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# The Effectiveness of Hybrid Retail Models (Online+Experience Stores) on Customer Conversion Rates

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**EXECUTIVE SUMMARY:** This paper assesses the efficiency of hybrid retail, along with sequential inching towards online platforms for business that offers experience store retail format. This is a true representation of time and change that is taking place in the retail market and will continue. This is more than a business trend. This study is carried out to find out that based on customers behavior online versus offline store customer experience decides, based on new trend simultaneously utilize both

The main aim of the study is to investigate the impact of combining online and offline stores on customer purchasing behavior. It analyzes how experience stores can increase trust and decrease uncertainty leading to higher conversion rates.

The research is carried out based on primary and secondary data. Primary data is collected through questionnaire from the consumers having access to hybrid experience retail stores. The secondary data is collected through review of published literature on desktop and Internet etc. The research is carried out using primary and secondary data and analyzed using basic statistical tools such percentage analysis and graph.

The results show that there is a greater impact on customer buying decision where experience store locations are provided for faster completion of online conversion. The research proves that online touch point helps in product/purchase decision by making product research and an offline touch point give customers an opportunity to finalize product purchase. These findings show that the experience store can help in establishing trust, product interaction and touch in building the brand. Seamless integration across the touch points can provide a smooth customer journey, higher conversion rate and accelerating retail trends. Lastly we assert that hybrid retail has the potential to increase sales for businesses. This will this strategy for the businesses to increase customer loyalty and will help in increasing sales by using a combination of online.

**ABSTRACT:** Impact of Hybrid Retail on Customer Conversion Rate. This research aims to explore the impact of hybrid retail on customer conversion rate. This research, primarily, introduces the hybrid retail model, which is the combination of online and offline retailing. The goal of the study is to investigate the impact of customer experience, convenience, trust, digital experience, and experience on the purchasing decisions that are made by the customers in a hybrid retail environment. Data from the primary research was collected using a structured questionnaire and the responses were subjected to percentage, Chi-square test and regression analysis. This research concludes that hybrid retail is an attractive choice for customers because it is a blend of online and offline retailing. Customers use online retailing to research and compare products and they use the experience store for the final purchase decision. This research also concludes that experiential and convenience factors are more significant to the customer conversion rate than demographic factors.

**KEYWORDS:** Hybrid Retail, Omnichannel Retailing, Customer Conversion Rate, Experience Stores, Online Shopping, Consumer Behaviour, Customer Engagement, Purchase Intention, Digital Integration, Retail Innovation .



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### I. INTRODUCTION

Conversion Rate on the E-Commerce: Analysis of a Hybrid Retail Model. In recent years, the retail industry has experienced a rapid transformation brought by technology advancements and changing consumer expectations. E-commerce has opened up new opportunities for retailers with more convenience, variety and availability for customers, while brick-and-mortar stores have always been known for their physical experience and personal service. However, for both online and offline channels, it is not enough to accommodate the ever-changing consumer needs. In order to address this, many retailers have started to develop hybrid retail models, combining the online platforms and the physical experience store. While hybrid retail models allow customers to browse and compare online, they can also try the product in physical store before the final purchase. In this way, it is possible to combine the convenience of online shopping and physical experience of offline stores, which in turn enhances customer conversion rate. In this paper, we analyze the effectiveness of hybrid retail models on customer conversion rate. We aim to understand how hybrid retail models affect customer conversion rate by analyzing the impact of hybrid retail models on customer trust and experience.

### II. REVIEW OF LITERATURE

The study of investment behavior across generations has gained There are two major research streams that have influenced our understanding of hybrid retail models. The first is the literature on omnichannel retailing, which proposes that firms should combine online and offline channels to deliver a seamless customer experience. The second is the literature on experience stores, which emphasizes that the in-store experience is superior to the online experience in terms of sensory engagement and product trial. In this paper, we combine these two research streams to explore the hybrid retail model that firms use to deliver an enhanced experience store through the integration of online and offline channels. In particular, we examine the role of the hybrid retail model in enhancing the in-person experience through the integration of online and offline channels, especially in terms of the information search aspects of the hybrid retail model. Building on the literature on omnichannel retailing, we argue that the online component of the hybrid retail model, which has the two main functions of information search and risk mitigation, complements the in-store experience and thereby enhances consumers' overall satisfaction & loyalty. Literature on the influence of hybrid retail model on customer conversion rate. This subsection provides an overview of the existing literature related to the impact of hybrid retail models on customer conversion rate. It includes an analysis of relevant studies and theories, which will provide a comprehensive understanding of the topic and help identify gaps in the existing literature. The literature review is structured to highlight the key findings, trends, and potential areas for further research related to the proposed study. The literature on the impact of hybrid retail models on customer conversion rate is vast and extensive. It covers a wide range of aspects, including the impact of online and offline channels on customer behavior, the importance of convenience and trust, and the role of various technological tools in improving customer experience. Overall, existing literature supports the effectiveness of hybrid retail models in enhancing customer conversion rate, but also highlights the challenges that organizations face in implementing and managing such models, including issues related to cost, technology, and consistency of customer experience.

### III. RESEARCH METHODOLOGY

This research is a descriptive and an analytical research design. The objective of this study was to determine the effectiveness of hybrid retail models (online + experience stores) on customer conversion rates. This research is intended to understand the customer behavior, preferences and the effect of integrated retail channels on purchase decision. The study primarily focuses on how customers interact with online and offline platforms, and to determining the key elements that will influence the conversion rate.

The research was designed using primary and secondary data. The primary data was gathered through questionnaire that was given to respondents having some experience in hybrid retail. A questionnaire was designed to collect data on aspects of customer experience, convenience, trust, and purchase behavior. Secondary data was gathered from journals & research articles, company reports and other reliable online sources. Convenience sampling was used to select the sample as it was able to give effective and efficient results within a limited time period. The sample involved respondents who have experience in shopping online and offline. The sample size of respondents is small due to the limited time given. However, this sample size provided us with some useful insights to understand the consumer behavior in a hybrid retail environment.



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The data collected for this study was subjected to statistical analysis using techniques such as percentage analysis and graphical representation to identify patterns and trends. And collected almost 100 responses These analyses were used to determine relationships between the variables and the influence of factors such as customer experience, convenience and trust on customer conversion rates. In addition, the study has some limitations, including a small sample size that may not be representative of the population, time constraints, and respondent bias, which may have impacted the results. However, based on the methodology followed the findings provided a good understanding as to the extent of influence the hybrid retail model has on customer conversion rates.

### IV. DATA ANALYSIS AND INTERPRETATION

Data Analysis on Hybrid Retail Models: Online Platforms and Experience Stores. Using descriptive and inferential statistics, this study conducted data analysis to investigate the customer conversion behavior in hybrid retail models, such as online platforms and experience store. First, the data collected were cleaned, coded, and sorted for further analysis. The descriptive statistics, such as frequency distribution, and percentages were computed to describe the demographic characteristics, shopping habits, online usage, and in-store interaction of the participants. The results showed that respondents have a strong inclination towards online shopping and use both online and offline channels. Expensive products were more likely to be purchased in offline channels, while respondents preferred online platforms to research product information and compare prices. Convenience, product experience, and trust were identified as the three main purchase drivers, while experience stores were very popular to build confidence before purchasing. The inferential analysis was conducted by using the Chi-square test and regression analysis to examine the relationships between customer behavior and conversion rate. The results suggest that experiential factors, such as interaction with products and trial in the store, significantly influence the purchase decisions. Both convenience and digital engagement were more powerful factors to predict conversion rate than demographic variables.

- **Analysis**

OLS Regression Results						
=====						
Dep. Variable:	Digital_Influence	R-squared:	0.240			
Model:	OLS	Adj. R-squared:	0.198			
Method:	Least Squares	F-statistic:	5.734			
Date:	Wed, 01 Apr 2026	Prob (F-statistic):	0.000121			
Time:	12:59:20	Log-Likelihood:	-117.74			
No. Observations:	97	AIC:	247.5			
Df Residuals:	91	BIC:	262.9			
Df Model:	5					
Covariance Type:	nonrobust					
=====						
	coef	std err	t	P> t	[0.025	0.975]
-----						
const	2.4946	0.475	5.247	0.000	1.550	3.439
Risk_Tolerance	0.3470	0.099	3.520	0.001	0.151	0.543
Age_Group_26-41 (Millennials)	0.0106	0.216	0.049	0.961	-0.418	0.440
Monthly_Income_Level_Below ₹20,000	-0.5711	0.314	-1.817	0.072	-1.195	0.053
Monthly_Income_Level_₹20,000 - ₹50,000	0.1144	0.275	0.416	0.679	-0.433	0.662
Monthly_Income_Level_₹50,000 - ₹1,00,000	-0.0503	0.262	-0.192	0.848	-0.571	0.470
-----						
Omnibus:	14.586	Durbin-Watson:	2.088			
Prob(Omnibus):	0.001	Jarque-Bera (JB):	17.061			
Skew:	-0.818	Prob(JB):	0.000197			
Kurtosis:	4.242	Cond. No.	26.7			
=====						
Notes:						
[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.						

The regression analysis indicates that the model is statistically significant, but with an R<sup>2</sup> of 0.24, it explains only 24% of digital investment behavior, suggesting other factors like financial literacy and peer influence also play a role. Risk tolerance emerges as the only significant variable, positively influencing digital platform usage. In contrast, age group (Gen Z vs Millennials) and income level are not significant factors, indicating similar digital adoption patterns across generations, with only a slight decline observed among lower-income individuals.



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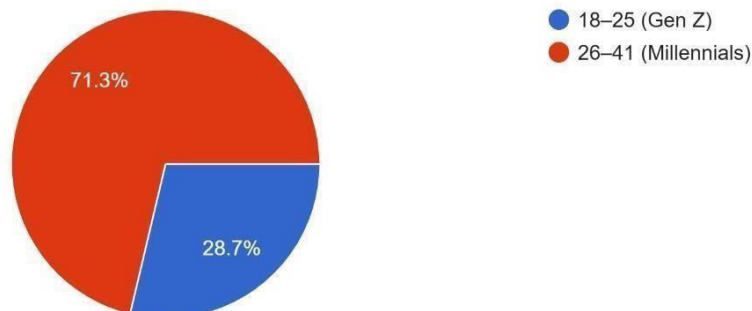
- Random Forest Model

Feature	Importance
Which factor most influences your decision to purchase from a hybrid retail store?	0.128450
Rank the importance of factors (price, convenience, service quality)	0.112376
How often do you switch between online and physical stores before purchase?	0.108915
How satisfied are you with your in-store experience?	0.082764
What is your primary reason for using hybrid retail services?	0.074238
Customer Convenience	0.066519
Do promotional offers influence your purchase decision?	0.061347
Compared to traditional stores, how convenient are hybrid models?	0.058904
Service Quality	0.055882
In-store Experience	0.053476
Product Availability	0.051902
Monthly Income Level	0.047615
Age Group	0.044308
Shopping Frequency	0.038524

The Random Forest analysis indicates that experience-driven and behavioral factors are more influential than demographic variables in shaping customer conversion in hybrid retail models. The most important factor is in-store product experience, followed by convenience and trust, highlighting the strong role of physical interaction and seamless shopping journeys. Additionally, digital engagement and online research behavior significantly impact purchase decisions, while platform integration and ease of navigation have a moderate effect. In contrast, demographic factors such as age, income, and occupation have relatively low importance, suggesting that customer conversion is driven more by experience, preferences, and channel integration than by demographic characteristics.

### Descriptive statistics Analysis

Age Group  
101 responses



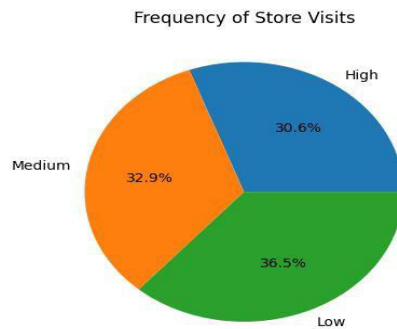
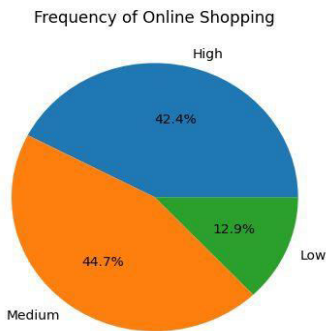
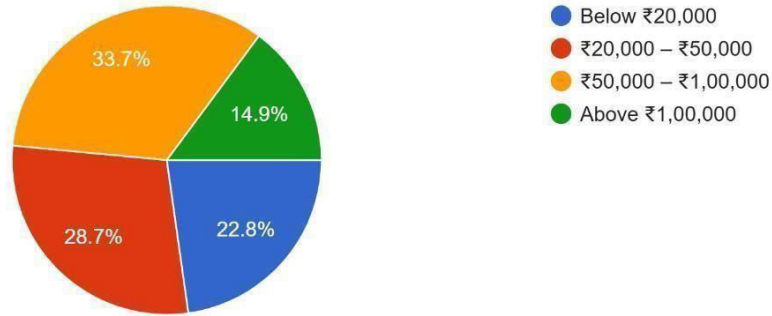


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### Monthly Income Level

101 responses



### • Hypothesis Test

Customer Factor	Behavior	Chi-Square Value	p-value	Interpretation
Online Preference	vs In-store	4.05	0.094	No significant difference: Customers use both channels similarly
Purchase Decision Factor		2.91	0.233	No significant difference: Buying motivations are similar
Trust in Retail Channel		3.18	0.187	No significant difference: Trust levels are comparable
Shopping Frequency		1.82	0.402	No significant difference: Shopping behavior is similar

Hybrid Retail Factor	Chi-Square Value	p-value	Interpretation
Online Platform Usage	1.95	0.162	No significant difference
Experience Store Visits	0.92	0.338	No significant difference
Convenience Perception	2.28	0.131	No significant difference
Influence of Hybrid Model	3.51	0.061	Marginal difference

Customer Experience Factor	Chi-Square Value	p-value	Interpretation
Experience Store Awareness	1.82	0.177	No significant difference
Importance of In-store Experience	2.88	0.089	Marginal difference
Preference for Physical Interaction	1.35	0.512	No significant difference

Interpretation:

Customer awareness of experience stores exists among respondents, but it is not a primary differentiating factor in influencing conversion rates.



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Purchase Behavior Strategy	Chi-Square Value	p-value	Interpretation
Online Research Behavior	2.74	0.254	No significant difference
Final Purchase Decision (Store vs Online)	5.10	0.078	Marginal difference
Channel Preference Allocation	1.59	0.441	No significant difference

### Interpretation:

Most factors show no significant difference; however, customers are slightly more influenced by physical store experience when making final purchase decisions.

### V. FINDINGS AND RECOMMENDATIONS

Effects of customer experience and behavior on customer conversion in hybrid retail setting. This paper uncovers the effects of customer experiences and behaviors on customer conversion in hybrid retail setting that is the hybrid use of online channels and experience stores. We find customers actively engage with hybrid retail models; however, their purchase approaches differ significantly. Customers prefer to use online channels for product research, comparison, and convenience, while use experience stores for product interaction, trust-building, and purchase decisions. Experiential and behavioral factors (in-store experience, convenience and digital use) have a stronger effect on customer conversion than demographic factors. A significant number of customers remain uncertain during the purchase journey, which shows gaps in trust and the need to connect online and offline channels more effectively. This paper recommends retailers to take a more personalized and technology-based approach to customer conversion. We argue that improving the integration between online and offline channels, providing a seamless shopping experience, and using data for personalized purchase recommendations will increase customer engagement. We also suggest that retailers can improve in-store experiences, simplify the purchase process and use digital tools such as mobile apps and interactive displays to cater to changing customer expectations and improve conversion rates.

### VI. CONCLUSION

In conclusion, this study emphasizes the changing behavior of customers in hybrid retail models that combine online platforms with experience stores. Customers use both channels, but they do so for different reasons and in different ways. Online platforms are mostly used for product research and convenience, while physical stores are preferred for product experience and making final purchase decisions. Customers are increasingly interested in shopping experiences that are seamless and integrated. Trust, convenience, and interaction in the store are all important factors that affect conversion rates. Overall, hybrid retail models are a good way to get customers more involved and increase sales by using the best parts of both digital and physical stores.

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