUY (DIVIDED INTO AGE GROUPS)

■ Online ■ Physical
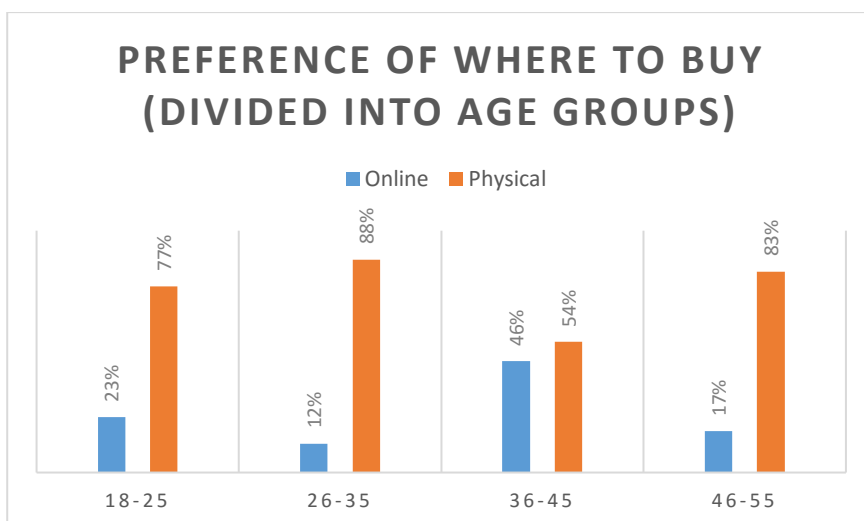
When segmenting in age, we can see that the age groups: 18-25, 26-35 and 46-55 are most likely to prefer physical stores.

PREFERENCE OF WHERE TO BUY (DIVIDED INTO GENDER)
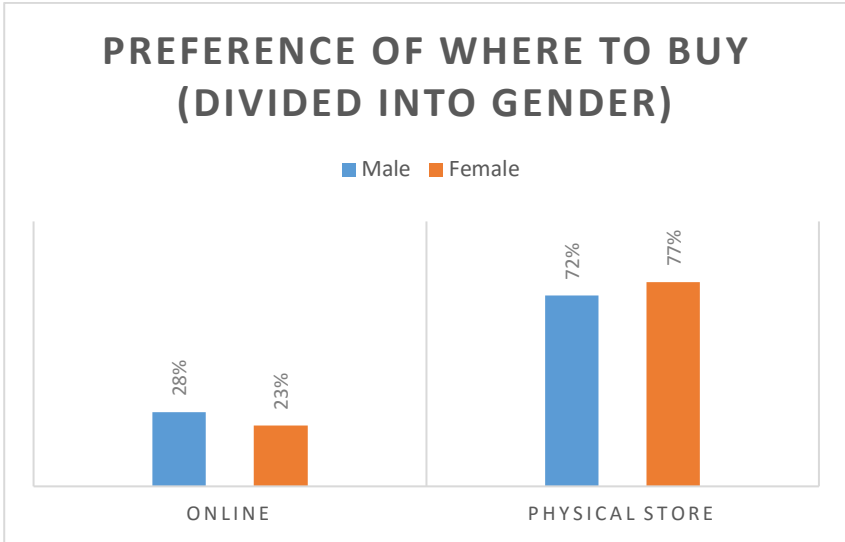
We wanted to see if there were any differences in the preferences of where to buy between male and female, but there were none.

PREFERENCE OF WHERE TO BUY (DIVIDED INTO INCOME)
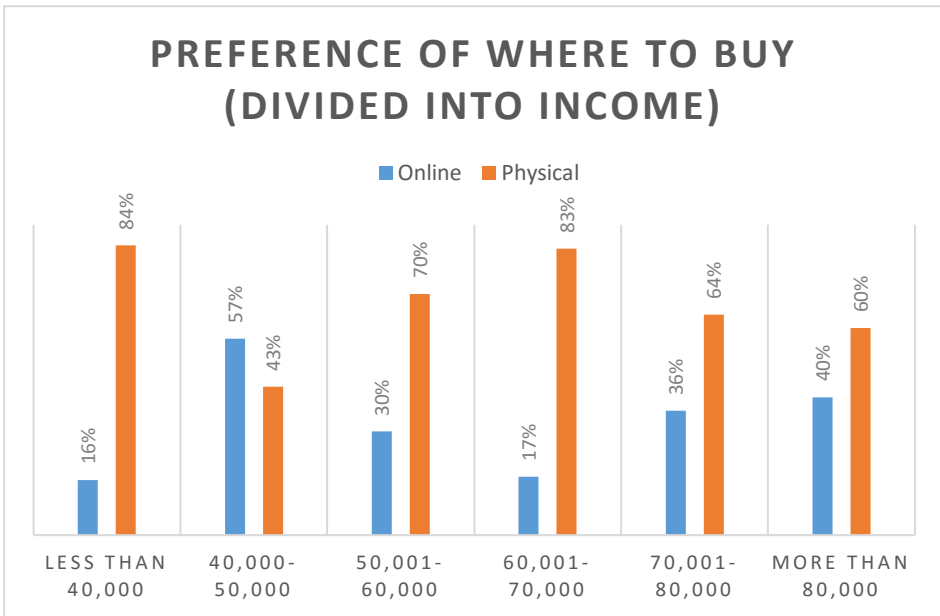
Lastly, we wanted to see if the income influenced the preference of where to buy and it did. Based on these three charts we can conclude that the segments

Based on the results from the analysis we developed a customer journey map, which helped us identify the challenges of a home décor physical store. An everyday customer's expectations include seeing and feeling the product before purchase, getting inspired and helpful staff. The challenges that an everyday customer might face are problems with the layout in the physical store, no delivery, opening hours, long queues and unhelpful staff. Comparing to the results from the analysis we discovered a lot of similarities.

- Challenge: **Opening hours.**
  The customers love to shop whenever and wherever they want and because the shops have limited opening hours it poses a crucial challenge.
- ✓ Solution: **Extended opening hours, open during weekends.**

- Challenge: **Long queues.**
  The customers do not like long queues.
- ✓ Solution: **Investing in human resources in order to fasten up the buying process.**

- Challenge: **Inconvenient layout in store.**
  The customer finds it difficult to find the product they are searching for.
- ✓ Solution: **Area signs, helpful staff.**

- Challenge: **No delivery.**
  The customers have problems carrying all the bags and like to get the products delivered.
- ✓ Solution: **Have a delivery system.**

- Challenge: **Unhelpful Staff.**
  The customers experience bad service.
- ✓ Solution: **Training the staff in customer service.**

Appendics
Questionnaire
1. How old are you
- **18-25**
- **26-35**
- **36-45**
- **46-55**

2. Do you live in
- **House**
- **apartment**
- **with your parents**

3. How many rooms are there at your home
- **1**
- **2**
- **3**
- **4**
- **5 +**

4. who makes the decisions about buying home decor
a. Yourself
b. Others (specify)
c.

5. In your household who buy home decor?
a. Yourself
b. Others (specify)

6. why do you buy home decor?
- **want**
- **need**

7. when do you buy your home decor
- **summer**
- **spring**
- **autumn**
- **winter**
- **all seasons**

8. have you ever bought home decor online?
- **yes**
- **no, why not?**

9. where do you prefer buying home decor?
- **online**
- **physical store**

10. how many times do you shop home décor in a month in a physical store?
- **0 -2**
- **3 -5**
- **6- 8**

11. how many times do you shop home décor in a month online?
- 0- 2
- 3-5
- 6- 8

12. what influences your decision to buy home decor at a physical store

Staff Services	See and feel before buying	No delivery time	Getting inspired	Staff informed (experts)	Others (specify)

13. Do you search information about the product online before buying it
yes
no

14. What influences your desicion to buy home decor online (check more)

Shop whenever you want	No queues	Delivery	Save money	Variety (wider sortiment)	Easy to find the specific product	Others (specify)

15. Did you encounter any challenges buying home décor in a physical store
- Yes
- No

16. if yes what challenges

Staff wasn't helpful	Long queue	Problem with carrying all the bags	Couldn't find anything	Opening hours	Others (specify)

17. Gender
- male
- female

18. what is your average monthly household income?
- less than 40.000
- 40.001 – 50.000
- 50.001- 60.000
- 60.001 – 70.0000
- 70.001- 80.000
- more than 80.000

Customer Journey Map