Biography:
Dr. Subodha Kumar is the Carol and G. David Van Houten, Jr. ‘71 Professor at the Mays Business School, Texas A&M University. He earned his MBA and Ph.D. from the University of Texas at Dallas in 2000 and 2001, respectively, and his M.Tech. from the Indian Institute of Technology, Kanpur in 1997. He joined the faculty of Mays Business School in 2009 in the Information and Operations Management Department. Before that, he was faculty at the Foster School of Business, University of Washington, from 2001 to 2009. He is also a Visiting Professor at Indian School of Business, Indian Institute of Management, and Dongbei University of Finance and Economics.

Kumar’s research and teaching interests include Analytics, Supply Chain Management, Optimization, and Information Technology. He has published 31 papers in reputed journals and 55 papers in refereed conferences. In addition, he has a patent and has co-authored 2 Harvard Business School cases and 2 Ivey Business School cases.

Abstract: Customers often evaluate products at brick-and-mortar stores to identify their “best fit” product but buy it at a competing online retailer. This free-riding behavior by customers is referred to as “showrooming” and we show that this is detrimental to the profits of the brick-and-mortar stores. Further, we analyze reactive as well as proactive strategies that brick-and-mortar stores could use to counter the effect of showrooming.

We analyze price matching as a reactive strategy and exclusivity of product assortment as a proactive strategy. We show that price matching is effective in improving profits only when the fraction of customers who seek price matching is high enough. However, this strategy is more effective compared to the situation when customers do not showroom. Product exclusivity can be implemented in two different ways. Our analysis suggests that implementing exclusivity through store brands is better than exclusivity through known brands when the product category has less digital attributes, or when online product evaluation technology is not too good. However, when customers do not showroom, the known brand strategy dominates the store brand strategy.

Industrial and Systems Engineering Seminar:
Competitive strategies for brick-and-mortar stores to counter “Showrooming”

Date: September 30th
Time: 1:50 pm - 2:40 pm
Location: 1005 ETB
Faculty Host: Dr. Natarajan Gautam
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