

Department of Information and Systems Management  
School of Business and Management  
Hong Kong University of Science and Technology

Seminar Announcement

***Battle of the Retail Channels: How Product Selection and  
Geography Drive Cross-channel Competition***

*by*

***Professor Jeffrey Hu***

**Purdue University  
Krannert School of Management**

**Date: 25 June 2007 (Monday)**

**Time: 11:00 – 12:30 pm**

**Venue: Room 4379, ISMT Conference Room**

~~~~~ All interested are welcome ~~~~~

**Abstract**

A key question for Internet commerce is the nature of competition with traditional brick-and-mortar retailers. Although traditional retailers vastly outsell Internet retailers in most product categories, research on Internet retailing has almost entirely neglected this fundamental dimension of competition. How and where can Internet retailers win this battle? This paper attempts to answer these questions using a unique combination of data sets. We collect a data set on local market structures, and then match this data set on local market structures to a data set on consumer demand that is through direct channels that include Internet and catalog channels. Our analyses provide strong evidence that the local market structure can significantly explain the variation in demand through direct channels, even after controlling for the relevant demographic and socioeconomic variables in each local market. We find that the impact of the local market structure on consumer demand through direct channels is smaller in size for niche products than that for popular products. In addition, we identify the role of demand for popular products and demand for niche products in shaping the impact of local stores on the catalog channel and the Internet channel. The sales of niche products, which are often unavailable in physical stores, are largely immune from competition by traditional retailers. Since the Internet channel sells proportionately more niche products than the catalog channel, the level of competition between the Internet channel and local stores is lower than the level of competition between the catalog channel and local stores.

**Biography**

Yu (Jeffrey) Hu is an assistant professor at Purdue University's Krannert School of Management. His research studies how Internet markets differ from traditional markets and how businesses should adapt their strategies in response to the unique characteristics of Internet markets. He has also written papers that study the pricing of information goods and privacy protection regimes on the Internet. His research has been published in *Management Science*, and discussed extensively by *New York Times* and *Wired Magazine*.

Dr. Hu received his Ph.D. in Management Science and Information Technology from MIT's Sloan School of Management. Prior to coming to Purdue University, he worked for MIT's Center for eBusiness as a post-doctoral associate, on research projects sponsored by companies such as Amazon and HP. He received a B.S. degree in Finance with the honor of Outstanding Graduating Student from Tsinghua University in Beijing, China, and received a M.S. degree in Economics from the University of Wisconsin-Madison.