Colloquium on European Research in Retailing 2014

Research dedicated to understanding consumer behaviour and designing the channels to reach him

Conference Proceedings

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Germany

Abstracts and articles presented at the second
Colloquium on European Research in Retailing

Universität Bremen*

*EXZELLENT.

Foreword

Retail is detail – is one of the most famous principles in retailing. The aspect of detail is also the driving force of CERR as to bring together researchers on retail issues from all over from Europe in order to share results and insights to research that is dedicated to understand consumer behavior and to design the channels to reach them.

CERR 2014 presents details of retailing related research in the areas of Shopper Behavior, Retail Logistics and SCM, Multichannel Retailing, Franchise as well as Retail strategy and operation representing a program of more than 30 presentations.

CERR 2014 represents research details from Austria, Croatia, France, Germany, Ireland, Italy, The Netherlands, Russia and a look at European retailing from the USA.

Sharing research results means also caring about the subject matter. That is why we have organized CERR in such a way that allows discussions during the sessions as well as outside the sessions. We hope to create an atmosphere to enable networking and setting up future research efforts between the participants in the area we care most about: retailing.

The organizing committee

Xavier Brusset
Herbert Kotzab
Peter Schnedlitz
Christoph Teller
Neil Towers

Content

Organizing Committee

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In addition we want to thank our reviewers for their invaluable comments and suggestions.

Scientific program

Keynote speech

Michael Bourlakis: Innovation in Retailing: Insights from a European Commission report

Room and day: GW2 – B2880, September 25th

Chair: Herbert Kotzab

The presentation will illustrate the major drivers of change in relation to retail innovation (e.g. consumer-related, technology-related etc) and will highlight the key barriers for implementing retail innovation (cost, risks, regulatory constraints etc) within Europe. It will also provide key recommendations for fostering retail innovation and will highlight key lessons for specific retail operations including own brands /brand development, supply chain operations and technology.

Extended abstracts

T1: Shopper Behaviour; Multichannel

Room and day: GW2 – B2880, September 25th

Chair: Christoph Teller

The Almost Ideal Demand System in Retailing – An empirical approach to determine Customer Utility

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Abstract

We demonstrate that the Almost Ideal Demand System can be applied in a retail context. The advantage of using the system is that it fulfills the restrictions of the traditional Microeconomic theory. We also apply Singular Value Decomposition to guarantee negative semi-definiteness of the Slutsky matrix. The results are intuitive in interpretation. We found negative own price elasticities, the expenditure elasticities made sense and the utility levels for individual customers could be derived. Given the existing price policy of the retailer, we suggest an alternative price policy that optimizes consumers' utility and, as a consequence, improves profitability.

Introduction

The purpose of our research is to determine the utility function for customers, by applying the Almost Ideal Demand System in a commercial marketing context. It is this utility function that reflects the preferences of customers regarding product characteristics, such as brands and product type. Insight in these preferences and cross preferences offers opportunities for optimization utility. Clearly, supply and stock allocation levels that are in accordance with optimized utility of the customers will result in maximum profitability for retailers.

We choose to estimate the Almost Ideal Demand System conditional to the inherent properties derived from Microeconomic theory.

Starting point in the Almost Ideal Demand System (Deaton & Muelbauer, 1980) is an expenditure function, which defines the minimum level of expenditure necessary to attain a specific utility level at given prices. The demand function in budget share form is:

1. $$w_i = \alpha_i + \sum_j \gamma_{ij} log p_j + \beta_i \log\{x/P\}.[1]$$

Parameters $\alpha_i \beta_i \gamma_{ij}$ can be estimated in R statistics with the package micEconAids (Henningsen).

We used data from a major retailing organization in the Netherlands.

For our analysis, symmetry of γ_{ij} and negative semi definiteness of the Slutsky matrix[2] are of importance. Symmetry of γ_{ij} guarantees the consistency of the preferences and negative own price elasticities (the Law of Demand).

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[1] See the appendix for a demonstration in deriving demand equations from the defined utility function.

[2] See the appendix for the Slutsky matrix and its restrictions

Utility

Once the parameters were estimated, utility levels for each individual customer were determined.

$$2. \quad u = \frac{logx - loga(p)}{logb(p) - loga(p)}$$

The value of u lies between 0 (subsistence) and 1 (bliss) and provides underlying characteristics of customer preference structures.

The u can easily be derived once estimates for parameter p and total expenditure x are known.[3]

Customer utility is indirectly dependent on the pricing structures of retail supply. For each individual customer a realized price vector is available and by applying the estimates of AIDS to it, the individual characteristics of customer utility can be determined.

In the following step of our research, we formulated our problem in a classical recursive form. Combined with the realization that prices are stochastic, this allowed us to apply a Markov Decision Process in our search for price formation that optimizes customer utility and thus maximizes profit for the retailing organization.

In order to fulfill this promising path, the main focus in this article is on estimating the customer utility function.

As mentioned before, we used a dataset from a major retailer in the Netherlands. We extract a set of purchases of ladies fashion T-shirts over a period of two years, to determine preference structures for different brands. To illustrate we present the outcomes for four different brands.

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[3] In the appendix relations a(p) and b(p) are defined.

First estimates

Table 1

alpha				
	w2195	w2255	w2391	w2402
	0.31817	0.22885	0.31036	0.14261
beta				
	w2195	w2255	w2391	w2402
	-0.03911	0.02182	0.00064	0.01665
gamma				
	p2195	p2255	p2391	p2402
w2195	-0.08995	0.08751	-0.07359	0.07602
w2255	0.08751	0.01535	-0.08260	-0.02027
w2391	-0.07359	-0.08260	0.07641	0.07977
w2402	0.07602	-0.02027	0.07977	-0.13553

More insight is provided by the elasticities derived from the estimated parameters:

Table 2

Expenditure Elasticities				
q_w2195	q_w2255	q_w2391	q_w2402	
0.68469	1.05991	1.00229	1.07132	
Marshallian (uncompensated) Price Elasticities				
	p2195	p2255	p2391	p2402
q_w2195	-1.61633	0.78151	-0.50674	0.65687
q_w2255	0.21964	-0.97226	-0.24328	-0.06400
q_w2391	-0.26519	-0.29730	-0.72609	0.28629
q_w2402	0.30094	-0.10397	0.32205	-1.59034
Hicksian (compensated) Price Elasticities				
	p2195	p2255	p2391	p2402
q_w2195	-1.53141	1.03083	-0.31617	0.81675
q_w2255	0.35109	-0.58630	0.05173	0.18349
q_w2391	-0.14088	0.06767	-0.44712	0.52033
q_w2402	0.43381	0.28615	0.62023	-1.34019

The expenditure elasticities can be used to characterize the different brands in terms of luxury levels. Expenditure elasticities above 1 are luxury brands and expenditure elasticities between 0 and 1 are more mainstream brands. In our analysis, three luxury brands and one mainstream brand are subject to research. The expenditure elasticities are related to the utility scale **of** (0)

subsistence to bliss (1) and it is expected that the luxury brands provides higher customer utility levels than mainstream brands do.

Important to note, is the fact that all the own price elasticities (the diagonal of the matrix) are negative. This implies that the condition of the negative relation between prices and demand is met and that the law of demand holds. Hence, customers behave in rational manner.

Brand 2195 and brand 2402 are highly price elastic. A decrease in price leads to higher expenditure shares. So in a situation where it is necessary for the retailer to apply markdowns in order to clear supply, the brands with an own price elasticity values below -1 should be considered first. Please note that with AIDS we were able to fully determine the consequences of a markdown from one brand to the complete assortment.

Even more important is the fact that the estimates were determined under the restriction of symmetry of the gamma matrix.

Table 3

R-squared values of quantities:			
q_w2195	q_w2255	q_w2391	q_w2402
0.6197	0.949443	0.821367	0.682741

Given this severe restriction, which is rarely fulfilled for non-retail data, the values of R-squared are more than acceptable.
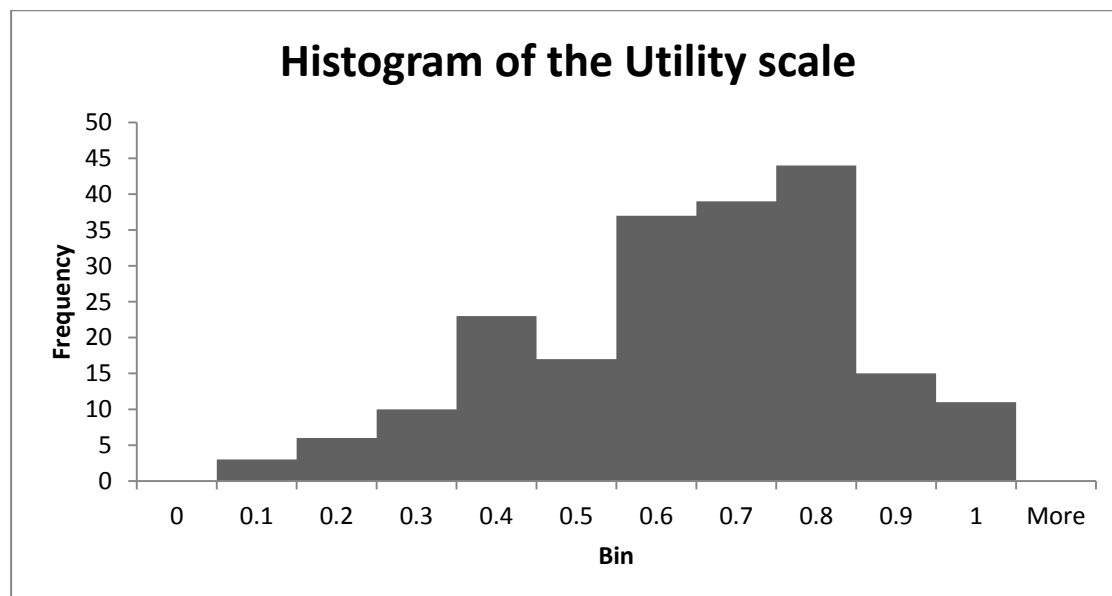
Figure 1

The distribution of the utility levels for the four brands is given in the Figure 1. As expected and given the expenditure elasticities, the distribution is skewed to the right. This implies that customers are more inclined to the luxury brands, that provide higher utility levels.

The Slutsky symmetry is satisfied by 1 if and only if the symmetry restriction on the gamma parameters holds.

The matrix s_{ij} is negative semi definite[4].

The negativity cannot be ensured by any restriction on the parameters estimation. It can be checked though, given the estimates of the parameters by calculation of the eigenvalues of the Slutsky matrix s_{ij}.

Muelbauer and Deaton suggest the use of relation (Deaton & Muelbauer, 1980):

3. $k_{ij} = p_i p_j s_{ij}/x$.

4. $k_{ij} = \gamma_{ij} + \beta_i \beta_j \log \frac{x}{P} - w_i \delta_{ij} + w_i w_j$, δ_{ij} is the Kronceker delta.

The eigenvalues of k_{ij} have the same sign. Negative eigenvalues guaranty concavity of the utility function. The optimum for every customer exists.

If k_{ij} is not negative semi-definite, we could use Singular Value Decomposition and filter the singular values for which the eigenvalues are higher than 0. For all the eigenvalues above 0 we take the value 0. . The resulting matrix is negative semi definite and preserves almost all the information embedded in k_{ij}. Moreover, there is also the benefit of a dimension reduction. We could reduce the price dimensions. For our example we have four price vectors for which we could use two price factors instead by using the highest eigenvalue.

Our k_{ij} matrix for the example:

Table 4

-0.198404	-0.00829	-0.17492	-0.03631
-0.22710	-0.21096	-0.34249	-0.29381
-0.309602	-0.25836	-0.1225	-0.13151
-0.125586	-0.16427	-0.0861	-0.30978

[4] See the appendix.

The eigenvalues are:

Table 5

-0.72094	-0.22734	0.185712	-0.07908

Clearly, the third eigenvalue is not negative and so the matrix is not negative semi-definite.

If we apply SVD and only use the two dominant eigenvalues we find the following matrix:

Table 6

-0.19528	-0.07576	-0.1457	-0.00906
-0.28005	-0.24204	-0.25538	-0.29345
-0.26702	-0.1719	-0.22301	-0.156
-0.09584	-0.17687	-0.12013	-0.29815

This matrix is negative semi-definite and preservers almost all the information in k_{ij}.

We could use this to transform the parameter γ_{ij} matrix:

Table 7

-0.08683	0.02004	-0.04438	0.10328
0.03456	-0.01573	0.00451	-0.01991
-0.03101	0.00387	-0.02409	0.05529
0.10577	-0.03287	0.04574	-0.12390

Note that the information in the transformed matrix is preserved, at the cost of some loss of symmetry. The symmetry loss is easily compensated when we use the upper part above the diagonal also for the lower off diagonal part. We have used this transformed matrix to estimate the utility. It guarantees the necessary concavity of the utility function.

To check the rest of the restrictions:

$$\sum_i \alpha_i = 1, \sum_i \beta_i = 0.$$

Optimization

Once all the estimated parameters and restrictions are fulfilled, the retailer can use this to optimize the price path that maximizes the utility of the customers and the profit of the retailer.
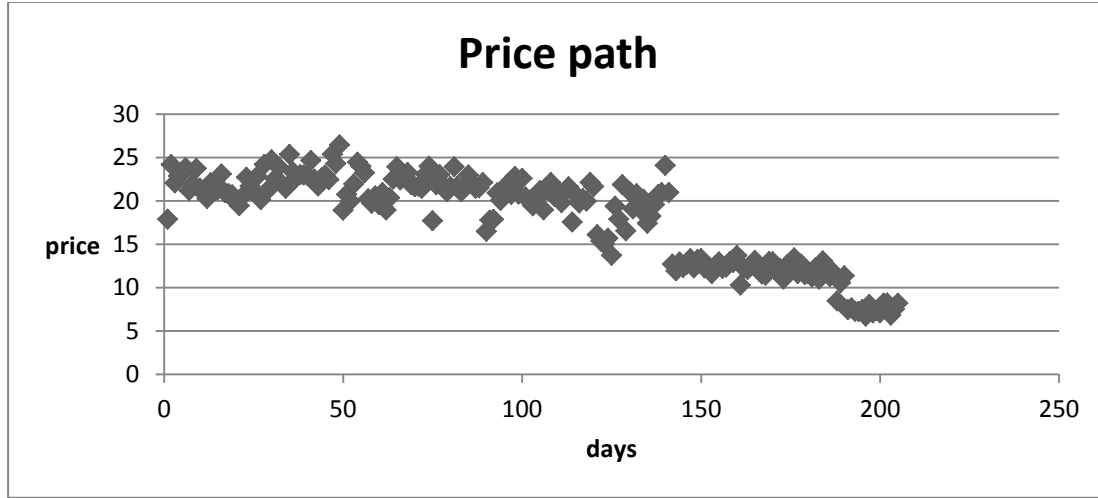
Price path

Figure 2

In the Figure 2 we find the realized price path for brand 2195. On the horizontal axis, the time scale in days and on the vertical axis the realized (turnover) price.
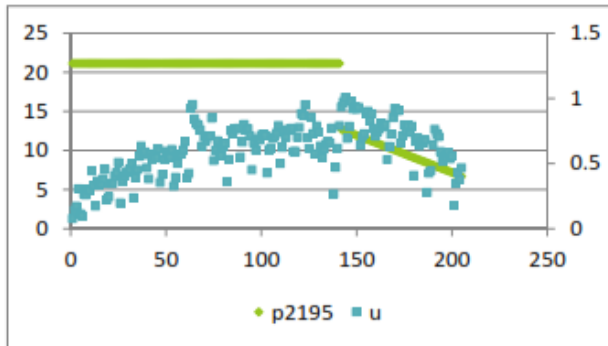
Figure 3
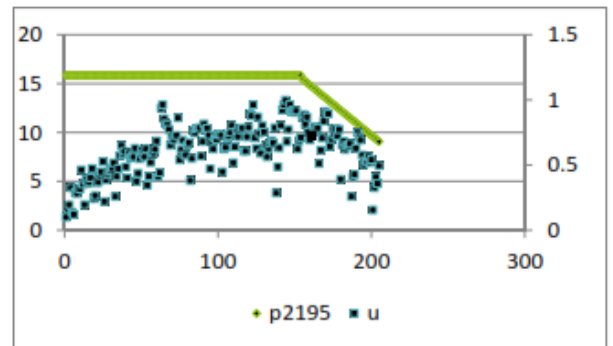
Figure 4

Table 8

0.60645	0.61422
	1.28%

In order to find a more optimal price path, we abstract from the stochastic portion and only use the systematic component of the price path. The stochastic part is important because off the pull and push processes involved but is for the arguments of optimizing utility not direct revealing.

In the Fehler! Verweisquelle konnte nicht gefunden werden. we see the realized systematic omponent of the price path with the realized utility. Prices are decreasing with a drop (markdown) at day 141.In the Fehler! Verweisquelle konnte nicht gefunden werden. we find a price path with lower initial prices (decrease with 25%) and markdown also lower, the markdown prices increased with 35%. Brand 2195 has positive cross price elasticity with brand 2255 so an increase in price for brand 2195 has a decreasing effect on the share for brand 2255 and also in utility. For brand 2391 and brand 2402 the cross effects are the opposite. The expected overall effect on utility is positive. Brand 2195 is the non-luxury brand with a high own price elasticity.

The overall average utility in Table 8 increased with 1.28%. Please note that the own price elasticity of this brand is price elastic -1.61, so we can expect quantity effects that more than compensate the decrease in initial prices.

Conclusions

The retailer can use the Almost Ideal Demand System for practical purposes. The advantage in using the Almost Ideal Demand System is in fulfilling the established restrictions from micro-economic theory. The system gives insight in the utility levels of the customers. Applying Singular Value Decomposition on the estimation of the gamma matrix gives the opportunity to reduce the dimensions and guaranties the necessary negative semi definiteness of the Slustky matrix. At first hand the theoretical implications of applying the system could be somewhat difficult to evaluate. However applying the package in R statistics is straightforward. The results are at an intuitive level to understand and to interpret.

We found negative own price elasticities as expected. The expenditure elasticities made also sense on an intuitive level. The utility scale after estimating was relatively easily to apply for individual customers and can be used to identify the customers for commercial purposes.

Appendix A

The Price independent generalized logarithmic (PILOG) cost function, c(u,p) is used by Muelbauer and Deaton to obtain the Almost Ideal Demand System (AIDS).

They define c(p,u) as a weighted sum of two functions (Deaton & Muelbauer, 1980):

1. $\log c(u, p) = (1 - u)\log\{a(p)\} + u\log\{b(p)\}$

u lies between 0 (subsistence) and 1 (bliss).

2. $\log\{a(p)\}$ defined as $a_0 + \sum_k a_k \log p_k + \frac{1}{2}\sum_k \sum_j \gamma_{kj}^* \log p_k \log p_j$.

3. $\log\{b(p)\}$ defined as $\log\{a(p)\} + \beta_0 \prod_k p_k^{\beta_k}$.

$a_k, \beta_k, \gamma_{kj}^*$ are parameters, u is utility and p are prices.

The cost function is linear and homogeneous so it respects the budget properties of additivity:

$$\sum_i \alpha_i = 1, \sum_i \gamma_{ij} = 0, \sum_i \beta_i = 0.$$

Shephards's lemma:

$$\frac{\partial \log c(u, p)}{\partial \log p_i} = q_i(u, p).$$

Multiply both sides with $\frac{p_k}{c(u,p)}$ to obtain the consumption share w_i.

Substitute equations 2 and 3 in 1 and taking the logarithmic differential of equation 1 gives:

4. $w_i = \alpha_i + \sum_k \alpha_k \log p_k + \sum_j \gamma_{ij} \log p_j + \beta_i u\beta_0 \sum_k p_k^{\beta_k}$.

As noted in their article:

For a utility-maximizing consumer, total expenditure x is equal to c(u,p) and this equality can be inverted to give u as a function of p and x, the indirect utility function. If we do this for

equation 1 after substitution of equations 2 and 3 and substitute in 4 we have the budget shares as a function of p and x.

$$5. \quad w_i = \alpha_i + \sum_j \gamma_{ij} log p_j + \beta_i \log\{x/P\}.$$

P is a price index to define.

Two other restrictions apply:

$\sum_j \gamma_{ij} = 0$ and $\gamma_{ij} = \gamma_{ji}$ Slutsky symmetry (Deaton & Muelbauer, 1980).

Cost function		Indirect utility function
$c(u, p) = x$	Inversion	$\Psi(x, p) = u$

Differentiation   Roy's identity

Hicksian demands	Substitution	Marshallian demands
$q_i = h_i(u, p)$		$q_i = g_i(x, p)$
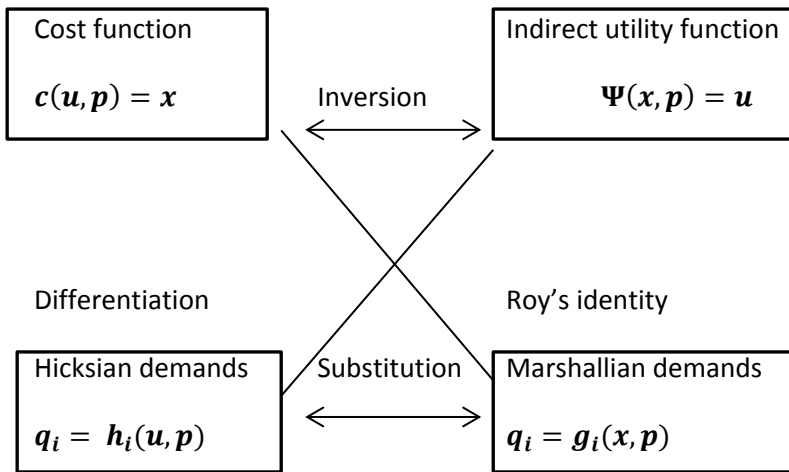
A price change has two effects: the income effect and the substitution effect. The Slutsky matrix is defined as the sum of these two effects.

$$6. \quad s_{ij} = \frac{\delta h_i}{\delta p_j} = \frac{\delta g_i}{\delta x} q_j + \frac{\delta g_i}{\delta p_j}$$

The Slutsky matrix $[s_{ij}]$ is negative semidefinite see for proof (Theil, 1975).

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Omni-Channel-Management – a German perspective

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Omni-Channel-Management – a German perspective

Purpose: This paper explores of multi-channel systems of German retailers from the perspective of omni-channel management. The paper examines how omni-channel management affects technological development, customer behaviour and retail structures. Furthermore, we identify the prerequisites of omni-channel-capability of retailers.

Design/methodology/approach: The paper is based on a multi-method approach including literature review, analysis of secondary data and a benchmarking analysis where leading omni-channel retailers are analysed in order to develop a generic omni-channel-management-capability model.

Findings: The major technological developments refer to a digitalization of retailing accompanied with ubiquity. Due to big data analyses customer behaviour becomes more and more transparent. Technology also increases individuality, 365/24/7, global reach through social- local-mobile networks. Customer behaviour increasingly turns from hybrid to multi-optional behaviour, smart shopping and channel hopping. Social commerce becomes more and more important. Online and off-line retailing competition is increasing and single-channel retailers will diminish. Offline sales volumes are shifted to online-channels and online-retailers are getting active in offline channels through popup stores.

Research limitations/implications: Our research focuses on the development of/in the German market.

Practical implications: Retail channel managers get insight into those efforts that need to be taken in order to make a multi-channel system omni-channel ready.

What is original/value of paper: The paper examines new and innovative approaches in retail channel management.

Keywords: Omni-channel retailing, multi-channel retailing, mobile and social networks.

Article Classification: Research paper

T2: Shopper Behaviour

Room and day: GW2 – B2880, September 25th

Chair: Rudi Meijer

Consumers' Cross-format Shopping in German FMCG Retailing

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Consumers' Cross-format Shopping in German FMCG Retailing

Purpose of research: Research about consumers' cross-format patronage is scarce and neglected to focus on the consumer's most preferred combination of retail formats. Gathering such information helps retail managers to identify and carefully target different consumer segments. Findings in literature suggest that 83 % of consumers hold on to the same shopping pattern and that they patronize multiple retail formats (e.g., supermarkets or discount stores)depending on their individual shopping preferences in FMCG. Moreover, 34 % of shopping trips serve multi purposes and 75 % of all grocery shoppers regularly visit more than one store each week. Since not all locations can satisfy the full set of purchase needs, consumers switch between stores based on store characteristics and/or specific product needs.

Nowadays intense and complex competition among retail formats and stores of the same format emphasizes the importance of evaluating consumers' format choices. However, research on consumers' characteristic retail cross-format shopping patterns as well as consumers' patronage of different retail brands within that particular choice-setare rather limited. Moreover, investigations onpositive and negative shopping utility dimensions that distinguish customers of these format combinations are also scarce. A recent study claims that perceived utility of different retailer-managed factors like shopping atmosphere can be seen as significant variables that help to explain why consumers patronize different retail brands. FMCG retailers can utilize these characteristics for their competitive strategies.

Theory and hypotheses: In our research we assume that the consumer's choice of retail formats is based on the perceived overall utility. Whereas the consumer receives products and services at a specific price level, s/he spends a certain amount of her/his own resources in the form of time and money. Nevertheless, since time and money are scarce, consumers will direct their resources toward the retail formats that maximize their perceived overall utility. This decision is based on relative judgments about all available retail formats for product categories in FMCG that fulfill the consumer's purchase needs. Following recent literature, format characteristics represent the consumer's perceived acquisition utility of a specific retail format (e.g., pricing, quality of service, or assortment) as first part of the overall shopping utility. We assume that differences in perceived acquisition utility of retailers in terms of format characteristics will have a significant influence on the cross-format choice-set that an individual consumer utilizes over time. Hence, on the consumer segment level acquisition

utilitydimensions serve as distinctive features of cross-format shopping patterns between different consumer segments in FMCG.

On the contrary, we also assume that consumers minimize perceived transaction costs within particular cross-format choice-sets in advance—the second part of the overall shopping utility. Transaction costs occur when consumers have to overcome location-based distances between different retail formats or when they depend on opening hours of specific stores. Transaction costs are needed to transfer market goods in a store into consumption goods at home. Following transaction cost theory, agents choose to conduct transactions in a way that minimizes their transaction costs. We assume that transaction costs (e.g., store closeness or opening hours) are already offset to a minimum in the consumer's preferred combination of retail formats that s/he utilizes over time. Hence, transaction cost dimensions do not serve as distinctive features of retail formats between different consumer segments and their preferred cross-format shopping patterns in FMCG.

Methodology and findings: In two field studies we investigate the consumers' cross-format shopping pattern within five different common German retail formats for FMCGproducts (i.e., hypermarkets, discount stores, supermarkets, specialty stores, and drugstores). A qualitative study with 28 respondents was conducted to get important insights on how individual consumers chose retail brands, how they combine formats and/or retail brands, and whether they utilize specific shopping patterns over time for recurrent transactions. Based on the outcomes of study I a second study with 399 respondents was conducted. We identify three clusters in study II of mainly supermarket, discount and hypermarket shoppers with their respective distribution of formats within their average shopping cartusing Ward-method. The decision for a three cluster solution is justified by a significant increase of the error sum of squares when clusters were merged. Basic findings reveal that in each cluster shoppers utilize one main retail format, which is complemented by a specific average percentage of all four other formats for fill-in purchases in cluster-specific cross- format shopping patterns. Moreover, results offer first impressions of different intra-format loyalty by analyzing the number of patronized retail brands within each format. Since many consumers in the discount cluster utilize two or three discount retail brands, we state that the loyalty within the discount cluster is less than in the supermarket and the hypermarket cluster. Our research does not raise a claim to be representative, but study II reproduces a fairly good picture of German FMCG shoppers.

In addition, we carved out acquisition utility and transaction cost dimensions that distinguish supermarket from discount and/or hypermarket customers. Our research approach offers substantive conceptual and managerial contributions to the understanding of cross-format shopping patterns of consumers in German FMCG retailing. Results of ANOVA and post hoc- tests show that rather acquisition utility than transaction cost dimensions account for significant consumer cluster differences. All hypotheses about perceived acquisition utility dimensions of consumers' are either fully or partly confirmed. Especially shoppers from the discount and the supermarket cluster significantly differentiate on dimensions like price discounts, price confidence, quality of service, or product selection. We found corresponding results between the discount and the hypermarket cluster, but hypermarkets and discounters are perceived as closer together. Overall, consumers notice the least significant differences between the supermarket and the hypermarket retail format. Concerning transaction cost dimensions one hypothesis must be partly rejected (i.e., opening hours), whereas all other hypotheses again are fully confirmed.

Management implications: As main finding of our study we state that consumers' perceived acquisition utility given by retail format characteristics distinguishes cross-format shopping patterns of consumer clusters in FMCG retailing. In contrast, transaction cost dimensions are likely to no longer distinguish those clusters, since consumers minimize their perceived transaction costs within their retail format shopping pattern in advance. These findings are relevant for retailers in general and for managers of all of the five surveyed common retail formats in the German FMCG market, who wish to plan their outlets' characteristics and location as well as to defend their customer base respectively to gain new customer segments.

References upon request

THE POST CRISIS SHOPPER: IMPULSIVE OR PLANNER?

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THE POST CRISIS SHOPPER: IMPULSIVE OR PLANNER?

In recent years significant changes in shopper behaviour have taken place: consumers rely on a variety of information sources to prepare for shopping for the best offering at the best price (Shankar et al, 2011). Among the drivers of these changes technology and the economy have a prominent place. Along these lines, one could argue that in the new context more planning and preparation for shopping is carried out before the customer enter the store (Shankar and Yadav, 2011). What is the role left for in-store marketing in influencing shoppers? Do consumers' new planning attitudes limit the impact of in-store shopper marketing?

These questions are relevant from an academic viewpoint (see new research solicited by Grewal et al, 2011 and Shankar and Yadav, 2011) and a managerial one. On the latter point, the answer can guide decisions as to how to allocate marketing budget to out-of-store vs. in-store marketing activities. In times when marketing budgets are rigid if not in decline, and when new channels appear every day, grounding budget allocation decisions on sound findings on the relative effectiveness of in-store vs. out-of-store levers is of paramount importance.

The overall hypotheses of this work are that: a) pre-trip activities have increased in importance and diffusion; b) these activities have an impact on in-store shopping behaviour, specifically they negatively impact impulse buying. We expect both pre-trip activities' influence and the reduced relevance of impulse buying be different by category and by store format.

To investigate pre-trip planning activities and measure impulse buying we combined two methodologies: a) in-store observation of shoppers facing the in-aisle display (to measure time employed for in-category choice activity) and b) subsequent survey of 1050 shoppers with the aid of a structured questionnaire. Respondents were also asked to leave their shopping list with the researchers who subsequently analysed them to enrich knowledge of list preparation as one pre-trip activity.

The study focused on three retail banners operating the EDLP supermarket, hi-low supermarket and hypermarket format in one major geographical market. A broad set of categories was selected to cover planned vs. impulse shopping categories and high and low

involvement categories as defined by literature, on the ground that shopper behaviour is different in the different contexts.

Our study found that pre-trip activities are commonplace. They span a variety of online and offline tasks. Customers see these activities as having an influence on their choice of store, category and brands. In sum, in-store behaviour seems to be more directed by pre-trip activities than generally assumed.

However, shoppers differ as for: the effort put in pre-trip activities, ability to recall price, time in front of display and impulse/planned purchase ratio. A cluster analysis revealed three segments. The major group displays the fastest in-store shopping process: possibly, as a consequence, their impulse buying is reduced to a minimum. A second cluster is driven by impulse buying and has been little influenced by pre-trip activities: this is paired with low accuracy in price recall. The residual cluster is composed of "professional shoppers", characterised by engagement in every pre- trip activity, long time spent in front of the display, great price recall accuracy. A further finding is that this last group of shoppers allow themselves some impulse buying – their confidence being supported by the amount of preparatory work they do. Mapping the prevalence of these groups in a retailer's customer base is relevant from a managerial view point as such insight can inform marketing activities targeted at the different groups.

T3: Multichannel; Retail Marketing

Room and day: GW2 – B2880, September 25th

Chair: Xavier Brusett

Impact of External Environment on Performance Measurement in Retailing

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Impact of External Environment on Performance Measurement in Retailing

Purpose: The retailing sector is a striking factor for national economies. Globally, the big players Wal-Mart (USA), Carrefour (FRA), Tesco (GB) and Metro Group (GER) dominate the industry and substantially contribute to nations' economies. Their main objectives are profitable market share growth and improvement of business performance which is even harder to reach after the recent worldwide economic crisis (Ganesan et al., 2009, Pal et al., 2011). One consequence of intensive competition is the demand for greater accountability in the retailing industry and provision of timely and relevant information (MSI, 2010-2012). Managers have to make their decisions objectively and they need to be comprehensible for internal and external stakeholders (Horvath and Seiter, 2009). Therefore, retailing companies implement performance measurement systems to make processes more transparent. In this context, „**Performance Measurement**" (PM) is defined as the quantification of efficiency and effectiveness (Neely et al., 1995). Especially in the retailing sector, where intangible processes such as service orientation characterize the daily business, PM faces the challenge of correctly illustrating those processes. That's why managers are looking for an appropriate **set of metrics** that provides a certain **breadth** - defined as the variety of financial and non-financial measures - and a certain **scope** – defined as the number of relevant metrics. This set of metrics addresses different organizational levels, processes and functions (Homburg et al., 2012).

Mintz & Currim (2012), who analyzed the actual use of metrics for management decisions, state that decision quality **always** rises when performance metrics are used. The used **scope of metrics** relies more on **contingency factors** than on managerial characteristics. Factors such as business strategy, structure of the company or the level of competition affect the priorities of a firm, abilities of managers and, consequently, the design of PM. In highly competitive and turbulent markets, a greater amount of metrics is used (Chenhall, 2003). In contrast to that, managerial characteristics such as functional area, length of experience or quantitative background have no significant influence on the use of performance metrics (Mintz and Currim, 2012).

To gain understanding of the effects of external environment on the retailing sector in general and the design of PM in detail, the research question is the following: "**How does the**

contingency factor "external environment" influence the design of PM in the daily business of retail store managers?"

Methodology: Qualitative research focuses on discovering facts that lie under the surface and helps understanding, explaining and discussing the research phenomenon in a holistic way (Holzmüller and Buber, 2009). Based on the theoretical contributions of Witzel & Reiter (2012) multiple ways are taken into consideration to focus on the same problem statement. **Problem-centered interviews** choose a communicative strategy, which means, that the way of speaking is one option to analyze and discuss a research problem. Moreover, the orientation on the research object and the situation are central characteristics of this methodology (Witzel and Reiter, 2012).

During March and August 2013, 22 retail companies based in the U.S. and Austria were selected. Here, store managers of different retail sectors were identified in order to compare the same level of hierarchy in different areas. Moreover, different company sizes were taken into account to distinguish between routines of larger and smaller companies. The mix of homogeneity and heterogeneity contributes to the characteristics of theoretical sampling and aims to give insights into the daily routines of retail store managers (Glaser and Strauss, 2009). Based on the prior formulated topics interviewees described their daily business routine. In this context, narrative structures were emphasized (Witzel, 2000).

Mayring (2004) characterizes **qualitative content analysis** as a method that uses any form of "documented communication" (e.g. interviews, newspaper articles etc) as a basis of analysis. Generally, qualitative content analysis includes the following steps. First, the generated data is reflected in the context of its origin. Second, a process model builds a systematic approach for the analysis. Third, during the process of analysis, the categories are developed which combines the reference to the object as well as to the underlying theory. In order to answer the underlying research question, the study at hand follows a summarizing form of content analysis that is mostly based on deductive categories. The step of "**Generalization**" and "**Reduction**" is based on the **contingency theoretical approach** according to Chenhall (2003) and Donaldson (2001).

Findings: PM has to react on market dynamics and the complexity of external environment. Adaption and coordination of corporate processes according to those changes is one challenge of PM (Horváth, 2011). Based on Khandwalla (1977), external environment is split into the dimensions "complexity", "diversity", "hostility" and "turbulence".

Complexity: Although statements show that job tasks of retail managers are similar in every retail sector, managers in general perceive them as complex. During their working day, they have to organize product related tasks such as avoiding out-of-stock situations, immediately react on unpredictable events, fulfill management tasks and interact with shoppers. However, the most important underlying strategic decision refers to the choice of the location. According to store managers' opinions, only an attractive location guarantees business success in the long run.

Diversity: During a working day, retail store managers fulfill diverse job tasks that are directed by higher level management according to corporate priorities. Additionally, seasonal impacts influence the daily business, processes and activities of store managers. Moreover, diversity is reflected in PM where store managers address a growing importance of reports. Especially, retail managers with longer job experience noticed that the scope of PM has augmented. Not only financial metrics such as sales and margin are taken into consideration but also non-financial metrics such as customer service are now relevant on the sales floor. Moreover, the results show the diversity of reports according to the working day. Store managers combine different reports in order to receive a "bigger picture" of the store processes and immediately react on weak performance and derive consequences.

"Hostility" addresses the pressure of being a store manager. All German speaking store managers complain about the understaffing situation during the opening hours and the cost-efficient structures. Closely related to this point is up-coming competition and rivalry among employees, departments and branches. Companywide performance rankings and sales goals force employees to steadily improve performance on the store level in order to stay competitive. Although some store managers assess competition as motivating and friendly, others see the risk of negative consequences on the working environment. However, all in all, store managers perceive the daily business as stressful and challenging.

The analysis regarding **turbulence** shows that steady changes and unpredictable events characterize tasks of store managers. One store manager states that long-term forecasts and schedules are not possible anymore which forces him to plan on a weekly basis. In this context, detailed reports give insights into store performance and the level of goal completion. Moreover, reports show deviations of past results and forecasts for the future in order to facilitate decision making. Especially in grocery retailing, events such as weather conditions make forecasts difficult. In this sector decisions are made intuitively and based on experience.

Implications: The daily business of retail managers is turbulent, dynamic and complex which is reflected in a PM that combines an extensive scope and breadth. In this context, PM tries to reduce complexity through stabilizing information (Horváth, 2011). On the other hand intuition of store managers allows flexibility during the working day. This kind or self organization is necessary for immediate reaction on customer's needs. The study at hand focused on larger retail companies with multi-branch and department structures. To coordinate processes and make performance transparent retailers implement and use highly developed technology. However, store performance is highly dependent on not controllable factors such as location, too. Here, corporate management is forced to balance the results of different stores according to those factors. Although retail store managers understand the importance of PM they wished that processes would be simpler again and individual perspectives would be more important.

Originality/value: Recent literature focuses on the strategic side of PM which reflects strategy and demonstrates cause-and-effect relationships (e.g. Homburg et al., 2012). The influence of PM on the store routine of retail managers is hardly analyzed (e.g. Casas-Arce and Martínez-Jerez, 2009). Here, store employees substantially contribute to the success of retail companies as they are the point of interaction with shoppers (Netemeyer et al., 2010). Store managers execute different responsibilities like managing diverse reports and reacting on unpredictable events. As a consequence, the impact of external environment in the daily routine of retailers is worth looking at.

Keywords: Performance Metrics, Contingency Theory, Retailing industry

Article Classification: Research Paper

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T4: Retail logistics and SCM

Room and day: GW2 – B2890, September 25th

Chair: Herbert Kotzab

Looking backward: on the development of Green supply chain management in food retail

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Looking backward: on the development of Green supply chain management in food retail

Purpose: The purpose of this paper is to give an overview of the development of green supply chain management in food retail.

Design/methodology/approach: Paper is based on an extensive literature review.

Findings: The findings imply that it is possible to identify phases in the development of green supply chain management in food retail.

Research limitations/implications: The paper is based exclusively on literature review.

Originality/value: Value of the paper is in structuring and elaborating the path in which green supply chain management in food retail was developed.

Keywords: Green supply chain management, Retail supply chain management, Food retail

Article Classification: Literature review

Abstract

Supply chain management is one of the most important paradigms of the 21st century concerning the improvement and sustainability of the firm's competitiveness. Due to market changes, such as an intensive competition resulting from globalization, internationalization and the increased expectations by the consumers, it is necessary to coordinate the scarce resources and activities between the processes within a firm and between firms in the supply chain. The aim of that coordination is to offer a larger service on one side and an efficient supply chain management on the other. The aforementioned market changes as well as the complexity of supply chains are the reason of increased research in supply chain management.

Due to their growing environmental awareness, the consumers change their purchasing behaviour in which the price is not the o nly criterion, but they take into account the product's impact on the environment and require the firms to take mor e responsible actions regarding environment protection. Business activities which comply with environmental protection cannot be limited to a firm, but all the members of the supply chain have to be involved. Therefore, the firms are required to produce an environmentally acceptable product starting with raw materials, through processing and retail to the end consumers and disposal, i.e. at all levels of the supply chain. The awareness of a firm and other interest groups (stakeholders) of the importance of environmental protection leads to green supply chain management, i.e. to integration of environmental awareness and a traditional supply chain management. Therefore, green supply chain involves analysis of the traditional supply chain management and the impact of the supply chain on the environment (Luthra *et al.*, 2011).

In the literature, a significant interest has been observed for green supply chain management (Rao, 2002; Hervani, Helms and Sarkis, 2005; Ferretti *et al.*, 2007; Cheng, Yeh and Tu, 2008; Ahi and Searcy, 2013). Despite the fact that researchers have focused on different green supply chain activities and processes, when analysing the green supply chain management, numerous benefits, such as economic performance, long term competitive advantage, reduction of production costs have been found (Vachon and Klassen, 2006; Markley and Davis, 2007).

Traditionally, the strength in the supply chain belonged to manufacturers. However, today, due to changes in relationships within the supply chain, the retailers have taken over the

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power over the supply chain (Arnold, 2002). In the new constellation of power in the distribution channel, retail has a dominant position due the fact that it is in direct contact with consumers. As a key react ion to the challenges of a contemporary way of doing business, retailers rely on members of their own supply chain and, through the improved cooperation of all participants in the supply chain, they try to find new possibilities of improving their business (Brown *et al.*, 2005; Ganesan *et al.*, 2009) and the supply chain as whole. Although retailers have the important role in the supply chain, there is still not sufficient scientific research on retail supply chain management and scientific knowledge is lagging behind practical one in retail supply chain management (Randall *et al.*, 2011).

Concerning the position of retailers in the value chain, traditional measures of retailer's competitive advantage, such as pr ice, service quality and the vicinity of the store are being replaced by retail activities that are taking into account the influence on the environment and on the society in general. Due to changing market dynamics and numerous factors, including the consumers' environmental awareness, pressure by the government, syndicates and investors, legislation, development of information and communication technologies, media attention; retailers are required to identify the processes which have an impact on the environment and to take environmentally responsible actions in both stores and supply chains. According to Jones *et al.* (2005), retailers have lately been paying more attention to processes which involve environmentally responsible actions within the supply chain.

There are very few studies on green supply chain in food retail (Kotzab *et al.*, 2011; Bernon, Rossi and Cullen, 2011). Identified studies are mostly case studies; for example, case study of world's leading retailer Wal-Mart, case studies of leading retailers, case studies of the UK's top ten food retailers, case studies of eight of the world's top ten retailers etc. Based on the literature review, it can be concluded that researchers focused on retailers in general and rarely on food retailers in particular. In addition, on ly a few studies, besides above mentioned ones have been found which have investigated environmentally responsible activities taken by retailers (Bansal and Kilbourne, 2001).

The literature review has confirmed indisputable contribution to the study of green supply chain (Andiç, Yurt and Baltacioğlu, 2011), first of all regarding the benefits of green supply chain (legal conformity, better financial activities and better image), motives (economic, competitiveness, legitimation, social responsibility and ethics) and barriers (economic, cost, inadequate facilities, lack of management support, lack of understanding/knowledge and lack

of motivation) to implement green supply chain management. The present research contribution of analysing the benefits, motives, barriers and green supply chain management is mainly from other industries, such as automotive industry, electrical and electronics industries, paper industry, construction, IT industry. Fu rthermore, the majority of studies include only manufacturers (Zhu and Sarkis, 2004; Koplin, Seuring and Mesterham, 2007; Svensson, 2007; Hsu and Hu, 2008; Holt and Ghobadian, 2009; Hu and Hsu, 2010; Zhu *et al.*, 2010), whereas suppliers, retailers and consumers have been neglected from the research point of view as compared to manufacturers in the supply chain (Soni and Kodali, 2011).

Based on the extensive literature review and explorative research, the objective of the paper is to give background on the phases of development of green supply chain management in the food retail; from the phase of corporate social responsibility of food retailers, greening the retail logistics, greening in store activities to the final phase of greening the food retail supply chains.

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Optimization model for delivery patterns in grocery retailing

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Optimization model for delivery patterns in grocery retailing

Purpose: On a tactical level retailers face the problem to determine on which weekdays stores should be delivered and to set a frame for short term vehicle routing. Especially in grocery retail weekly repetitive delivery patterns are applied to increase planning stability for the stores and to balance picking workload at the distribution center. A delivery pattern is defined as a store-specific combination of weekdays on which a delivery takes place.

Design/methodology/approach: We propose an integer programmingmodel that considers the decision relevant costs and capacities at the distribution center, in transportation and instore. We especially focus on instore handling aspects, bundling issues in transportation and associated interrelations. To solve the trade-off between the different cost components which are aligned to the delivery pattern decision, we propose a simultaneous and a sequential solution approach.

Findings: We show significant cost saving potentials by applying the model and approaches proposed using a case from a major European grocery retailer. An extensive sensitivity analysis gives further insights into cost and capacity effects.

Practical implications: As several processes in the logistics subsystems distribution center, transportation and instore logistics of the retail supply chain are influenced by the delivery pattern decision, an integrated approach is necessary to solve the problem. The logistics levers identified can be applied for further optimizing delivery patterns in retail distribution.

Keywords: Supply Chain Management, Logistics, Transportation, Integer Programming

Article Classification: Research Paper

T5: Shopper Behaviour

Room and day: GW2 – B2890, September 25th

Chair: Thomas Reutterer

Retail patronage and its antecedents – A meta analysis

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Retail patronage and its antecedents – A meta analysis

Purpose: This paper aims to identify the major antecedents of patronage behaviour across different store based retail formats.

Theoretical background: Pan and Zinkhan (2006) were the first to provide a structured overview on retail patronage research using a meta-analysis. We extend their view and develop a conceptual model of retail patronage based on Sheth's (1999) integrated theory of patronage behaviour and Finn and Louviere's (1996) specification in a retail patronage context. The model proposes direct effects between antecedents (stimuli), i.e. mainly manageable store attributes, and the retail patronage (response or shopping predisposition).

Methodology: We conducted a meta-analysis of 81 empirical studies and 973 effect sizes based on the notions of Hunter and Schmidt (2004).

Findings: The analysis reveals that the product range is key to all three dimensions of retail patronage, i.e. satisfaction, patronage intention and preference on both a single and a supra-store level. Atmospherics are determinant for satisfaction and intentions whereas location related retail format attributes most significantly impact preference.

Contribution: The paper provides a comprehensive overview on, and detailed insights into, more than eighty years of retail patronage research.

Keywords: Retail, patronage, meta-analysis, loyalty;

Article Classification: Extended Abstract

1. Introduction

It is arguably the oldest but also one of the most relevant questions of retailing, marketing practice and theory: Why do consumers shop where they do? The phenomenon of retail and particularly store patronage behaviour has received extensive attention in the literature for more than eighty years (e.g. Reilly, 1931 or Huff, 1964)across geography, consumer behaviour, marketing and retailing.Pan and Zinkhan (2006) were the first to provide a structured overview on retail patronage research using a meta-analysis. Their work indicates the complexity behind any attempt to understand the phenomenon and subsequently identify antecedents of retail patronage.

The aim of this paper is to widen and deepen the findings from Pan and Zinkhan (2006). Thereby we contribute to both theory and practice in (1) extending the view on how to operationalise retail patronage, (2) evaluating the research on retail patronage by the means of a meta-analysis, and (3) measuring the impact of selected antecedents on various retail patronage dimensions. Finally (4) we provide a critical and historical reflection on how a traditional research phenomenon has been investigated and developed over time.

2. Theoretical frame and antecedents of retail patronage

We build our conceptual model of retail patronage based on Sheth's (1999) integrated theory of patronage behaviour and Finn and Louviere's (1996) specification in a retail patronage context. The model simply proposes direct effects between antecedents (stimuli), i.e. mainly manageable store attributes, and the retail patronage (response or shopping predisposition). By following the critique of Howell and Rogers (1981) on the superficial use of the constructs of retail patronage in literature, we take a differentiated approach in defining and subsequently operationalizing retail patronage. From its Latin roots we know that patronage refers to a close relationship between a patron and his/her client (for example Waite, 2012). In the context of retailing the patron refers to the customer and the client to the retailer, or more specifically the retailer's manifestations such as a physical store or website (Darden *et al.*, 1983). Thus the patron refers to loyal customers, whereas retail patronage reflects the degree of loyalty that exists in the retailer-customer relationship. The degree of loyalty is reflected in the following dimensions: satisfaction (cognitive dimension), affective loyalty (affective dimension), patronage intentions (conative dimension) and patronage behaviour (action dimension).

Consumers perceive and evaluate retail format attributes and consequently make a decision on which retail format to patronise (Finn and Louviere, 1996). Literature on retail patronage has investigated the four sets of core attributes which are mainly related to store-based retail formats(Pan and Zinkhan, 2006), i.e. retail location, product and service offer, atmospherics and infrastructure. Consequently we set up four hypotheses as depicted in Figure 1.

Figure 1: Conceptual model
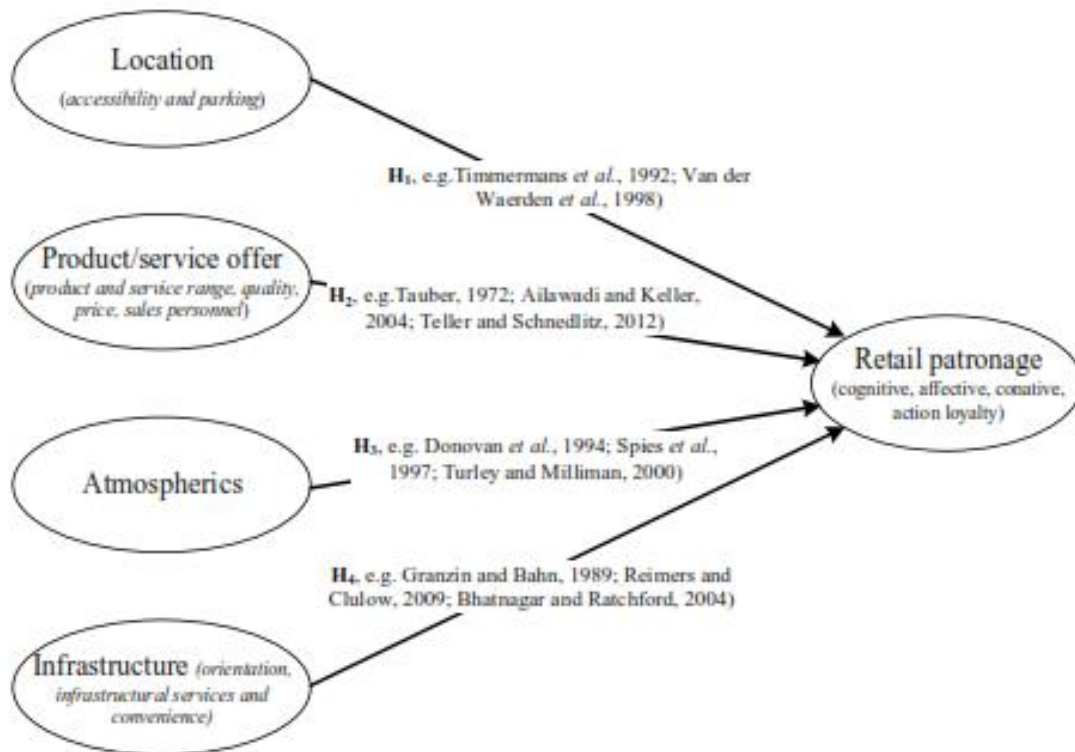
To investigate the four hypotheses and its moderation we applied the following methodology.

3. Methodology

For this meta-analysis, we selected studies that provide relevant information on the effects of antecedents of retail patronage. To identify relevant studies, an extensive search strategy was applied to identify published and unpublished manuscripts (online database and keyword web search; issue- by-issue search of several retailing and marketing journals; screening of references in the publications obtained). The decision to include a publication was based on two criteria. First, marketing controllable antecedents of retail patronage must have been examined. Second, only quantitative studies including the relevant information were used for analysis. Based on the abovementioned criteria, 81 papers are included in the analysis. The

final number of effects was 973. The authors developed a coding scheme which has been used by four coders (including two reviewers who were not familiar with the study). Coding consistency was sufficiently high (overall agreement was > 95%), and any differences were resolved after short discussions.

In total, 973 effect sizes between the independent variables (antecedents) and the dependent variables (retail patronage) were included in the analysis. This is a highly satisfactorily result and is comparable to other meta-analysis in retail and marketing. The relationships between antecedents and retail patronage variables have been usually measured by the means of correlations. Therefore, correlations are chosen for measures of effect size in this meta-analysis. All parts of our analyses were guided by the suggested procedure of Hunter and Schmidt (2004): We divided each correlation by the square root of the product of the reliabilities of the independent and dependent variable. For studies that did not report the reliability, we imputed the sample-size weighted mean reliability calculated from all studies that did report the reliability for the particular variable. Effect sizes are weighted by the inverse of their variance and the summary effect sizes were calculated on the basis of random effect models. Finally, we computed the sample-adjusted meta-analytic deviancy statistic to detect outliers.After analysing the main effects of the retail patronage determinants, we addressed the file- drawer problem by calculating Fail-safe N and used the Q statistic test of homogeneity for each relationship. In addition to the bivariate analysis of the retail patronage determinants, we calculated a series of meta-regressions to test the effect of the proposed moderators.

4. Results and Discussion

Overall we identified 269 studies that directly or indirectly investigate retail patronage. Less than a third included attempts to identify antecedents of retail patronage and provided statistical information (coefficients, t- or p-values) necessary for being considered in our meta-analysis. The methodological characterisation of these 81 studies is as follows:

Most of them include surveys (78) using self-administered questionnaires (52). The majority were conducted in North America (44) and Europe (24) and focused mainly on grocery retail formats (23) and retail agglomeration formats (34). Most of the studies were not conducted at the point of sale (60) whereas almost every 5th investigation involved students as respondents. Overall we can conclude that both the quality of reporting the details of the

research design and the quality of the empirical investigations themselves have improved over time.

By first looking at the dependent variables that operationalise different dimensions of patronage, we see that most of the studies have used preference measures and thus behaviour dimension of loyalty (see *K*-values in Table 1).

Table 1: Dimensions of Retail Patronage: Univariate Analysis

Dimensions	K^1	N^2	Adj. r	Lower Limit	Upper Limit	Z-Value	Fail safe N
Intention	325	214,922	0.356	0.319	0.392	17.438***	8,091
Satisfaction	177	112,415	0.356	0.326	0.385	21.428***	9,110
Preference	411	198,052	0.213	0.180	0.245	12.357***	6,252

1 Number of effect sizes combined
2 Sample Size combined
*** $p \leq .001$; ** $p \leq .01$; * $p \leq .05$

Patronage intention has been used second most often;in which case authors argued that this conative dimension of loyalty is a proxy for action/behavioural loyalty. Cognitive loyalty in terms of satisfaction has been used less than half as often as the preference measures. However affective loyalty has seenlittle consideration in retail patronage research and is not included in this analysis due to an insignificant number of effects in the studies under investigation.

We tested for potential moderating effect related to methodological characteristics (see *Q*-values in Table 2).

Table 2: Moderating Effects on Retail Patronage Dimensions

Moderating Factors	Intention			Satisfaction			Preference		
	K	Adj. r	Q	K	Adj. r	Q	K	Adj. r	Q
Sample									
Student	52	0.4	0.5	5	0.7	9.07 **	13	0.4	6.5 *
Non-Student	273	0.3		172	0.35		398	0.2	
Survey Location									
POS	103	0.3	1.7	49	0.5	15.5 ***	47	0.2	6.9 **
Non-POS	222	0.4		128	0.3		364	0.2	
Continent									
North American	87	0.4		14	0.3	0.64	195	0.2	2.4
Rest	232	0.4		163	0.36		207	0.2	
Agglomeration									
Store	131	0.3	2.5	63	0.3	6.2*	106	0.2	0.1
Shopping Ctr	194	0.4		114	0.4		305	0.2	
Industry									
Food	101	0.4		55	0.4	163.7 ***	207	0.2	4
Non-Food	47	0.3	2.5	9	-0.1		39	0.2	
Mixed	169	0.4		108	0.4		162	0.2	

[1] Number of effect sizes combined
[2] Sample Size combined
*** p ≤ .001; ** p ≤ .01; * p ≤ .05

Most remarkably we do not see any moderating impact of the proposed characteristics on patronage intention at all. Further, none of the dimensions of patronage are affected by the location of the study. Overall satisfaction is affected most by the moderating variables, namely sample characteristics, survey location, store format and retail industry.

In order to identify the antecedents of retail patronage we examine the adjusted r^2-value in Table 3.

Table 3: Antecedents of Retail Patronage Dimensions

Moderating Factors	Intention		Satisfaction		Preference	
	K	Adj. r	K	Adj. r	K	Adj. r
Accessibility	21	0.26	17	0.21	37	0.31
Atmosphere	26	0.39	16	0.49	20	0.14
Convenience	12	0.33	12	0.31	17	0.18
Product Range	11	0.45	9	0.52	25	0.26
Orientation	14	0.39	13	0.40	4	0.16
Parking	17	0.18	11	0.18	12	0.24
Price	33	0.26	18	0.39	38	0.22
Retail tenant mix	17	0.45	10	0.53	--	--
Sales personnel	16	0.34	9	0.41	13	0.14

[1] Number of effect sizes combined

This coefficient measures the strength of relationship between the most frequently investigated retail format attributes (number of effect sizes > 10). As a first result we see that the main antecedents are different for the three dimensions of retail related loyalty. The most significant antecedent is related to the retail product offer. This clearly confirms findings of Ailawadi and Keller (2004) on a single store level (product range) and those of Teller and Schnedlitz (2012) on a supra- store level (tenant mix). We thus can clearly confirm H2 for all three dimensions of retail patronage. Atmospherics drive mainly satisfaction and behavioural intentions related to retail formats which is in line with the notions of Turley and Milliman (2000). These results suggest acceptance of H3 in terms of effects on satisfaction and intentions. Bhatnagar and Ratchford's (2004) view on the importance of the infrastructure provided by the retailer or more specifically orientation within a store or an agglomeration can only be confirmed in terms of the effects on behavioural intentions. H4 is confirmed here. Location related attributes drives actual patronage behaviour supporting the view of Timmermans *et al.* (1992). Finally we clearly confirm H1 when it comes to action loyalty and patronage behaviour.

The relevance of this differentiated view comes from the fact that the dependent variables are significantly related to each other. This means that some attributes, such as atmospherics, do not drive behaviour directly but rather indirectly through satisfaction and behavioural intentions.

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Antecedents of Customer Loyalty in Retailing Sector: The Role of Switching Costs

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Antecedents of Customer Loyalty in Retailing Sector: The Role of Switching Costs

The objective of this work is to propose and test a conceptual framework that considers customer satisfaction, store image, perceived value and switching costs as antecedents of customer loyalty. In addition, we examine the moderating effect of switching costs in the relationship between loyalty and its antecedents. While customer satisfaction, store image and perceived value are important determinants of loyalty, switching costs have the same strong impact on customer loyalty, as satisfaction. The findings prove that switching costs have a moderating effect on the relationship between store image and loyalty, as well as between perceived value and loyalty.

Keywords: customer loyalty, customer satisfaction, switching costs, store image, perceived value

1. Purpose of Research

Faced with an increasingly competitive environment, ensuring and growing customer loyalty is crucial to many retailing strategies. Srivastava, Shervani, and Fahey (2000) argue that customer loyalty has been universally recognized as a valuable asset in competitive markets (see also Kumar and Shah, 2004). Loyal customer is important for retailers because this one buy more, are willing to pay higher prices, and spread positive word of mouth, thus suggesting a strong connection between loyalty and long-term profitability (Anderson & Mittal, 2000). In this context, efforts to improve customer loyalty may be a critical defensive strategy for retailers.

Therefore, the objective of this work is to propose and test a conceptual framework that considers customer satisfaction, store image, perceived value and switching costs as antecedents of customer loyalty. Understanding how various levers impact customer loyalty can help managers increase customer loyalty effectively. In addition, we examine the moderating effect of switching cost in the relation between loyalty and its antecedents. According to our knowledge, little is known about the direct effect of switching costs on customer loyalty and even less about its moderating effect. However, as outlined by Burnham, Frels, and Mahajan (2003) there is reason to suggest that perceived switching costs impact on repeat purchase decisions and are thus an important factor to consider when adopting marketing managerial practices.

The remainder of the paper is organized as follows. First, we will present a conceptual framework, hypotheses and conceptual model. Thereafter the methodology is described. The study's findings are subsequently presented, followed by discussion and conclusion.

2. Conceptual Framework and Research Hypotheses

Customer loyalty

Traditionally, customer loyalty has been defined as a behavioral measure (Kumar & Shah, 2004). In retailing, the following measure of customer behavior is commonly applied by practitioners: purchase share, visit share, wallet share, Recency, Frequency and Monetary (RFM) value. However, only behavioral loyalty is insufficient to measure

the "true" customer loyalty. Day (1969) suggested that for true loyalty to be in effect the customer must have both a favorable attitude towards a product and purchase it repeatedly.

Customer satisfaction

Satisfaction is usually considered to be a customer's summary affective response to the experience (Oliver, 1980). Customer satisfaction has generally been considered as a major lever of loyalty (Fornell, 1992). Therefore, high levels of customer satisfaction have become a key objective for many retailers. However, the relationship between satisfaction and loyalty clearly varies according to the way that satisfaction and loyalty are measured (Kumar, Pozza, and Ganesh, 2013). It is thus difficult to generalize research findings across studies.

In accordance with previous research, we propose that:

H1: Customer satisfaction has a positive effect on customer loyalty.

Perceived value

As pointed out by Grewal, Levy, and Lehmann (2004) *"Customers use various types and sources of information provided by retailers to form their assessments of value. They cognitively trade off benefits against costs to determine their value perceptions"*. Several studies have considered perceived value as an important antecedent of customer satisfaction and loyalty (Grewal, Levy, and Lehmann, 2004). Where the perceived value is low, consumers would be more susceptible to switch to competitors in order to increase perceived value, which leads to decrease in loyalty. Therefore, the following hypotheses are advanced:

H2: Perceived value has a positive effect on customer satisfaction.

H3: Perceived value has a positive effect on customer loyalty.

Store image

The conceptualization of store image has been advanced in past literature (Mazursky & Jacoby, 1986). Previous studies conducted in marketing have shown that image can have a direct (Dick & Basu, 1994), but also indirect (Ball, Coelho, and Vilares, 2006) impact on loyalty. The study conducted by Boloemer and de Ruyter (1998) in the retailing sector showed that store image has an indirect effect on store loyalty through

satisfaction, but has no direct impact. Consequently, the relationship between store image and loyalty has remained inconclusive.

With regards to the relationship between store image and perceived value, store image is considered as antecedent of perceived value (Grewal, Levy, and Lehmann, 2004). In line with the above we propose the following hypotheses:

H4: Store image has a positive effect on customer satisfaction.

H5: Store image has a positive effect on customer loyalty.

H6: Store image has a positive effect on perceived value.

Store attributes

Important research efforts were conducted to identify store attributes (Lindquist 1974-75).

Lindquist (1974-75) synthesized the store attributes into nine dimensions: merchandising, service, clientele, physical facilities, convenience, promotion, store atmosphere, institutional factors and past transactions. Merchandise quality and service quality are considered as key factors impacting store image (Mazursky & Jacoby, 1986; Baker, Grewal, and Parasuraman, 1994). Nevertheless, the importance of different store attributes varies by store format and customer base. Therefore, the following hypothesis is advanced:

H7: Store attributes have a positive effect on store image.

Communication

According to Pauwels, Erguncu, and Yildirim (2013, p. 59) *"For marketing to effectively change behavior, customers must be become aware of marketing communication, must be open to change their minds and hearts, and, consequently, their buying patterns."* Retailers should seize every opportunity for public expression to communicate messages coherent with the image they seek to project (Schlegelmilch & Pollach, 2005). As pointed out by Schlegelmilch and Pollach (2005), incoherencies between behavior and perceptions can be put down primarily to inefficient communication (behavior more positive than perceptions) or too much communication (perceptions more positive than behavior). Retailers need to continually reinforce

the messages over various media and all formal, informal, and behavioral messages need to convey the same image of the retailer.

Based on previous research, we put forward the following hypothesis:

H8: Communication has a positive effect on store image

Switching costs

According to Dick and Basu (1994), switching costs are used as a corporate strategy to grow customer loyalty. Where perceived switching costs are perceived high, customers may remain despite their dissatisfaction due to perceptions that switching costs exceed switching benefits (Jones, Mothersbaugh, and Beatty, 2000).

As outlined by Burnham, Frels, and Mahajan (2003), perceived switching costs have a positive effect on customer loyalty. Thus, the following hypothesis is proposed:

H9: Switching costs have a positive effect on customer loyalty.

The moderating role of switching costs

Studies concerning the moderating effect of switching costs in the formation of customer loyalty are relatively recent in marketing literature (Yang & Peterson, 2004) and therefore they warrant further investigation. Researchers have analyzed the moderating effect of switching costs on the relationship between satisfaction and loyalty but results are mixed (Burnham, Frels, and Mahajan, 2003; Jones, Mothersbaugh, and Beatty, 2000). As for the relationship between image and loyalty and value and loyalty, fewer studies have considered switching costs as a moderator (Yang & Peterson, 2004). Therefore, the following hypotheses are advanced:

H10: Switching costs moderate the relationship between customer satisfaction and loyalty.

H11: Switching costs moderate the relationship between image and customer loyalty.

H12: Switching costs moderate the relationship between perceived value and loyalty.

Taking the insights from the literature, the next figure provides an overview of the hypotheses:

Note: - → moderating effect   → direct effect
Figure 1. Proposed conceptual model
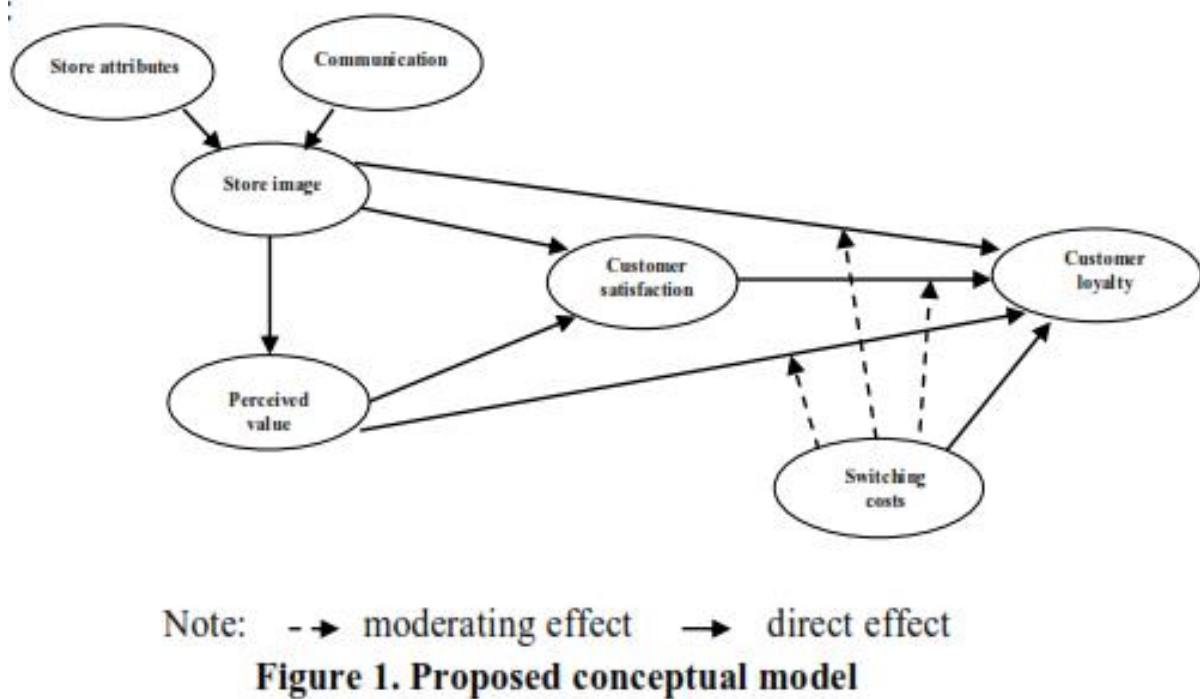
3. Methodology

The questionnaire is based on scales adapted from previous research. All the items are scaled from 1 to 10, except the loyalty. Value 1 expresses "strongly disagree" while value 10 expresses "strongly agree." For loyalty, the items are scaled from 1 to 5 (1 expresses "strongly disagree" while 5 expresses "strongly agree"). A total of 2000 respondents participated in the study. The sample was randomly generated from the clients of a major retailer in United States. Table 1 presents the questionnaire items.

4. Findings

Partial Least Squares (PLS) approach with XLSTAT 2013 software was used to test the model presented in Figure 1. The data are analyzed in two sequential stages. First, the measurement model was tested by assessing internal consistency, convergent validity and discriminant validity. Second, the structural model was tested by estimating the path coefficients between the constructs.

4.1 Measurement model

The relationships between the measures and their latent variables are assumed to be reflective here. Table 1 shows that the measures for each latent variable possess good levels of internal consistency (ρ > 0.8). Convergent validity is assessed with the Average Variance Extracted (AVE). As shown in the table 1, all AVE exceed 0.50, confirming that all constructs demonstrate satisfactory convergent validity. Table 2 shows that the discriminant validity is also satisfactory (diagonal values are larger than the off-diagonal values). All constructs are uni-dimensional.

Constructs and items
Store attributes - adapted from Ganesh, Reynolds, and, Luckett (2007) (ρ = 0.94; AVE = 0.72)
The range of products available
The customer service you receive
The physical store environment
Knowledgeable employees
Availability of employees to assist you
Convenient locations
Communication – adapted from Mohr and Sohi (1995); Pauwels, Erguncu, and Yildirim (2013) (ρ = 0.86; AVE = 0.75)
Frequency of exposure
Overall, how relevant to you are these communications
Store image – adapted from Baker, Grewal, and Parasuraman (1994); Mazursky and Jacoby (1986) (ρ= 0.93; AVE = 0.67)
You are familiar with them and understand what they are about
They have different services that other discount retail stores do not have
They are a popular discount retail store
They feel like a friend
Perceived value - adapted from Sweeney and Soutar (2001) (ρ = 0.91; AVE = 0.84)
This store offers value for money
Is a good product for the price
Customer Satisfaction - adapted from Mittal and Kamakura (2001); Oliver (1981) (ρ = 0.90; AVE = 0.93)
Overall Satisfaction
Meet Expectations
Customer loyalty - adapted from Mittal, Ross, and Baldasare (1998); Maxham and Netemeyer (2002); (ρ=0.94; AVE=0.89)
Six months from now, how likely are you to still be shopping at < >?
How likely would you be to recommend < > to friends and colleagues?
Switching costs – adapted form Burnham, Frels, and Mahajan (2003) (ρ = 0.85; AVE = 0.65)
You care a lot which retail store you choose to shop at < >
You find shopping at < > interesting and enjoyable
Likelihood to switch to another retail store

Table 1. Questionnaire items

	Communication	Store attributes	Image	Value	Satisfaction	Switching costs	Loyalty
Communication	**0.87**	0.48	0.54	0.47	0.44	0.43	0.39
Store attributs		**0.85**	0.76	0.66	0.77	0.54	0.60
Image			**0.82**	0.70	0.71	0.61	0.62
Value				**0.92**	0.65	0.55	0.59
Satisfaction					**0.96**	0.47	0.68
Switching costs						**0.81**	0.44
Loyalty							**0.94**

Table 2: The latent variable correlation matrix with square root of AVE on the diagonal

4.2 Structural model

The overall model fit, estimated using the Goodness of fit (GoF) index, is satisfactory: GoF=0.65, which is superior to the recommended level of 0.5. The theoretical model explains 53% of the variance of the customer loyalty, demonstrating satisfactory predictability. Furthermore, store image and perceived value explain 55% of the variance of customer satisfaction, store image explains 49% of the variance of perceived value and store attri butes and communication explain 62% of the variance of store image.

Dependent Variables	Independent variables	Path Coefficient	p-value
Loyalty (R2=0.53)	Store Image	0.38	0.00
	Satisfaction	0.48	0.00
	Perceived value	0.38	0.00
	Switching costs	0.48	0.00
	Satisfaction x Switching costs	-0.13	0.32
	Store Image x Switching costs	-0.31	0.02
	Perceived value x Switching costs	-0.37	0.01
Satisfaction(R2=0.55)	Store Image	0.49	0.00
	Perceived value	0.31	0.00
Perceived value (R2=0.49)	Store Image	0.70	0.00
Store Image(R2=0.62)	Store Attributes	0.65	0.00
	Communication	0.23	0.00

Table 3. The results of the structural model

The results reported in the previous table reveal that all hypotheses are supported, except H10. As expected, customer satisfaction, store image, perceived value and switching costs are powerful predictors of customer loyalty. With regards to H11 and H12, the negative sign of the interaction supports our prediction that as switching costs increase, the associations between store image and customer loyalty and between value and customer loyalty diminish. Unexpectedly, the moderating effect of switching costs on the relationship between satisfaction and customer loyalty is not significant (path coefficient = - 0.13; p-value= 0.32), and therefore H10 is not supported.

5. Discussion and Conclusion

This study proposed an integrated framework explaining customer loyalty in retailing context. Particularly interesting for managers, is that the switching costs have the same strong impact on customer loyalty, as satisfaction, these two variables being the most important levers for loyalty. Therefore, switching cost and satisfaction are important

factors to consider for retailer managers in order to decide, for example, how to allocate resources. From a managerial perspective it is thus key to understanding how barriers to switching can be further increased. Despite the numerous studies published about the relationship between customer satisfaction and loyalty, we can note the lack of definitive conclusions. Indeed, though most studies assume that customer satisfaction with a brand/seller leads to future patronage intention (Jones & Reynolds, 2006), many fail to provide a strong relationship between these two constructs (Stoel, Wickliffe, and Lee, 2004). Given this uncertainly about the impact of customer satisfaction on customer loyalty, this study shows that satisfaction is an important lever for loyalty. Another interesting finding is that store image and perceived value have the same impact on loyalty. Furthermore, store image has a strong impact on customer satisfaction and perceived value. In this context, retailers should pay special attention to store image in the development and implementation of their marketing strategy.

With regards to store image, our results show that store attributes have a strong impact on this variable (path coefficient = 0.65; p-value= 0). This work examines the moderating role of switching costs in the relationship between customer loyalty and its antecedents as well. Our results show that switching costs have a moderating effect on the relationship between store image and loyalty and between perceived value and loyalty.

To conclude we provide some limitations and recommendations for future research.

Our study did not include data on marketing structure (e. g., competitors) which is of great relevance in retailing. Future research should use this kind of data to consider the effects on competition on customer loyalty. As highlighted above, fewer studies have examined the direct and moderating effects of switching costs in the formation of customer loyalty with mixed results. Additional research needs to investigate this issue more closely.

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Literature Review of Emotions in Fashion Shopping Behavior

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Literature Review of Emotions in Fashion Shopping Behavior

Purpose: The purpose of this paper is to review, compare and contrast the body of published literature regarding consumer related emotions in fashion shopping behavior.

Design/methodology/approach: This paper analyses 39 academic articles which focus on emotions in fashion shopping behavior between 2000 and 2013. Therefore articles which examine the influence of environmental stimuli in a retail setting as well as articles which focus on the impact of factors affecting individuals especially in shopping for fashion were analysed.

Findings: Most of the articles are based on the SOR paradigm. A larger focus is recently placed on the research of emotions and consumers' behavior in online fashion environments. The influence of stimuli, occurring in endogenous and exogenous ways, on consumers' emotion and resulting behavior could be confirmed in most studies. However the determination of addressed emotions is already widely researched, the impact on consumers' shopping behavior has to be analysed more detailed.

Research limitations/implications: Fashion buying behavior was assumed to proceed in the business to consumer(B2C) setting. The business to business (B2B) setting was not part of the investigation. The analyzed articles were academic papers with a focus in management and retailing in English. Other languages have been left out.

Originality/Value: This article provides a profound overview on the status quo of emotions in fashion retailing. It is comparing for the first time a comparison between online- and offline-focused research.

Keywords: Emotions, Fashion Online Shopping, Offline Shopping, Shopper Behavior

Article Classification: Literature Review

Extended Abstract

Despite there being a variety of motivations and objectives for shopping intentions of individuals (Tauber 1972), consumers are usually not aware of present factors influencing their shopping behavior(Donovan &Rossiter 1982). As described by Hesketh (2005), consumers' buying behavior is driven by various indicators. Kotler (1973)firstly used and defined the term atmospherics and described it as the "conscious de-signing of space to create certain effects in buyers"(Kotler 1973, p.50). Therefore he used sensory terms to describe the most influential channels "to produce specific emotional effects in the buyer that enhance his purchase probability"(Kotler 1973, p.50). Following Kotler (1973) many researchers explored the interaction between human beings and environmental influences (Bitner 1992). If customers are influenced by environmental factors at the point of sale, the application of physical stimuli should be used as a crucial marketing strategy for sales areas (Turley & Milliman 2000). Hence the significance of the store environment in intensifying the shopping experience of customers has long been valued (Yingjiao Xu 2007). Baker et. al.(2002) stated that the store environment has a considerably high influence on consumer patronage. Furthermore previous research specifies that individuals' emotions experienced while shopping have a strong influence on various responses such as spending levels (Donovan & Rossiter 1982), the willingness to purchase (Baker et. al. 2002), shopping satisfaction(Eroglu u. a. 2001), retail choice and preference (Baker et. al. 2002)as well as approach and avoidance behavior(Russell &Mehrabian 1977).

Transferring this general approach to the fashion shopping environment requires a special consideration of the motivations for purchasing fashion, which are characterised by a variety of factors unique to the area of consumption. One of the principal deviations compared to other fields of consumption is that the customer is able to pursue various targets by shopping for fashion such as the necessity of protection and warmth, the need of acceptance by others or a combination of both factors (O'Cass 2004). However there are not only various shopping intentions existing but also a wide range of shopping channels.

As the internet is one of the fastest growing retail environments, online shopping has tremendously increased in importance to many shoppers(Ha & Lennon 2010). According to the Internetretailer.com (2014), the US online re-tail sales are expected to grow from \$225.5 billion in 2012 to \$434.2 billion in 2017, representing a growth of around 92.5%. Furthermore one of the fastest growing merchant categories during the last ten years was apparel and

accessories (Internetretailer.com 2014). Hence the consumers' way of communicating, learning about products, shopping procedure and buying process tremendously changed. Therefore not only the customer but also the available shopping channels are confronted with new opportunities and challenges(Kim & Lennon 2010). Additionally, the growth of online shopping stores puts marketers under pressure to develop new brick-and- mortar formats and constantly improves the shopping experience for the consumers. Further-more the steady growth of new retailers stirs competition and encourages new innovative shop-ping surroundings. Therefore it is becoming more important than ever to gain an understanding of how the shopping environment influences customers' emotions and hence their resulting behavior. For marketers the challenge is to achieve an understanding of how various factors in the shopping environment are processed by consumers not only to being able to improve observed responses but also to understand how these factors in turn can be influenced.

In the fashion retail context no literature review has specifically addressed studies regarding emotions in fashion shopping behavior in both offline and online retail environments. Therefore the purpose of this paper is firstly to review, compare and contrast the body of published literature regarding consumer related emotions in fashion shopping behavior. By investigating present literature, the contrast in emotions addressed in offline and online environments are presented and the various influences are illustrated. Secondly, and equally important, common methodologies, major findings, and gaps in the literature, which identify the recommendations for further research in this area are presented.

This paper analyses academic articles which focus on emotions in fashion shopping behavior between 2000 and 2013. Therefore articles which examine the influence of environmental stimuli in a retail setting as well as articles which focus on the impact of factors affecting individuals especially in shopping for fashion were analysed. However only articles which focus on either brick-and-mortar environments or the E-commerce sector were investigated.

The Keywords emotions, emotionality, fashion shopping, shopping behavior, shopping intentions, consumer behavior, fashion and retail patronage were used to select relevant articles. Additionally, it was decided to divide the research areas into the investigation of emotions in fashion shopping in traditional environments such as brick-and-mortar stores and in online fashion shopping environments, including online apparel fashion stores. Therefore only those articles which focus on fashion and/or retail environments as their research objectives were considered.

Hence the criteria for selecting articles were as follows; (a) articles examining emotions in the shopping process, (b) articles studying the shopping behavior or any of its features as a measured variable, (c) articles must relate to (a and b) fashion shopping in an online or in an traditional purchasing setting. For a better understanding of the theoretical background, exceptions were made due to articles which provide a basis for subsequent research but do not solely focus on fashion as the field of interest. However these articles then had to focus on the retail environment.

Furthermore only articles which consider either brick-and-mortar stores or the e-commerce sector as research objectives were analysed. Hence research on any other shopping channels (e.g. catalogue, tv-shopping) was not analysed. Based on the aforementioned criteria a content analysis was performed on relevant articles resulting in 20 articles focusing on the resulting emotions of an offline environment and 19 articles analysing emotions provoked in an online setting.

The selected articles were then coded due to Darley et. al. (2010) along the following dimensions: author and year, method, sample size and source, area of field or work, independent variables, dependent variables, and study findings. Additionally, the classification was extended by the dimension moderator based on the coding procedure of Kawaf & Tagg (2012). The tables are classified by research on emotions in an offline and/or online environment.

The investigation on published studies on emotions in fashion shopping behavior demonstrates the steadily growing research approach in this area of investigation. Mainly based on the SOR paradigm(Russell & Mehrabian 1977), previous research developed and examined new models for a better understanding and the evaluation of various stimuli on consumers' emotion and resulting behavior(Donovan &Rossiter 1982; Bitner 1992; Seunghee Han et. al. 2007; Eroglu et. al. 2001; Williams & Dargel 2004). Therefore, research on emotions occurring in traditional shopping environments as well as in online shopping surrounding is continuously growing. Interestingly a larger focus is recently placed on the research of emotions and consumers' behavior in online fashion environments. This might be based on the fact that the online retail environment is still growing and still offering a wide variety on opportunities. However the research on emotions provoked in offline environments represents still an important field of investigation.

In general the influence of stimuli, occurring in endogenous and exogenous ways, on consumers' emotion and resulting behavior could be confirmed in most studies. However the determination of addressed emotions is already widely researched, the impact on consumers' shopping behavior has to be analysed more detailed. Additionally, the comparability of studies has to be examined and a framework for the general evaluation of emotions in fashion shopping environments, such as the offline and online environment, has to be established. Furthermore, a stronger emphasis has to be placed on the research of stimuli occurring in offline environments influencing consumers' emotions and shopping behavior in online settings and vice versa. In this literature review only one study focused on the influence of offline brand image on online perceived risk and online customer loyalty (Kwon & Lennon 2009). Considering the steady growth of multi- and omnichannel retailers clarifies the need for a more comprehensive research approach.

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T6: Shopper Behaviour

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Chair: Maria Grazia Cardinali

Own Brands: Saving Time and Money

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Own Brands: Saving Time and Money

Purpose: Despite the various perspectives adopted to store brand research to date there has been relatively little research into the role of own brands within the shopping process itself. Burt and Davies (2010) point out that "one of the characteristics of branding is that it allows consumers to identify preferences and reduce search costs". Implicating retail brands with search processes and costs begs the question as to whether or not own brand proneness in particular, can be related to shoppers' price search activities.

Own brand proness has been linked to the fortunes of the economic cycle (Lamey, Deleersnyder et al. 2012) and there is also evidence to support the view that own brand consumers are willing to purchase lower quality products when financial needs dictate (Sivakumar and Raj 1997, Nielsen 2011). Recent work in the US market (Collins, Kavanagh, Cronin and George, 2014) and in the Irish market (Collins, Kavanagh and George 2012), provide evidence showing how a household's financial situation influences its willingness to trade down to perceived lower quality products. They argue that the willingness to trade off price for perceived quality expands the shopper's product choice set, thereby encouraging the shopper to engage in price search and complete more price-quality evaluations. The work also shows that financial pressures change the shopper's evaluation of time, reducing the opportunity cost of time engaged in price search leading to more price comparisons. From the shopper's perspective product search involves costs, many of which are denominated in terms of time (Marmorstein, Grewal et al. 1992) and cognitive effort (Garbarino and Edell 1997, Chernev 2003) which encourages the shopper to develop heuristics to simplify the product selection decision (Tversky and Kahneman 1982a, Mitchell 2001). We suggest that the use of own brands as a time and money saving device is one of the reasons behind the growth in own brand sales in recent years.The model underlying this paper is presented in figure 1 and identifies the causal relationships proposed. It proposes that that own brand proneness (SB) is a function of the pressure on household finances (HFP), the extent of in-store price search (ISPS), and the opportunity cost of time engaged in price search (OCTS). OCTS and shoppers' willingness to trade down in terms of quality for lower prices (WTD) are also posited to influence the extent of in-store price search. Both OCTS and WTD are influenced by FP

Methodology: The model is tested using direct self-reported measures on data obtained from 535 households in the Pennsylvania, New Jersey, Delaware, and Maryland states. The indicators used for each latent construct in the model draws on earlier work by Urbany, Dickson et al. (1996), Ailawadi, Neslin et al. (2001),Lichtenstein, Netemeyer et al. (1990), and Putrevu and Lord (2001). Following a successful testing of the measurement model, the structural model was estimated and the measures of fit are presented in figure 1.

Findings: First, the model explains 29% of the variation in own brand proneness. The results presented display the hypothesised direction of each coefficient, the estimated coefficient values, and their significance levels. The results provide support for all the direct relationships postulated with the exception of the direct relationship between household financial pressure (HFP) and own brand proneness (SBP) (β=.021, p=.684).

Figure 1. The Determinants of Store Brand Proneness

Chi-square (χ2) = 132.99, d.f. = 69, p = .000, GFI= .97 AGFI=.95
CFI = .98, TLI = .97, RMSEA= .042
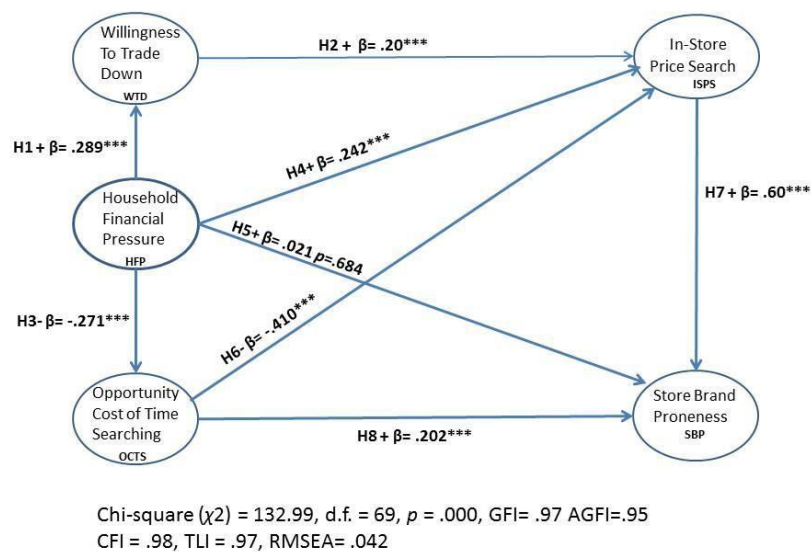
The relationships between the opportunity costs of time engaged in price search (OCTS) and store brand proneness (SBP) is of particular interest due to the positive direct effect (.202) but negative indirect effect (-.410*.6) through store price search (ISPS) yielding a very low overall total effect (-.410*.60)+.202 =.044.

A consideration of these findings suggests the following. Individuals with high opportunity costs of time spent searching for lower prices (e.g. time poor individuals) have a lower propensity to check prices and consequently do not observe directly the benefit of purchasing lower priced store brand products to the same extent as those who devote time to price

comparisons. This type of behaviour is more regularly attributed to time poor, cash rich shoppers. However, some of these time poor individuals are also cash poor. These individuals do not engage in the same amount of price search but use own brands as a time saving heuristic for achieving lower prices. Developing this line of argument, we suggest that by considering the opportunity cost of time and household financialpressure we may observe four distinct market segments. Extracting imputed values for our latent variables and completing a hierarchical cluster analysis reveals four clusters as illustrated in figure 2. Of particular interest are cluster B and C, who are under similar time pressure but display significant differences in their propensity to purchase own brands (p=.002).A comparison between D and B who display a similar propensity to purchase own brands but display significant differences in terms of price search activities(p<.000) is also noteworthy. D is time rich and spends more time checking prices and we suggest that B, households under significantly more time pressure spend less time in price search and instead use own brands as a time and money saving device.

Figure 2: Store Brand Proneness: Representation of Revealed Clusters

Cluster D
Time Rich
Cash Poor
Higher WTD
Higher ISPS
Higher SBP

Cluster B
Time Poor
Cash Poor
Higher WTD
Lower ISPS
Higher SBP

Cluster A
Time Rich
Cash Rich
Lower WTD
Lower ISPS
Lower SBP

Cluster C
Time Poor
Cash Rich
Lower WTD
Lower ISPS
Lower SBP

- Financial Pressure +

- Opportunity cost of time spent searching for lower prices +
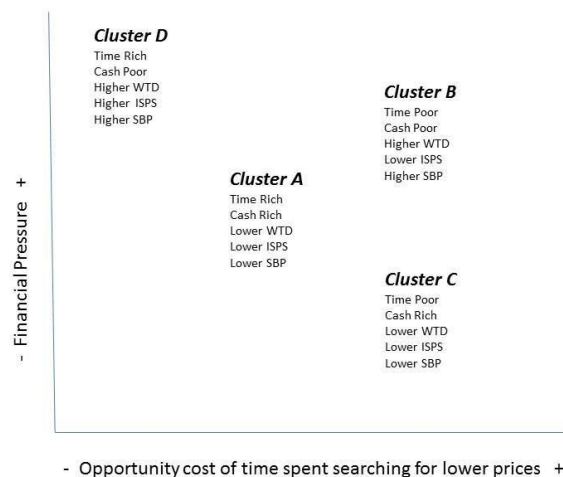
Practical implications: The research implications that emerge from this work is that by looking at own brands as a time saving device it highlights an important yet unexplored relationship between own brands, the shopping process and shopping behaviour. It also points attention to a particular cohort of shoppers whose motivations have not been clearly elaborated. This is important as there are clear managerial implications in terms of how own brands are segmented, merchandised and the kinds of marketing campaigns that are used to

promote them. On the one hand our evidence supports the use of switch and save campaigns targeted at financially pressed shoppers by making it easier to compare prices on shelf. On the other hand, recent developments in the store brand hierarchy and the departure from the good, better, best structure identified by Laaksonen and Reynolds (1994)risks undermining the time saving benefits that a clear and easily understood quality-price structure communicated.

Originality: This paper's chief contribution is that it demonstrates that temporal economies are one of the determinants of own brand proneness and are of particular importance when considering time poor, cash poor segments of the market.

Keywords: Own Brands; Price Search; Grocery; Time;

Article Classification: Research Paper

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F1: Retail strategy; Franchise

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Chair: Elodie Huré

Foodwaste in grocery stores – an untapped CSR potential in the retail and wholesale sector

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Foodwaste in grocery stores – an untapped CSR potential in the retail and wholesale sector

Purpose: Food waste is a major problem in industrialized countries and accrues at various stages of the supply chain. The grocery retail wholesale sector directly and indirectly influences the occurrence, avoidance and redistribution of food waste (European Commission, 2010). Nevertheless, there is only scant research investigating how the retail sector deals with the food waste topic. Food waste mainly finds consideration in research areas such as „on-shelf availability" (e.g. Fernie and Grant, 2008) and „instore logistics" (e.g. Kotzab and Teller, 2005; Reiner et al., 2013).The objective of this paper is to provide a better understanding of the retail and wholesale"s sector role in alleviating food waste. More specifically, we suggest that a better management of food waste can bring advantages across the triple bottom line: society, environment and business. Furthermore, retailers can demonstrate their Corporate Social Responsibility (CSR) and potentially benefit of an enhanced reputation and image across consumers, employees and other stakeholders.

Methodology: Given the research"s objective to gain a better understanding concerning the CSR potential of managing food waste, a qualitative approach seemed most suitable. Due to their operational responsibility and thus expertise in store operations we targeted store managers as our key informants after we received approval by the respective headquarters. To this end, semi- structured interviews with store managers were conducted to gain "a more accurate and clear picture of a respondent"s position or behavior" (Ghauri & Gronhaug, 2002) and elaborate on interesting perspectives offered. Our sample of 33 interviewees represents all dominating retail and wholesale formats in developed countries, i.e. convenience and discount stores, super- and hypermarkets as well as Cash and Carry wholesale stores. The store are operated by six pan-European retail and wholesale chains or franchise organsiations. On average, an interview lasted 42minutes. The qualitative analysis is based on 91 pages of A4 text that was processed with computer-assisted qualitative data analysis software (NVivo 10). All interviews were multiply coded; in two coding rounds the results were compared and discusses with respect to differences that had occurred.

Findings: Two main themes emerged from the analysis and interpretation of the qualitative data. The first revolves around the responsibility for theoccurrence of food waste.

Quite interestingly, it seems as if none of our interviewees would claim partly responsibility for the occurrence of food waste but rather use different rationalization strategies (Sykes and Matza, 1957). Above all, interviewees engage in a technique of denying responsibility, suggesting that other stakeholders are accountable. Primarily, food waste can be ascribed to the demands of sophisticated consumers and society at large, which require a level of quality hardly sustainable for retailers. Furthermore, interviewees suggest that the supply side – mostly the retail/wholesale chain management and producers – influence the occurrence of food waste. Last but not least, the regulatory environment (i.e. national and EU regulations) force retailers to discard produce if it, for example, does not fulfill aesthetical requirements.

The second main theme concerns the triple bottom line and retailer's CSR agenda. The analysis and involvement with food waste can potentially bring advantages across the ecological, social and economic dimension. A retailer's efforts to produce less waste by Redistributing edible food waste to charities, food banks, or other organizations in need can strengthen the societal contribution and allows the retailer to "do better at doing good" (Bhattacharya and Sen, 2004). Last but not least, our interviewees clearly underline the economic advantages of efficiently managing food waste, as it is both time- and cost-intensive to deal with the waste. Dealing with food waste can bring important benefits in the context of a CSR positioning. Companies can demonstrate their responsibility and show that they are good corporate citizens by minimizing the waste occurring in the stores and by redistributing the unavoidable "waste" to individuals in need.

Practical and social implications: The managerial implications directly relevant to retailers are threefold: First of all, this paper clearly stresses their central role in the supply chain, influencing food waste occurrence and distribution among both producers and consumers. Second, the paper provides evidence of the numerous benefits inherent in a better management of food waste across social, environmental and economic dimensions. Third, we outline how companies can benefit of this enhanced CSR positioning in terms of a more favorable image among consumers and a strengthened identification among employees. The social implications are similarly ubiquitous: minimizing the occurrence of food waste reduces the environmental footprint of retailers and redistributing the produce instead of throwing it away helps impoverished consumers and individuals in need. Taken collectively, tackling the food waste issue is an exemplary application of CSR: aligned to the core business of the company and beneficial to society, the environment and the firm itself.

Research limitations: As with any research endeavor, there are some limitations inherent to this project as well, which primarily refer to the data collection method. While the qualitative design is indisputably the most suitable approach, the data gathered depicts the views of the particular sample and cannot necessarily be generalized to other countries. Particularly the infrastructure for redistributing edible food waste differs across countries and retailers might not have the opportunity to use the same channels as outlined in this paper.

Originality/value: To the best of our knowledge, this research is the first of its kind in examining food waste, its antecedents and consequences, as well as avenues to overcome it. In general, the topic is delicate and hardy spoken of by retailers since food waste is directly linked to shrinkage as a key performance indicator (KPI) of retail and wholesale companies. Furthermore, the paper adds to the burgeoning literature concerning Corporate Social Responsibility in the retail sector and discusses how managing food waste is related to the triple bottom line of people, planet and profits. Last but not least, we contribute to academic research in retailing by providing store managers a platform to discuss their opinions and views concerning food waste and allowing them to articulate their thoughts and concerns.

Keywords: Food Waste, Retail, Corporate Social Responsibility, Triple Bottom Line

Article Classification: Research Paper

Literature:

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International Franchising in Emerging Markets: A Qualitative Study

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EXTENDED ABSTRACT International Franchising in Emerging Markets: A Qualitative Study

Purpose: European economies are heavily reliant on retailing, and the internationalization of the sector is just as important for international competitiveness as a policy issue as the export of manufactured goods. However, the record of European retailers' internationalization is mixed. For instance, Tesco, the world's third largest retailer by sales revenue, operates in only a dozen or so overseas markets. Building a global retail brand is undoubtedly challenging, due to a whole host of factors, including culture. The retail offer requires at least some adaptation for different markets. In order to build brand value overseas, retailers need to engage with consumers on more than just price. Retailers lacking market knowledge and other resources required to go it alone in foreign markets often work through local partners. The extent to which partners in overseas countries are prepared to invest in and build the retail brand rather than simply sell, is an issue that retailers need to take seriously.

If European retailers are to internationalize beyond the Eurozone and other Western markets (such as the USA), they will be operating in territories that are inherently riskier and vastly different in terms of culture and business practices. Many of these more distant markets are emerging economies that have demonstrated phenomenal growth in recent years. Emerging markets are among the top growing targets for international investments (Welsh et al., 2006). The retailing opportunities in such markets are well recognised, as exemplified in the rapid new development of shopping malls. Global retailers need to move fast in order to occupy the best new store locations. Retailers often address the challenge of internationalizing and keeping up with the pace of retail mall development in these markets by franchising (Sashi and Karuppur, 2002), as opposed to developing operations that are wholly-owned or joint ventures (JVs). As a mode of internationalization, franchising is seen as relatively low risk because the franchisee contributes financial resources together with market knowledge to their partnership with the retailer.

Dant and colleagues' (2011) recent essay on the research frontiers of franchising identified the need for a concerted effort to study franchising issues in different countries, since much of the franchising literature has been developed within the US context. What is more, a review of the limited international franchising literature suggests: 1) there has been a focus on the EU market, which has been a particular focus for US firms' overseas expansion; and 2) studies

have featured the motivation of franchise firms to expand overseas and choice of foreign entry mode (e.g., pure franchising versus dual channels), rather than the productive management of franchising interactions (Aliouche and Schlentrich, 2011).Our study broadly aims to examine the key issues in building and managing high-performing relationships with franchisees in emerging markets.

Design/methodology/approach: The present research seeks to push forward the frontiers of knowledge and address the gaps identified in this abstract through an in-depth, qualitative study of franchising relationships within the network of a single large retailer across six emerging markets. The investigation links aspects of the franchise agreement, behavioral characteristics of the relationship, franchise system and brand standardization strategies, and emerging market uncertainty, to performance outcomes. The research is conducted using face-to-face interviews with: franchisor senior managers and operations managers; and franchiseesenior managers and store managers across the six emerging market territories. Secondary data are collected for validation purposes.

Findings: We build a new general theory on the development and management of franchise relationships in emerging markets. To this point, one important finding emerging from the results concerns the pivotal role played by franchisee partners, or area development franchisees, that oversee risky emerging market territories. These area development arrangements heavily influence the level of obligation that franchisees have in running their units and the degree to which the franchisor can monitor and enforce franchisees' compliance with these obligations. Such multi-unit franchisees are significantly powerful, which poses an interesting dilemma for franchisors that traditionally tightly control brand identity and service delivery in their franchisee networks (e.g., domestically). This study is distinct from previous research on the topic of domestic multi-unit franchisees as it investigates international franchise system relationships.

Originality/value: Compared with the allied topics of international JVs and strategic alliances, there is a dearth of empirical research on international franchising in the retailing, marketing, international business and entrepreneurship literatures. Franchising is to services what exporting or technology licensing is to manufacturing. Yet while there is a huge literature on exporting by manufacturers as a low involvement means of generating international custom (Hultman, Katsikeas, and Robson, 2011), there is no comparable body of literature on international franchising in the service sector and retailing as a significant

contributor to that sector. The academic literature has failed to keep up with the fact that franchising is increasing in its usage by businesses and especially by retailers. While there is some recognition in the literature that franchising is a valuable means to develop a business abroad (e.g., Watson et al, 2004), existing studies tend to treat franchising as a uniform practice and fail to take account of the specific franchise terms that can result in vastly different franchising models and hence different outcomes for the franchisor.

The present study is novel in building theory on the development of franchising as a low involvement mode of expanding retail services to high risk emerging market settings. The findings of the research can potentially be applied across the whole international retail sector and, ultimately, can contribute to international market performance outcomes of European retailers struggling to establish growth opportunities outside post crisis Europe.

Keywords: franchise; franchising; relationship; international; internationalization; emerging markets; multi-unit

Article classification: case study

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F2: Retail Operations

Room and day: GW2 – B2880, September 26th

Chair: Alexander Hübner

Boundary Spanning Activities of Store Managers in Shopping Centres

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Abstract:

Purpose: This paper aims to describe and evaluate the activities of store managers related to their role as boundary spanners between customers, their retail management, and the management of the shopping centre in which their store is located.

Theoretical background: Based on the network and the boundary spanning theory we present a conceptual framework that synthesises findings from literature. There we propose two types of boundary spanning activities: representational and informational including information relay related components.

Methodology: We conducted 48 in-depth interviews with store managers reflecting the retail tenant mix of a regional and a super-regional mall as well as a factory outlet centre.

Findings: A content analysis based on a multiple coding procedure reveals the existence of both types of activities. However, not all of our interviewees act as boundary spanners and thus undertake both informational and representational activities. Overall interviewees perceive boundary spanning activities as important for the management of shopping centre operations and marketing.

Contribution: This paper (1) substantiates the overlooked role of store managers as boundary spanners between their retail organisation, the shopping centre and its customers (2) highlights their considerable potential to reflect upon and inform decision making in a shopping centre environment.

Keywords: Store Management, Boundary Spanning, Shopping Centre Management, Shopping Centre

Article Classification: Extended Abstract

Boundary Spanning Activities of Store Managers in Shopping Centres[5]

Introduction

Over twenty years ago Lusch and Serpkenci (1990) identified the exposure of store managers to other external key stakeholder groups of a retail organisation as follows: "Retail store managers occupy an indispensable boundary role between the corporate organisation, the store operations, and the marketplace, …" (p. 99). As such store managers are at the skin of the organisation (Katz and Kahn, 1978), sending and receiving stimuli to and from the store environment. Store managers position as an interface and their integration in management and ultimate execution processes potentially make them "boundary spanning individuals" (Tushman and Scanlan, 1981, p. 289). Rigopoulou *et al.* (2012) see boundary spanners as the main revenue generators of their organisations, a view that is clearly confirmed by Netemeyer *et al.* (2010) in terms of store managers.

Both the boundary spanning literature and the store management literature mostly undertake an intra- organisational view when it comes to the beneficial effects of boundary spanning. In the context of retailing this view is too narrow since stores are - in most settings - part of a wider store environment or store network, also termed retail agglomerations or shopping centres (Nelson, 1958; Finn and Louviere, 1996; Oppewal and Holyoake, 2004).

Research has not yet answered the question whether store managers are actually boundary spanners (to the full extent of the boundary spanning concept) in shopping centre environments, to what extentboundary spanning is actually taking place and how much potential there is for the management of both the retail organisation and the shopping centre to make use of store managers' boundary spanning activities. The contribution of this paper is to provide answers to these questions and, more specifically, to reveal the potential for store managers to reflect upon and inform management decisionsthrough the intensification of boundary spanningopportunities at the store management level.

The aims of this paper are as follows: Firstly to discuss and conceptualise boundary spanning behaviour related to store management and secondly to explore and structure boundary spanning activities of store managers in the shopping centre environment.

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[5] *Note:* Limitations of space preclude the direct presentation of interview data in this paper. Interview data will be presented as part of the conference presentation

Conceptual model

Adams(1976cited in Dollinger, 1984) differentiates filtering, transacting, buffering, representing and protecting as different types of boundary spanning activities. Bettencourt and Brown (2003) distil three types of boundary spanning behaviour or activities from literature: (1) external representation, (2) internal influence and (3) service delivery whereas the third could be seen as a subset of the first one.Tushman and Scanlan (1981) see the presence of mechanisms to enable effective organisational information relay to be a requirement for the occurrence of both representational and informational boundary spanning.

Representational boundary spanning activities

Customer contact employees such as store managers represent the human (inter-) face of retail and service organisations to outsiders and thus perceive themselves as organisational representatives or even ambassadors (Bettencourt and Brown, 2003). Netemeyer *et al.* (2010) found a strong impact of store managers on customer satisfaction and store performance. Store managers are central in determining service quality and ultimately sales performance in stores (Bell *et al.*, 2010; Arnold *et al.*, 2009). In the setting of shopping centre environments store managers also represent their organisation towards the shopping centre management beyond the contractual relationships (Konopa and Zallocco, 1981). Furthermore, store managers are a representation of customers, conveying emerging wants and needs to the retail, service and centre organisations. Within retail and service organisations store managers represent their own store, including its embeddednessin the shopping centre environment, to their own management. We therefore propose a set of boundary spanning activities that we label representational.

Informational boundary spanning activities

Organisations have long been characterised as information processing systems and the collection and relay of information is vital to their survival (Adler *et al.*, 2003). Tushman and Scanlan (1981) see boundary spanners as effective informants who are able to speak and understand the language of either side of the organisational boundary in order to collect, process and translate and thus communicate this information. In the case of shopping centres

this requires store managers being well connected not only within their own organisation but with external organisations, as well as with customers.

Figure 1 depicts the relationship structure between the relevant organisations and their customers, i.e. the business-to-consumer context and that between the retail organisation and shopping centre, i.e. the business-to-business context. This structure serves as a conceptual model to structure and evaluate representational and informational boundary spanning activities by store managers in shopping centres. In line with the research aims the conceptual model positions the store manager at the centre of interest and considers only a selected part of the highly complex network of a shopping centre.

Figure 1. Conceptual model
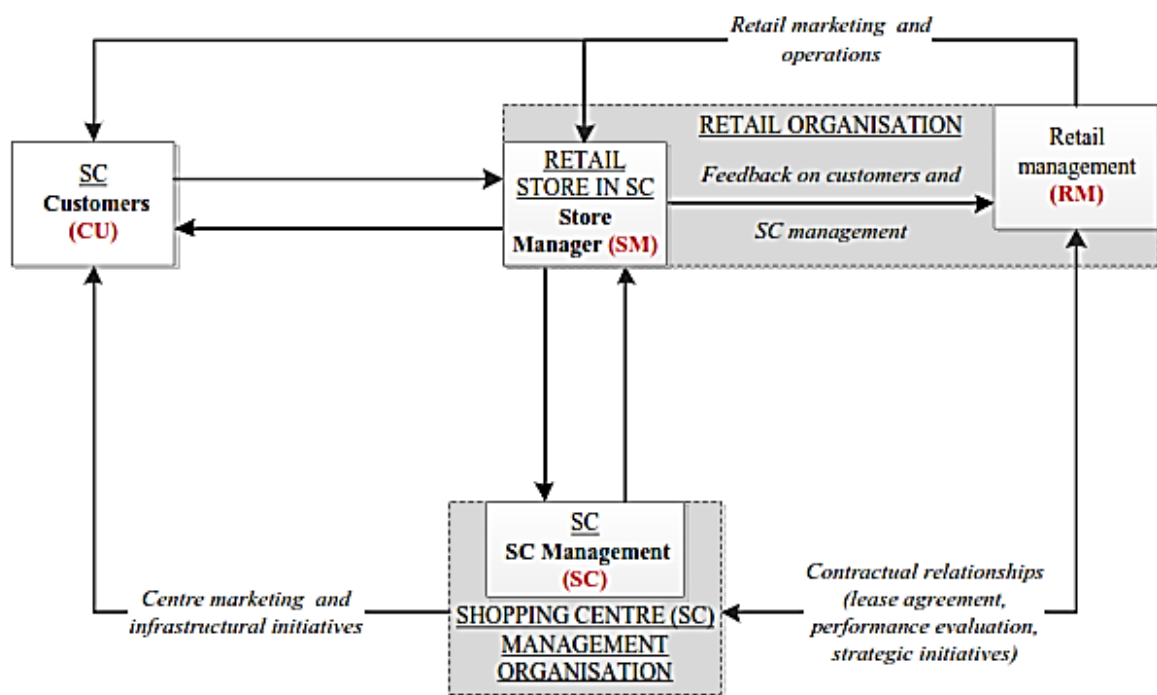
Methodology

The phenomenon of boundary spanning in a retail store context in general and in a shopping centre setting in particular has not received considerable attention. Hence we pursued an exploratory qualitative approach. In this we focus on the lived experience of store managers related to boundary spanning activities as structured in our research model, and make narrative enquiries by conducting in-depth interviews in three distinct shopping centre environments (Chase, 2011). The interviews were conducted by two researchers who managed the selection, acquisition and pre-notification of the interviewees. They conducted

all interviews and were involved in the process of transcription, coding and analysis. The project was supported by the shopping centre management in all settings. An interview guideline reflecting the conceptual model was used to support the interviewers in structuring the interview stimuli – mostly questions and statements – and in stimulating responses and explanations.

We defined all retail stores in a super-regional (121retail stores), a regional shopping mall (32 retail stores) and a factory outlet centre (70 retail stores) as our population and the store or retail general managers our key informants. All store managers were pre-notified by the centre management and personally contacted by the interviewers. Finally we managed to secure 20 interviews with the targeted informants in the bigger mall, 14 in the smaller mall and 14 in the factory outlet centre. In all cases the shopping centre managers were interviewed as well using an adapted interview outline including only stimuli on centre related boundary spanning activities.

We applied a directed content analysis approach (Hsieh and Shannon, 2005) and used our conceptual model to guide our coding and analysis endeavours. We applied the structure of informational and representational boundary spanning activities to our textual data, i.e. we followed a deductive approach and thus used theory to develop a preliminary version of our coding scheme (Potter and Levine-Donnerstein, 1999). Subsequently and due to the absence of a more refined theoretical foundation on boundary spanning in the research context we explored the nature and distinguished different boundary spanning activities in terms of type of activity, extent, frequency of occurrence and perceived importance by the interviewees. Thereby we followed Mayring's (2000) inductive category development approach. To ensure reliability in terms of stability, reproducibility and accuracy related to the coding process the data were multiply coded and the coding scheme was adapted and standardised for all coders as a result of a constant discussion process between them.

Core results and discussion

The first core results of our empirical studyis that – in line with Teller and Schnedlitz (2012) - shopping malls are perceived as networks by store managers that generate synergies for its parts, i.e. stores. Store managers see their stores being an integral part of the "cumulative attraction" (Nelson, 1958) of a centre to customers and that generates positive agglomeration effects for its customers (Oppewal and Holyoake, 2004).

The second major result is that we found evidence for boundary spanning activities undertaken by store managers in shopping centres. On occasion this was the result of active intervention by store managers, on others it was the result of more passive or subsidiary engagement. These activities account for representational and informational boundary spanning including information relay. Nevertheless, not all of our interviewees act as boundary spanners as defined by Tushman and Scanlan (1981), either as a result of lack of motivation or of capabilities (including organisational systems). Only a few undertake representational and informational activities to a full extent and consider themselves as active boundary spanners and boundary spanning activities as a necessary component of their job role.

Thirdly we found that boundary spanning between the customers, the retail and the shopping centre management relates mainly to issues of centre marketing – seen as a source to enhance customer satisfaction - and operations – seen as a source for potential customer dissatisfaction. Extending Bettencourt and Brown (2003), we suggest that store managers undertake a role not only for their own retail organisation but also for the shopping centre in which their store is located. Furthermore they perceive themselves as valuable sources of information related to the centre and its customers that is relevant to the planning, execution and evaluation of activities that are primarily the responsibility of the shopping centre management. By extending Lusch and Serpkenci's (1990)view we can conclude that store managers consider themselves and their boundary spanningrole as important in contributing to the success of a shopping centre.

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F3: Shopper Behavior

Room and day: GW2 – B2890, September 26th

Chair: Kristina Petljak

Conversion Backlash? Decision Support and Hasty Action in Consumer Product Search

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Conversion Backlash? Decision Support and Hasty Action in Consumer Product Search

Abstract:

To assist their customers and to facilitate quick and satisfying purchase decisions, many retailers integrate a variety of decision aids called "recommendation systems" in their increasingly complex and information rich e-commerce environments. Recent studies have shown that such recommendation agents can substantially alter consumers' decision processes. More specifically, consumers convert their evaluations of alternatives into "choice mode", they tend to inspect fewer alternatives and make their stopping decisions earlier than in unassisted product search. We investigate in how far the mere presence of such decision aids affects post-purchase evaluations. In doing so, we use a real-world commercially used recommendation agent in two experimental studies with three conditions: A baseline condition with no recommendations, a condition with 'fake' recommendations (i.e. recommendations that do not reflect the potential attractiveness to the customer), and a condition with 'real' recommendations. Our findings indicate that product recommendations may bias consumer choice regardless of the quality of recommendations and thus potentially lead to negative effects in terms of decision confidence and choice satisfaction in the long run.

Brand Price Tolerance: Expectancy Violation Theory Approach

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Brand Price Tolerance: Expectancy Violation Theory Approach

Purpose: The purpose of the current studies (preliminary studies and main study) investigate the influence of social values on levels of price tolerance and prestige brand perception between the transitional (former East Germany) and long-standing (former West Germany) market economies based on Expectancy Violation Theory (Burgoon, 1978) and Generational Cohort Theory (Inglehart, 1976).

Design/methodology/approach: Preliminary Study 1 (Interview-East vs. West): Ten young adult participants were interviewed from the former East and West Germany about their brand preference and German reunification situation in their home areas. Responses are based on the last durable/expensive item they bought within six months.

Preliminary Study 2 (East vs. West): We examined perceptions of prestige brands and the influence of social connectedness and regional self-esteem on those perceptions using the multi-group SEM.

Main Study: Based on the results of these preliminary studies, survey items were modified and 402 usable surveys were collected from consumers between 18-35 from regions in the former East and West Germany.

Preliminary Study 3 (Parents and their children in former East Germany): A total of 32 parents and their 18 children (young adult consumers) completed the survey in East. A paired-samples T-test was conducted between students and their mothers and between students and their fathers.

Main Study: We compared price tolerance and perceived prestige brand perceptions among these two cohorts (young consumers who were raised in the former East and West regions); we analyzed the influence of social connectedness and regional collective self-esteem on these brand perceptions using the multi-group SEM after the equivalence test of CFA.

Findings: Preliminary Study 1: The results show different brand preference toward prestige brands between East (e.g. preferred functional brands) and West (e.g. preferred prestige brands).

Preliminary Study 2 (East vs. West): We found differences in prestige brand perceptions among 168 respondents from former East and West Germany.

Preliminary Study 3: The results show that there is no statistically significant difference (p>.05) between children and their parents on purchasing behavior of prestige brand products.

Main Study: Results of the main study revealed that regional self-esteem had a different influence on levels of price tolerance between East and West German consumers. The findings indicated that regional self-esteem operates differently for the young consumer cohort living in East than for those living in West, which, in turn, influences price tolerance differently. There was a negative effect of regional self-esteem on price tolerance in East, but there was no effect of self-esteem on price tolerance in West.

Practical Implications: In order to develop pricing strategies, marketing practitioners need to understand how consumers respond to price. Thus, global marketers can make pricing strategies appropriately in other similar transitional economies as well as Germany.

Originality/Values: After the reunification, especially the young adult generation that has grown up over the approximately twenty year-long transitional period is now a significant consumer group. Although the young consumer cohort in the Eastern region grew up in the transitional economy, they have been influenced by their parents who exposed them in their formative years to a set of values associated with the former East Germany's socialist economic system. This newly emerged cohort is now becoming a main consumer group, along with their post-reunification Western counterparts. Studying this consumer cohort will not only be useful in the context of German consumer behavior, but also in regards to economic settings of other post- socialist countries.

Keywords: Brand Price Tolerance, Expectation Violation Theory, German Consumer Behavior

Article Classification: Research paper

Social certification initiatives in the food sector – an empirical study

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Social certification initiatives in the food sector – an empirical study

The certification of Fairtrade is being criticized for multiple reasons by consumers, e.g. for great differences in prices for final consumers from which a minority is supposed to be received by the farmers. Other critical arguments are the accusal for corruption within the system and the maintenance of undynamic production methods in order to hinder the farmers in their development. These raised issues show the importance of transparency and necessity of clear communicational policies of on the label. As for the investigated cooperative the obtained premiums received by the farmers for their compliance with social and environmental criteria of production, are invested by the cooperative as a whole. Due to experiences made in the past in which farmers would spend the received premiums for fast moving consumer goods other goods rendering limited growth of the individuals, this decision has been made by the farmers. The criticism that Fairtrade hinders development cannot be supported by the author. From the interviews it rather is concluded that Fairtrade is an alternative allowing for greater development in economical as well as in social terms. The membership in a cooperative and the received training on enhancement of quality and improvement of production in combination with regular events fuels the farmers' perception of not being dependent on intermediaries, but taking the responsibility for improving their living conditions. This has been stated by fellow- authors and reflects the opinion of the farmers in the investigated cooperative. However, as Fairtrade sources several product categories from a wide number of cooperatives and countries the certification scheme might apply less severe criteria under differing circumstances. Moreover, the dynamic category of commodities such as coffee and the organization as a network operated by human beings makes such considerations feasible. This is why Fairtrade and all its certificational entities need to ensure even greater transparent regulations of certification for all product categories and make their adherence and their benefit credible to final consumers.

For the present research qualitative as well as quantitative, methodology was utilized. The qualitative study incorporated consistent open questions of which the responses were coded and analyzed according to Mayring. By conducting semi-structured qualitative interviews in a Peruvian Fairtrade coffee conclusions are drawn regarding the social, environmental and economic conditions of the farmers. It is certain that a comparison of Fairtrade vs. non-Fairtrade certified cooperative could have rendered results that would have allowed more

quantifyable conclusions, just as the conduction of an analysis of Social Return on Investment. However, the opted approach of investigation and design is considered novel for Fairtrade Research in Peru.

Regarding the quantitative experimental setting, this was conducted in the same environment in order to keep the external influences at constant level for all of the study's participants. By integrating standardized questionnaires with closed-ended response formats, interviewer bias was counteracted. The setting as a natural field experiment grants the greatest controls of conditions of causality based on the gathered data. The chosen location in a prominent Starbucks outlet in the Vienna city center provided suiting surroundings for conducting a research project targeting at consumer behavior of coffee. Furthermore, the fact that Fairtrade had publicly announced their sourcing of Fairtrade certified coffee beans for their European stores, allowed for testing in a socially aware atmosphere. The experiment's methodological evaluation via PLS-SEM mirrors a quantitative approach that has become more accepted in the scientific community. This is also reflected by the number of publications applying this method of assessment. It has been noted that A-ranked journals as the Journal of Marketing, Journal of Consumer Response as well as the Journal of International Marketing have published papers in which PLS-SEM analysis had been conducted. However, most of these published articles incorporate reflective measurement models, which is why the present study's formative measurement model and its outlined evaluation of quality criteria are of significance for the academic community.

Taste perception plays a key role when it comes to decisions about consumption or non-consumption of food and beverages. However, taste perception differs due to cultural education, preferences, past experiences and many more influential factors, which decide about the individual's final consumption. When it comes to the Austrian market, it became obvious that taste of coffee does not receive upmost attention from the consumers when it comes to assessing taste. The combination of evaluating taste perception with a social label in an experiment is a novel approach. Therefore, several interfaces offer potential directions for future research.

The findings of this research can be used within a new model of investigation. This can be done by choosing additional factors for either taste and/or Fairtrade. Moreover, the study allows to be repeated in a different market or under another environmental setting. Furthermore, there is the possibility of exploring messages of social labels and their effect on

taste and testing these influences across food categories. There are multiple issues that need to be addressed in the future as to the field of social labels as well as to sensory perception are still under researched up to date.

Several suggestions can be made referring to the qualitative research design. The author's Austrian background can be seen as advantage or limitation, depending on the perspective. Coming from a different culture and setting, it is possible to make observations national researchers might have not paid attention to. However, appearing as a foreigner can also intimidate rural farmers. From the author's point of view having a different background, it has never appeared to be a disadvantage. Farmers spoke very openly and it was definitely an advantage to do research independently, not having to consider any sponsors policies. Coffee farmers were delighted to talk about their lives and challenges and proud of showing and explaining the improvements they have achieved in the past. In the future similar designs and research topics are to be recommended to beconducted by native researchers for coffee, as well as addressing other certified social certification schemes and food categories. At current, the majority of impact studies by Fairtrade are still restricted to the coffee category, which is why this gap needs to be tackled. Concerning the quantitative study, the rather small sample size as well as the complexity of taste measurement could be regarded as limiting the overall results. Due to the set-up of investigating taste of coffee in detail by incorporating accepted qualities of coffee taste, the questionnaire turned out to be rather longish, which might have affected the participants' responses.

However, the investigation's set-up incorporated features aiming at reducing biasing influences, as social-desired responding or group affects by the way the experiment was set up. The model of measuring taste perception could be applied to sensory research in the field of organic products. The perception of organic meat in combination with informational treatments by final consumers is a field calling for further research. Furthermore, the comparison of taste perception including certified versuns non- certified products would allow deeper insights into final consumers' sensoric experiences. The present study adds value by granting insight to the beginning and very end of the coffee supply chain of socially certified coffee. Fellow researchers might apply this perspective to other research topics as well. Testing how real-life findings of one previous group of stakeholders influences another gives space to multiple future studies.

This novel approach is particularly suitable for investigations in the certification industry, as final consumers are interested in knowing what the "real" influence of their consumer decision is. These sorts of research issues can be addressed by qualitative as well as quantitative methods, or as in the present case, by a combination of the two. Rooted within these considerations, gaps in current research can be reduced by expanding the model respectively.

The incorporation of information on coffee packaging as a recommendation for communicating to final consumers has been implemented by several manufacturers sourcing Fairtrade certified coffee. The example of the investigated cooperative COCLA and the leading Fairtrade company Cafédirect in the U.K. can be considered the point of departure for future research targeting at contributing findings of theoretic and managerial nature in this field.

F4: Retail Logistics and SCM; Shopper Behavior

Room and day: GW2 – B2890, September 26th

Chair: Matthew Robson

DO OLDER CONSUMERS CHANGE FOOD RETAILING?

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DO OLDER CONSUMERS CHANGE FOOD RETAILING?

Purpose: Due to the increasing size, expected growth and future relevance of senior consumers, companies must be aware of the trends, needs, and wants of older consumers, to secure this increasing share of retail spend over the next decades (Myers and Lumbers, 2008).Based on previous research efforts, marketers are armed with an arsenal of possible concepts to improve the food shopping experience of older consumers (see e.g. Angell et al., 2012; Hare, 2003; Hare et al., 2001; Lambert, 1979;Meneely, 2009; Teller and Gittenberger, 2011).

However, it is not clear, if the implications for older consumers proposed by research succeed in the marketplace. Recent attempts of the food retailing industry to attract this market segment with specifically designed stores lead to contradicting results. In the European country of Austria supermarkets with specific age related offers (e.g. a special store layout tailored to the needs of the older consumer, a specific product category for people aged 50 or over, age specific services, etc.) failed to succeed in the marketplace (Köppl, 2009). On the contrary, very similar retailing concepts seem to be successful in Japan and other European countries (Lucas, 2012).

Environmental psychology states that behavior is a function of the human being and the social and physical environment (Lewin et al., 1963). The relationship between a person and the environment is assumed to be interrelated, which means that the environment influences people and vice versa people change the environment (Kroeber-Riel et al., 2009).Consequently store concepts for senior supermarkets represent an attempt to adapt the retail environment according to the needs of an older population.However, such changes have been implemented "artificially" by the industry so far and are very rare in the marketplace. It is not clear if a chronological old customer base would lead "naturally" to the assumed adaptions. Furthermore, previous research shows that age segmentation cues (e.g. "50+ supermarket") are experienced negatively (Tepper, 1994). Therefore supermarkets may avoid adaptions or implement them without public communication. The aim of the research project at hand is to provide an insight in the "natural" occurring interrelationship between ageing consumers and the retailing environment by answering the following research question: *How does a chronological old customer base influence the food retailing environment?*

Methodology: To answer the proposed research questionwe implemented an exploratory multiple- case study design, which consists of threecases: (1) a U.S. college town, (2) a U.S. retirement community and (3) a metropolitan area in Central Europe (see Table 1).

TABLE 1: FIELD SITES

Site region	Population Age	Research engagement	Research venues
College Town, U.S.	126.000 residents 15.4% over 55 years old	• Duration 2 months • 25 Focused interviews with consumers	• University Campus and facilities • Lutheran Church • Senior Recreation Center
Retirement Community, U.S.	96.000 residents 100% over 55 years old	• Duration 1.5 months • 20 Focused interviews with consumers	• Two town squares
Metropolitan Area, EU	1,7 million residents 28% over 55 years old	• Duration 3 months • 24 Focused Interviews with consumers	• Home of interviewees (Snowball technique using two student researchers)

These three types of communities offer very unique research subjects, as they allow us to comparethe effect of a relatively chronological old and a relatively chronological young population in the US on food retailing and to contrast the findings with the current situation in Europe.Data was collected using focused interviews with consumers on the three sites of the study.As a research technique within the focused interview a sequential incident technique (SIT) was used, which is a variation of the critical incident technique (CIT) (Stauss and Weinlich, 1997). As a chronological age threshold, to separate young consumers from old consumers, the age of 55 years was chosen. The used sampling technique can be described as a purposive sample. Participants were chosen to represent a diversity of age and gender within the young and old consumer group.The interviews were audio-recorded and shortly after transcribed for further content analysis. Following the procedural recommendations of Gremler (2004) we applied a structuring content analysis approach defined by Mayring (2004) to analyze the data. After a first screening of the interviews a coding guide was developed according to the aim of the study. The retail marketing mix instruments and external environmental forces influencing retailing as defined by Dunne&Lusch (2008) were chosen as theoretical fundament for the categorization. Additionally the type of incident was defined by coding the incident as negative or positive. To assess the intercoder reliability we used the coefficient of agreement, which is according to Gremler (2004) the most common reliability index for CIT studies. With a coefficient of

agreement of .99 (category "positive/negative incident") and .86 (category "retailing dimensions") the judge´s coding decision can be interpreted as reliable.

Findings: By conducting this qualitative study, we were able to investigate exploratory the person-environment relationship within the context of food retailing. All interviewed respondents in the United States and Europe (n = 69) mentioned a total of 790 incidents. 92 of these originally stated incidents were identified as duplicates of the same incident in one interview and omitted prior to further analysis. More than half of the 698 remaining incidents were positive experiences (57.1%), whereas 42.9% can be seen as negative events. Surprisingly, the majority of positive incidents were stated by elderly, independent of the region or site of the study. Our analysis on the primary category level of the food shopping experience illustrates, that there are only minor differences in the U.S. between the retirement community and the college town. Having a closer look at the associated sub-categories indicates that there are adoptions in a retail setting with a chronological old customer base. More specifically consumers in the retirement community report positive incidents with smaller package sizes, no problems with changes in arrangements of products and shelves and competent baggers. Consumers in the college town report the opposite. Even more prevalent differences in customer service and assortment can be seen between the U.S. and Europe. Especially the difference in the customer services category can be noticed again. In the European context significantly more negative statements regarding consequences of understaffed retail outlets, like long lines and waiting at the check-out can be recognized.

Limitations: The results of the present study have limitations, given that qualitative studies provide mainly exploratory non-generalizable information. Further studies could investigate the influence of a chronological old customer base on the food retailing environment in a bottoms-up quantitative study. Moreover, the results are limited to food retailers in the investigated regions in the U.S. and Europe and may not be transferrable to other countries. Further studies may replicate or expand our research in other countries or branches.

Originality: The study at hand investigates for the first time the influence of a chronological old customer base on the food retailing environment. Our empirical findings indicate that a high number of chronological older customers leads "naturally" to adaptions in customer service, layout and assortment of the retailers. These findings become even more prevalent, when comparing food shopping experiences between the U.S. and Europe.

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How to combine bricks and clicks: The case of *Direct Optic* going omni-channel

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How to combine bricks and clicks: The case of *Direct Optic* going omni-channel

Purpose: While customers increasingly expect seamless, integrated, consistent and personalized experiences across channels (Rigby, 2011; Schramm-Klein et al., 2011; Zhang et al., 2010), the current multi-channel and traditional business model of retailers, with its multiple silos, is unadapted to these new expectations. Retailers need to move towards an integrated approach of their channels and, ultimately, to go omni-channel (Rigby, 2011; Strang, 2013). This is an important challenge from their perspective (Brynjolfsson et al., 2013). Such a strategy arouses great interest among retail managers despite facing key issues regarding their core business model when going omni-channel (Brown et al., 2013).

Numerous research have been devoted to multi-channel strategies, both from the customer and the retailer perspectives (Aubrey and Judge, 2012; Avery et al., 2012; Griffiths and Howard, 2008; Gulati and Garino, 2000). They suggest that online and offline experiences can be complementary (*e.g.* Rigby, 2011: p. 72). Yet in focusing on the multi-channel approach, research may be overlooking the new omni-channel approach that provides a frame for a single, unified experience for the customer across all channels. Thus, important issues in relation to omni-channel retailing strategy remain unaddressed in the literature and prompt this research. Following calls to investigate how to analyze, formulate and implement an omni-channel strategy (Brynjolfsson et al., 2013; Gallino and Moreno, 2013; Lewis et al., 2013; Strang, 2013), this article examines how a multi-channel retailer goes omni-channel. It does so by developing a qualitative study on how an online retailer *Direct Optic* combines bricks and clicks. More precisely, the objective of this research consists in investigating in–depth the motives, challenges and processes of orchestrating the convergence of bricks with clicks in an omni-channel perspective.

Design/methodology/approach: The literature review focuses on three topics of relevance, showing considerable knowledge gaps summarized here:

(1) Need for clarifying the concepts of multi-, cross- and omni-channel: current research refers either to multi-channel (e.g. Zhang et al., 2010), cross-channel (e.g. Piercy, 2012; Schramm-Klein et al., 2011) or omni-channel (e.g. Brynjolfsson et al., 2013), with

unclear definitions and overlapping characteristics, which hinders academic understanding (Chatterjee, 2010).

(2) Need for investigating the motives and challenges to go omni-channel: existing research have explored the motives (*e.g.* Avery et al., 2012) and challenges associated to going multi-channel (Berman and Thelen, 2004; Lewis et al., 2013; Zhang et al., 2010). Synergies between channels appear as a key motive. Challenges lie in the acquisition of resources, the achievement of channel integration (logistics, infrastructure and information systems) as well as in staff engagement (Vanheems et al., 2013). Lewis et al. (2013) show that the cultural context – initially *on-line* or *brick and mortar* – influences the nature of the challenges. Yet there has been nearly no attention paid to the motives and challenges to go omni-channel (Brynjolfsson et al., 2013; Strang, 2013).

(3) Need for exploring the ways to address these challenges: future research has still to provide knowledge on how to go omni-channel i.e. on the change management processes required to implement an omni-channel strategy (Brynjolfsson et al., 2013). Indeed, it is crucial to understand how to orchestrate the necessary transformations towards a new business model.

Previous research on omnichannel being very scarce, this study contributes to address these gaps by developing a longitudinal research with an organizational ethnography perspective. Two research questions (RQs) are investigated:

> *RQ1*. What are the motives and challenges associated with developing an omni-channel strategy for a retailer?

> *RQ2*. How can a retailer implement an omni-channel strategy?

Considering these research questions, a case study approach was selected as it is relevant for studying in-depth organizational phenomena (Hoon, 2013; Yin, 2009). We focus on a single case study and a within-case analysis following the recommendations of Neyland (2008) and Miles et al. (2013) in this process.

The multi-channel retailer *Direct Optic* was selected as a case or our study for several reasons: (1) *Direct Optic* is a French multi-channel retailer managing an on-line channel and an off-line one (six *Eco Optic* stores); (2) the company questioned itself about the relevance to switch from a complementarity approach between channels to a convergence and seamless approach between touch points; (3) it was ready to welcome an observing

participant for a long-term period, thus securing the access to the research field. *Direct Optic* is a pioneer of the online eyewear retail sector and the first to launch on the French market in 2008. The company"s mission is to offer quality eyewear with quality service at discount price.

Data are collected on a longitudinal basis, which started in February 2013. It relies on one insider observing participant and two outsider researchers. This long-term period of intimate study matches the description of the ethnographic method and allows generating rich data: contextualized observations are made by the insider on the basis of face-to-face contacts, direct participation and community involvement (Conklin, 1968).

Data are gathered, organized and analysed following Neyland"s (2008) suggestions to transform ethnographic material (observations, participations and interviews) into an ethnographic text with schemes of themes. Findings are particularly valid because they confront the insider"s analysis with the expertise of the two outsiders, thanks to regular interactions via e-mails, phone calls and meetings.

Findings: The main results cover the two main following aspects:

(1) A key motive and different challenges when going omni-channel

The key motive consists in offering a seamless and personalized experience to customers as it seems to be of utmost value. It requires focusing on customer journey (Rawson et al., 2013) rather than on purchase steps (*e.g.* Schramm-Klein et al., 2012; Vanheems, 2013). Concerning challenges, evidence suggests that as the convergence process takes hold, retailers face various challenges of varied intensities in their core business model. Integration across traditional and on-line is the initial step. Retail managers inherit siloed organizations that have to support their new channel, while also sustaining existing ones. The siloed organizations are driven by different governance structures, strategic objectives, and metrics. Consequently, in this initial step, the key challenge concerns the organizational culture and consists in developing a respective understanding of each professional expertise. The initial cultural context - *pure player* or *brick and mortar* - pervades the nature of this challenge. Then, the business model has to be reconsidered since an omni-channel strategy ultimately reflects a single channel with multiple touch points. At this next stage, the key objective for retailers is to achieve synchronization across all channels and key challenges are much more operational: the management systems (logistics, information, sales,

marketing, service, training, product management etc.) have to be unified. Furthermore, finding the way the initial retail concept can be replicated on other touch points is essential.

(2) Ways to overcome the challenges: from testing to implementing a convergence project

Once the organizational and marketing challenges identified, retail companies have to find ways to overcome them. Evidence shows that ways of addressing issues associated to becoming an omni-channel retailer can be organized in two steps. A first step consists in exploring the possibilities and doing some tests. The *Direct Optic* case study shows that a pop-up store can be a relevant means to validate the expected challenges and test solutions, in an iterative learning process. A second step consists in implementing a convergence project, organized around two key strategic objectives: (i) the synchronization of the retailing mix in the touch points in the short-term and (ii) the deployment of solutions to unify the management systems in the long term. This requires financial resources and staff engagement.

From the observation and analysis of the *Direct Optic* case, it appears that multi-, cross- and omni-channel strategies consist in various steps towards an ultimate synchronization of channels merging in a sole one. These concepts are discussed and differentiated.

Research limitations: Some limitations are inherent to the choice of a single case study analysis. Nevertheless, we could enrich this research by getting the consumers‟ perception of the strategy implemented by the retailer as an omni-channel strategy is in essence driven by consumers.

Practical implications: Moving from a multi-channel to an omni-channel strategy requires the retailer to first rely on cross-channel strategy, analysing channels capabilities, and then implementing the change following a learning iterative process. Based on the challenges identified during the first step, retailers should then develop an agenda for managing the logistics, managerial, technical, technological, financial, marketing and human challenges of this process.

Originality/value: This research provides the first in-depth case-study into how a multi- channel retailer combines bricks and clicks when going omni-channel. It has three main contributions. Firstly, findings highlight the strategic and organizational challenges faced by a multi-channel retailer attempting to go omnichannel, shedding light on challenges not observed in the literature so far. Secondly, the research explores ways of addressing these challenges and provides guidelines on how to manage the change

process. Thirdly, it discusses the characteristics to being omnichannel, as compared to being multi- or cross- channel, thus contributing to develop a broad theory of how channels work together (Avery et al., 2012).

Keywords: omni-channel, cross-channel, multi-channel, motives, challenges, organizational change, strategy

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S1: Retail Strategy; Contemporary issues in retailing, Retail operations

Room and day: GW2 – B2880, September 27th

Chair: Christina Holweg

Research on Payment Technologies in the Austrian retail sector

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Research on Payment Technologies in the Austrian retail sector

Purpose: Theentire Checkout process has received relatively little attention in the literature. The purpose of this paper is to investigate the effect of new technologies on the Payment Transaction Process in Supermarkets

Design/methodology/approach: Observation of the payment process and measuring the duration of the overall process timed with a chronograph.

Findings: Although high investments have been made in new cashier systems and software, the average time for cash payments, credit card payments and debit card - also known as ATM card or Bankcard - payments remained steady - showing that no remarkable improvements have been achieved in recent years. Indeed, only the implementation of NFC-Technology and payment systems using bar code technology can have the ability since the introduction of barcodes and scan terminals, to significantly accelerate the payment process. In this study, the average time for a payment process using NFC-cards took about 15 seconds and gift cards with barcode technology only 7 seconds, what is, compared with 19 seconds for cash payment, 20 seconds for debit card payment and 25 seconds for credit card payment, significantly faster.

Research limitations/implications: This study was prepared when only a limited number of shops used Near-field Communication technology (NFC) and people had only little experience with the NFC-payment function. A repetition of this study is encouraged when NFC is broader disseminated.

Practical implications: Based on the findings of this study, NFC and bar coded gift cards may be the right measures to accelerate the payment and checkout process as a whole.

Originality/value: This is believed to be the first study which embedded the NFC and bar coded gift card payments in a well-defined payment process treated in an eight phases model that covers the whole check-out process.

Keywords: Check-out, NFC, Payment Transaction, Retail, Supermarket, Barcode

Article Classification: Research Paper

Introduction

The checkout process is often perceived as the most uncomfortable and disliked (Davis and Heineke, 1998, 64-73;Haynes, 1990, 20)part of shopping. That is the time, when customers want to leave the shop swiftly and feel the waiting time as a waste of time, unproductive and not generating value (Van Riel et al. 2012, 144-169).

In a trend report from 2011 German retailers stated as their top priority in the food retail sector to expedite processes, make shopping more comfortable and be close to the customer (Pohl/Vornholz 2011, 24).

Researches show that leisure is perceived as almost as useful as work. But at the same time the feeling of happiness is doubled (Liebmann/Jungwirth/Klug 1999, 39).

Time is considered more often a rare resource that needs to be used in a way to maximize its gain (Bunse 2000, 44). Consumers expect in this respect that their daily routine as shopping can be done efficiently and as less time consuming as possible. Hence, the stationary food retail market has on the one hand to adapt to the new customer needs (Reitbauer/Rizzo/Ziegler 2007, 27) and on the other hand has to keep the payment process as short as possible because of the enormous cost pressure (Schlautmann 2009, 12).

Today's customer demands, beside easy access to the shop, a fast environment in terms of orientation and swift handling (Auer/Koidl 1997, 222-223).

In order to reflect this point it is essential to provide an efficient and customer oriented checkout process in the checkout zone at the end of the shopping process (Reitbauer/Rizzo/Ziegler 2007, 23).

In the EHI cashier systems studies „Kassensysteme 2010" and „Kassensysteme 2012" which took surveys in Austria, Germany, Switzerland and selectively in other European countries 61 retailers where asked, if they could see a field where action is needed or any kind of improvement necessary.

The top three answers concerned the payment process, followed by the configuration of the payment zone and the queuing system (EHI 2010; EHI 2012a).

In a study that was prepared in September 2002 a total number of 255 customers was asked regarding quality characteristics in the stationary food retail sector.

The customers had to rate statements ranging from 1 „is absolutely unimportant to me" to 6 „is very important to me" (Ollinger 2008, 156).

A major quality characteristic was the factor of time. Among the top answers Ollinger found "a smooth and painless payment process" (average: 5,56), "fast opening of pay desks" (average: 5,54), "short waiting time and fast acting staff" (average:5,08) (Ollinger 2008, 174).

Because of the -until today - limited availability of literature about the whole checkout process an eight phases checkout process was defined that was based on the EHI findings and 1000 additional observations made in Austria, Germany and in the cities of Dubai, Kuala Lumpur, London and Singapore (Neuhauser/Salesny 2013, 6-8).

This process was initially designed for classic payment systems and self-checkout and therefore, needs to be adapted to implement the use of hand-scanner solutions.

These 8 phases can be described as following:

Proceeding to the pay desk

Phase 1 is the time in which the customer is in the terminal phase of commissioning and starts to proceed to the pay desk.

Choosing the pay desk

Phase 2 depends on the queuing system that the retailer has in place. This phase is void when a single-queue system is used.

In a multi-line queuing system, the customer has to decide which cashier desk to choose

Waiting time

Phase 3 is the duration where the customer is waiting for the start of the core process.

Putting the goods on the pay desk

In phase 4 the customer has - depending on the setup of the cashier desk - reached the zone in which the products are to be placed on the desk and prepared for the scanning process.

Scanning

Phase 5 starts with the registration of the products. This part can either be done by the cashier or the customer.

Packing

Phase 6 and 7 cannot be precisely distinguished because of differences in the applied processes and systems.

In addition, a customer can start packingscanned goods at a staffed cashier desk, while the scanning process has begun and stop this process in order to pay.

Payment process

In phase 7 the bought goods are paid in cash or using non-cash payment. Depending on the applied system, the payment can be made to the staff at the pay desk or to an automated payment system. Also a locally separated scanning and payment process is possible.

Leaving the checkout area

Phase 8 ends the checkout process by leaving the checkout area. This process may be extended, if the customer asks for special care e.g., delivery to the vehicle etc.

Studies of the EHI Retail Institute and the Institute for Retailing & Marketing at the Vienna University of Economics and Business, show that the payment process has a significant portion in the checkout process (Schnedlitz/Waidacher 1996, 9-17; Ollinger 2008, 174; EHI 2010; EHI 2012a).

Although cash payment in Austria is still dominant – approximately 80% of all transactions - customer are using debit cards and credit cards more often (EHI 2012b; Mooslechner et al. 2012, 67; Wörlen et al. 2012, 39).

Design/methodology/approach

Schnedlitz and Waidacher and the EHI Retail Institute prepared a study regarding this topic as early as 1995 (Schnedlitz/Waidacher 1996, 9-17;EuroHandelsinstitut 1995, 14).In order to be able to compare the measurements, the same definition for the duration of the payment process was applied, and the method of observation was chosen for the data collection. After a pre-test of 25 payments, 460 samples were taken from May 2nd, 2012 to August 8th, 2012 in shops located in Lower Austria and Vienna. Out of this total number of

samples, 402 valid measurements of cash payments, debit card payments with PIN authorization, credit card payments with signature authorization, NFC card payments and gift card with barcode payments could be timed with a chronograph.

The timespan from giving the amount reading on the invoice by the cashier to the time where the invoice was finally turned over to the customer was the defined duration that the payment process was based on. To estimate the payment process as exactly as possible all measurements were deleted where customers were distracted and busy with other activities but paying their invoices. A disproportionately high number of card payment samples were documented in order to calculate a correct average.

Results/Findings

Out of 402 payments, the average time consumed per payment was 19 seconds, where the longest payment took 76 seconds and the shortest payment consumed only 7 seconds.

The average time of a debitcard payment lasted 20 seconds - 33 seconds for the longest and only 12 seconds for the shortest payment.

The longest time was consumed by credit card payments with an average of 25 seconds per payment.

It needs to be taken into account, that credit card payments in Austria are usually authorized by signing the invoice and not through PIN authorization.

The collected data contains only such credit card payments that were authorized by signature.

The results oscillate between 22 and 45 seconds.

Clearly the fastest were customers paying with gift cards with barcode.

The gift card, which has a bar code, is scanned and the total amount of the payment is automatically subtracted from the credit balance.

The average payment lasted only 7 seconds and oscillated only between 5 and 10 seconds.

Payments made by cards with NFC function lasted 15 seconds in average and oscillated between 12 to 20 seconds.
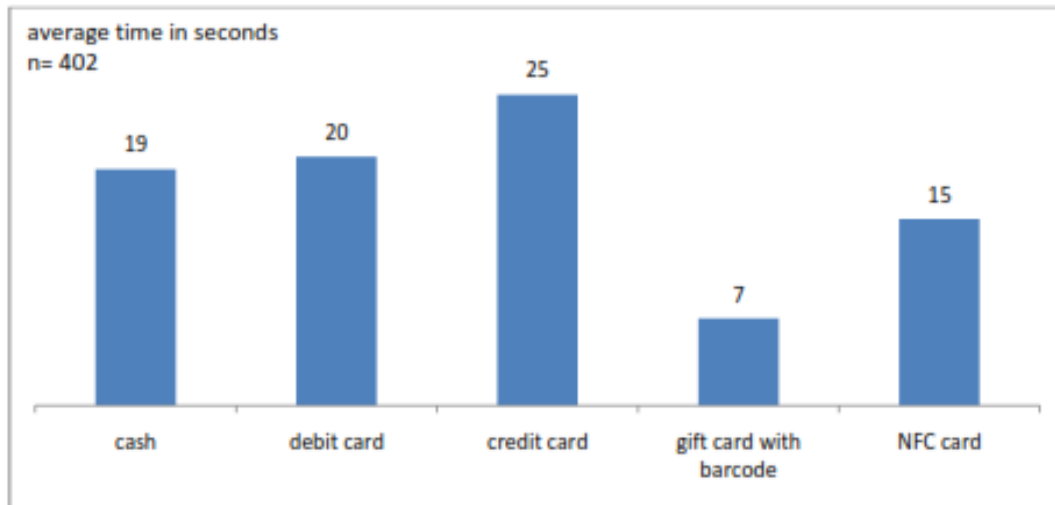
Figure2: Duration of the payment process in seconds (Neuhauser/Salesny 2013, 100)

Taking a closer look at the Schnedlitz and Waidacher study and the currently presented study it is shown that the average time only differs slightly ranging from 20 to 19 seconds for the cash payment and 26 to 25 seconds for credit card payment.

Compared to this, the duration of cash payment takes 23 seconds in the EHI study (Schnedlitz/Waidacher 1996, 9-17; Neuhauser/Salesny 2013, 100; Euro Handelsinstitut 1995, 14).
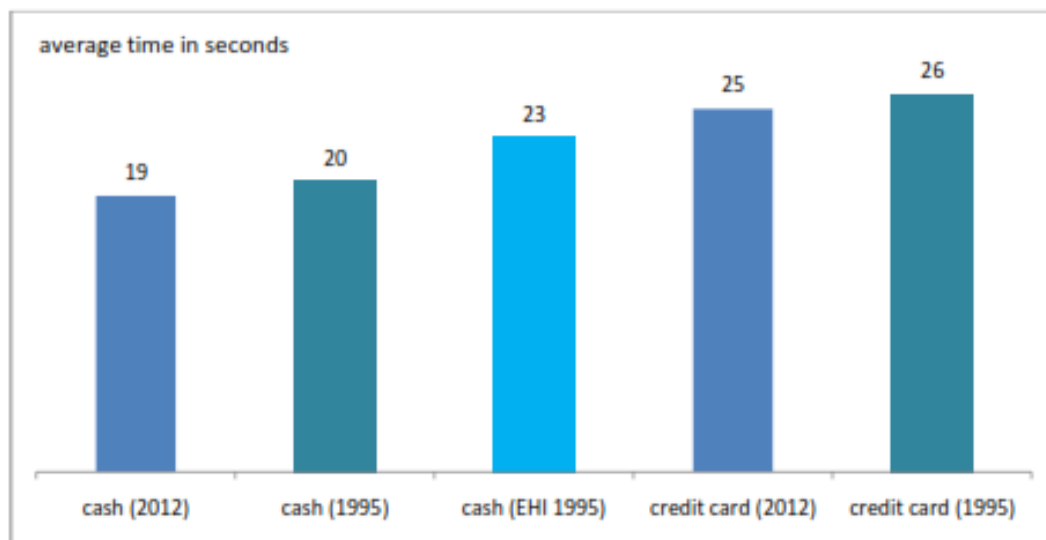
Figure3: Average duration in seconds of the payment process - comparison 1995 / 2012(Schnedlitz/Waidacher 1996, 9-17; Neuhauser/Salesny 2013, 101; EuroHandelsinstitut 1995, 14).

Summary and Limitation

In contrast to older studies, the current survey was enhanced by adding NFC-technology and gift cards with bar codes.

The results show that the modernization of cashier systems had no remarkable time saving affect.

Only the utilization of NFC-technology and gift cards with bar codes has the necessary power to speed up the payment process.

The study was prepared at a time where the NFC-payment function was right at the beginning of its introduction in the Austrian retail market and the collection of data was very limited.

This study only factors in the length of the payment.

It does not show what effect the chosen means of payment have overall on the checkout process.

This leads to the necessity for future studies to expand its focus and to look closer at sub processes ranging from packing the goods to leaving the checkout area in order to measure the impact of such actions on the 8 phases checkout process.

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Prevention of stock loss in a hypermarket from an instore logistics point of view

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Prevention of stock loss in a hypermarket from an instore logistics point of view

Purpose: Shrinkage and shrinkage risk prevention are major issues in grocery retailing. This project examines the sources of shrinkage in a hypermarket setting and suggests through FMEA strategies in order to prevent stock loss by focusing on improving instore logistics processes.

Design/methodology/approach: The conceptual frame of reference is the result of a thorough literature analysis. This was followed by an empirical examination of the individual instore business processes by observations and qualitative interviews. With FMEA, brainwriting with clustering and scoring method, we identified together with the involved employees certain problem areas causing shrinkage. Furthermore, counter strategies were developed.

Findings: The size and complexity of the storage area was identified as a major cause of shrinkage in the particular hypermarket. Storage sections were not visually assigned as there was optical recognition lacking. Employees have difficulties to reach the merchandise due to high placing or blockage. Inventory levels are difficult to identify as merchandise is stored across the whole area. Improvement suggestions refer to the implementation of lettering on bottom, ensuring undisturbed forklift operations, flexible labels on pallets, ceiling and walls, easy identification on merchandise and clear instructions. Furthermore regular kaizen is suggested.

Research limitations/implications: Our research is based on a single case study and focuses on one potential shrinkage cause.

Practical implications: Store employees and store management developed in workshops solutions on how to resolve the shrinkage problems in the storage area in the particular hypermarket.

What is original/value of paper: This project looks at different shrinkage factors in one specific retail outlet setting.

Keywords: Shrinkage, instore logistics, FMEA, brainwriting.

Article Classification: Research paper

S2: Retail Strategy; Retail logistics and SCM

Room and day: GW2 – B2890, September 27th

Chair: Verena Harrauer

Supply Chain Management in Retail Logistics on international markets: From Russia to Germany

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Supply Chain Management in Retail Logistics on international markets: From Russia to Germany

Abstract: Retail Logistics is a more fragile process, the formation of which in foreign markets is hindered many difficulties related primarily to the *risk components*. Gross increase of export – import deliveries can be settled of stages of international market distribution channels formation even in conditions of unstable foreign economic situation. However management of logistic and regional importers' resources in accordance with actual market needs offers a new interesting task: methods of development and improvement of retail logistics activities in mentioned conditions reveal topicality and practical use of research.

Description of the Tasks and Definitions

At present companies more often work with suppliers and customers from different parts of the world. Products which they design and produce are delivered worldwide. As a result SCM assumes increasing significance for the world community, at the same time competitive fighting is carried out not between companies but *global supply chains*, means *networks*. However with the globalization corporate planning turned out to be under strengthen influence of distribution networks, in the focus of attention of which are not occurred a product but *customers' value*. *Retail Logistics* is a more fragile process, the formation of which in foreign markets is hindered many difficulties related primarily to the risk component. At the same time it is quite a profitable business all participants in the supply chain at the least among of them.

The main methods for scientific and practical problems' solutions in sales and retail logistics should include methods of system analysis and methods of operations research. The use of these methods creates integrated management and monitoring system to check their movement, develops systems of logistic services, optimizes resources and completes a quantity of other tasks including product distribution as well. Various modeling techniques are widely used in logistics, i.e. the study of logistic systems and processes by constructing and studying their models.

A systems perspective is valuable for the effective company's operations. For example, a systems perspective supports improved insight into 3 variable components

(flows):*goods(material)+ information+ finance (cash flow)*. Definition of the role of each component and share in the sales activity will show a degree of cooperation and interplay between partners in the distributions networks from a system perspective (see Figure 1).
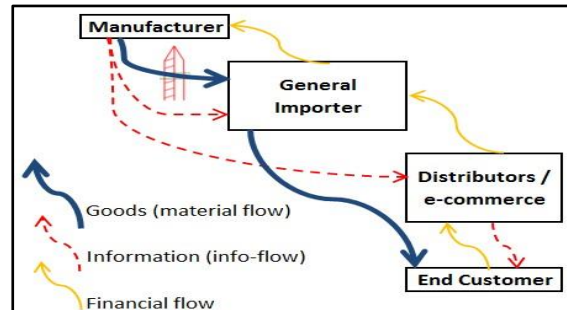
Fig. 1. Example of the interaction by flows planning from a system perspective: drop-shipping schema by international expansion

Management of logistic and regional importers' resources from the viewpoint of main processes like flows (material+ information+ finance) in accordance with actual market needs offers a new interesting task to find methods of development improvement of integrated logistic from a system perspective. It can be proved that it is possible to describe by flows planning any distribution system.

The actual market needs can be determined through tasks of sales activity, which also cross with flows planning concept [3]:

-Customization;

-Rationalization: choice of rational distribution channels of goods with a focus on maintaining and expanding markets;

-Minimization of the total cost of goods in the economic cycle, including the costs of trade and consumer services [4].

On the other hand the importance of globalization will have in the coming years a decisive influence on economic activity, but not only in logistics. Against the background of newly developing "trends", such as sustainability, increasing scarcity of resources, the companies have also new challenges that have to deal with convincing strategies and innovative concepts (see Figure 2). Especially at the global level, where it is possible to evaluate each of the "trends" separately (in frame of decentralized control systems) and combine into centralized

[4]. Consideration of logistics systems in terms of value by decentralized control systems and developing „trends" move to centralize management of the global networks.
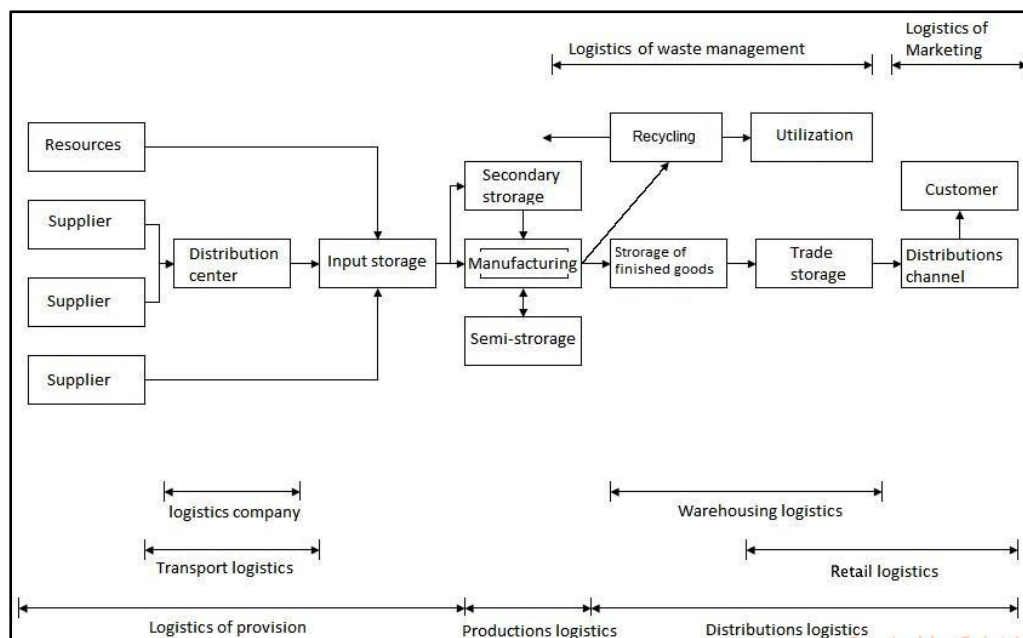
Fig. 2. Extension of logistics concepts within the company and interaction with related operating elements [5]

Affecting risk components in the distribution of retail logistics is it difficult not to consider other components such as sustainability in business development and marginality. Indeed, if to define any business process than the existence of such a processes will be predetermined by his marginality. Often other parameters are derived from consideration, then their relationship can give a more detailed scenario of the system.

Thus, by turning all three parameters in one system: the risk components, business sustainability and marginality–could be settled the cur- rent state of development of retail and identified desired processes. If to highlight certain coefficients for each of the parameters by the businesses could be found appropriate scenarios (see Figure 3): how grow the risk components while reducing sustainability of the process and in- creasing the "hunt" for marginality?
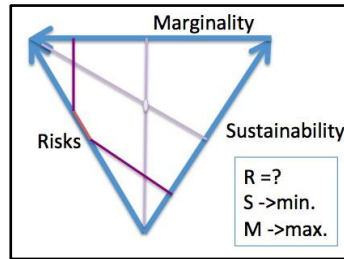
Fig. 3. Correllation of S-R-M processes (Sustainability – Risks – Marginality)

Supply Chain Management as an Instrument of Retail Logistics

The company's decision of expansion on the new market can be based on principally new logistic ways, where the allocation of the corporate distributional center will add to the company's marginal profit through customers' consolidated costs and ensure accurate delivery in accordance with the market needs.

An international distribution structure would be possible on the basis of logistics solutions as additional options for indirect distribution on the market through to opening own distributional channel in the new segment and, therefore, legitimate and legal steps to establish a distributional center [6]. For a successful market entry functioning and efficient logistics is essential. Although planning and control of logistics activities usually are made with the commercial companies themselves, implementation of logistics will be done by service providers themselves. Here it can be stated that many companies have built and expanded their core competence characteristics in the frame of global supply networks integrations, like a flexibility, quality and service increase etc. (see Figure 4).
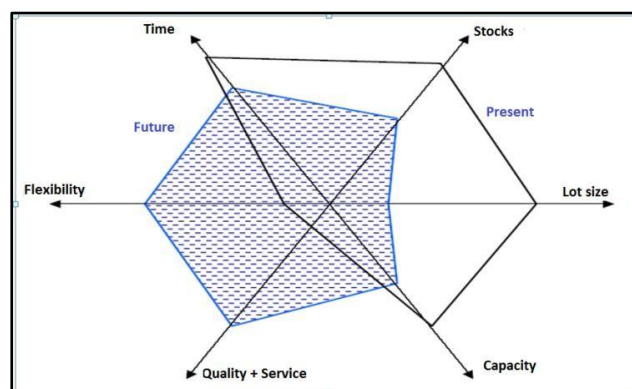
Fig. 4. Extension of the core competencies characteristics [5]

This has led to the spread of the outsourcing concept, i.e. the involvement of external organizations, to realize the work of the client to be used as core competencies. Modern production and logistics concepts are characterized by innovation (innovative technologies), self-organization (organizational structures with sufficient dynamics), competence (development of activities with which the company is most competitive), virtuality, and interaction (participation in defined network structures, supply chains, virtual company, the widespread use of Internet technologies) [7].In practice, however, there are systems that combine elements of supply chains and virtual enterprises-global supply networks.

And here comes the question, how to consider the idea of cooperation at the new level, retaining existing intercountrybarriers and restrictions. In this case, in addition to reducing cost (minimization), customization and rationalization of logistic routes we are faced with another parameter– *the risks* of a new market penetration (or *unstable foreign economic situation*), which reduction should form the basis of the newly organized structure. Classics models of export oriented companies may be described with the followed schemes (see Figure 5).
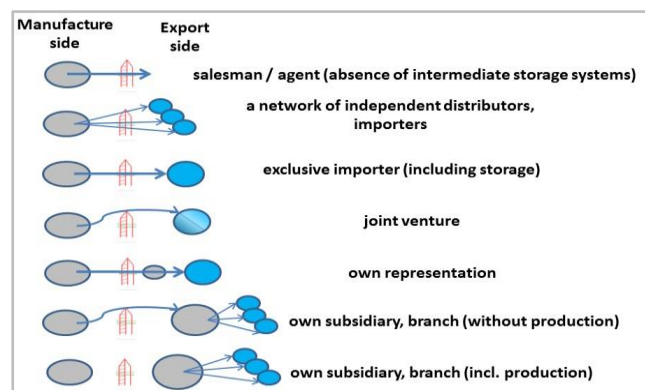
Fig. 5. Classics models of export steps

In this case, the new model should be to minimize the risk, with emphasis on the risks to goods and finance, by providing a new market all the original components remain unchanged. In this context cooperative creation of such a structure would be most effective (see Figure 6).
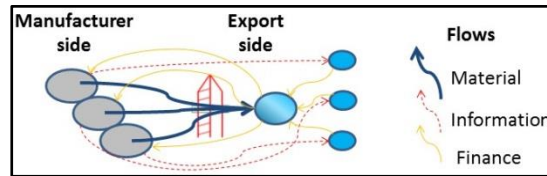
Fig. 6. Market oriented model of logistics system in flows planning

Conclusion

The cooperating partners also in international retail system adopt and pursue common goals, which they realize through a mutual integration of their logistic resources. Cooperation objectives can be broadly responsive to two fields. On the one hand it includes the objectives, which relate to the individual companies, such as cost reductions, time savings, quality and flexibility improvements. On the other hand, it includes those objectives which are across companies identified as improving the competitive position and the ability to innovate and minimize the risks. Of particular importance, especially considering the shortage of information is the access to strategic innovations and information flows.

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Weather effect on apparel sales in France

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Weather effect on apparel sales in France

Purpose: We show how an apparel retailer can protect himself against weather anomalies which affect his sales.

Design methodology: Through a statistical model, we show how temperature levels and sales of apparel are linked. The model applies to France in 22 regions, into seven apparel categories, and several distribution channels.

Findings: The impact of extreme weather can be monitored and corrective managerial measures can be taken. The model presented can be extended to other industries and countries for which relevant weather data exist.

Research limitations/implications The research is still limited in that both long history of cu-rated weather and corresponding sales per region and channel are required for the statistical model to be applicable.

Practical implications: The model and its application can be used by any industry or firm subject to weather related sales variance. In particular, an example of hedging using insurance contract is presented.

Originality value: The practical use of the managerial method presented can be applied to any case. No other research involved in both determining the correlation between the weather and sales and offering practical ways of mitigating its effect is currently available.

Keywords: Supply chain management, weather risk management, apparel distribution, statistical model.

Article Classification: Research paper

Abstract

In 2013, apparel suffered weak sales for the sixth consecutive year. Even if the economic conditions were not favorable, trade professionals feel that the weather played a significant role. The impact of weather on retail sales in general is not well known yet weather forecasters have been recording with increased frequency anomalous weather events since the beginning of the century. In this paper we show how to enable analysts to evaluate the cost of a temperature variation to a firm. We present a statistical method to separate the weather effect from the market evolution of apparel sales.

1. Introduction

Weather is a powerful force affecting the economy. Abnormal weather conditions can shift the timing of purchases or result in a total loss of demand. Weather is a risk factor for business and government.

For the whole of Europe, quarterly temperature variability between the last five years versus the last ten years increased on average by 12%, with Q4 showing the highest rise of 22% (Créhalet et al., 2013). As temperatures are gradually rising, the recent severe winters in Europe in 2009, 2010 and 2012 along with the cold spring of 2013 are there to confirm that the shift towards a new climate identified by the Intergovernmental Panel on Climate Change (IPCC) scientists may take the form of a weather rollercoaster of extremes rather than a smooth and linear increase in mean temperatures.

As a result, there is a need for clothing retail managers and other managers operating in weather-sensitive sectors to understand to what extent their business is exposed to weather risks and to explore plausible risk-mitigating operating and operational strategies.

The purpose of our study is to provide academics and practitioners with a new methodology to analyze the relationship between weather and sales and to explore ways to reduce or hedge the consequences of adverse weather conditions. We assume that business managers can execute

plans as long as weather conditions are "normal" which means that temperatures and precipitations are in line with seasonal averages. Potential gains and losses may arise when weather unexpectedly deviates from normal conditions. Because they are unexpected, weather anomalies have the potential to change sales volumes and alter the financial performance of a company. We study the correlations between sales and temperature time series and different hedging alternatives to reduce the exposure to weather risks and calculate the cost of relevant weather derivatives based on burn analysis adjusted for historical volatility.

Section 2 describes data and methodology and section 3 details model selection. section 4 discusses results and managerial implications.

2. Data and methods

2.1. Data

The analysis of this relationship relies on choosing the most representative set of economic output, relevant weather data, and appropriate quantitative techniques. The objective is to prove the existence of a statistically significant relationship and establish the weather-sensitivity relationship in the case of textile and clothing.

2.1.1 Time series from the Institut FranÃğais de la Mode

The data chosen was provided by the Institut Français de la Mode (IFM) on a regional basis and for distinct apparel categories and distribution channels (see Table 1).

2.1.2 Weather data

In 2002, Météo France and Powernext developed a range of national temperature in- dices (NextWeather), initially aimed at the financial community to serve as a base for derivative instruments. They constructed the temperature index to fit the geographi- cal distribution of economic activity. Météo France selected 22 representative weather stations (Figure 1) and weighted daily data from each station by the population in each region to construct national temperature indices (Bertrand, 2010).

Table 1: Apparel categories and distribution channels as used by the Institut FranÃğais de la Mode

Category	Product	Distribution Channels
Women	Ready-To-Wear	Independent Stores
	Small Garments	Department Stores
	Underwear	Mass Merchant, Factory Outlets
Men	Ready-To-Wear	Online
	Small Garments	Hypermarkets
	Underwear	Large Distribution Chains
Children	Children's Clothes	Specialty Chain Stores
		Multi-Brand Independent Stores

Town	Region	National population portion (%)
Strasbourg-Entzheim	Alsace	2.96
Bordeaux-Merignac	Aquitaine	5.04
Clermont-Ferrand	Auvergne	2.2
Dijon-Longvic	Bourgogne	2.69
Rennes-St Jacques	Bretagne	5.01
Orleans	Centre	4.13
Reims-Courcy	Champagne-Ardenne	2.22
Ajaccio	Corse	0.47
Besancon	Franche-Comté	1.89
Paris-Montsouris	Ile-de-France	18.77
Montpellier	Languedoc-Roussillon	4.05
Limoges-Bellegarde	Limousin	1.2
Nancy-Essey	Lorraine	3.86
Toulouse-Blagnac	Midi-Pyrénées	4.46
Lille-Lesquin	Nord-pas-de-calais	6.65
Caen-Carpiquet	Basse-Normandie	2.39
Rouen-Boos	Haute-Normandie	2.98
Nantes-Bouguenais	Pays de la Loire	5.58
Abbeville	Picardie	3.12
Poitiers-Biard	Poitou-Charentes	2.8
Marignane	Provence-Alpes-Côte-d'Azur	7.79
Lyon-Bron	Rhône-Alpes	9.75
Total		100

Figure 1: Regions of France and share of total population

We applied the methodology developed by Météo France to build our set of weather data. We used certified temperature and precipitation data from the National Oceanic and Atmospheric Administration (NOAA). To facilitate the replication of our work, it is important to detail the calculation process using one example. For each month m of year y, we calculated the national temperature index $T_{m,y}$ as follows:

$$T_{m,y} = \sum_{s=1}^{22} \sum_{d=1}^{l_m} \frac{1}{l_m} \frac{p_v}{p_{total}} \cdot t_{d,s,m}, \tag{1}$$

where $t_{d,v,m}$ is the average temperature of day d of year y in the weather station s of the 22 representative cities, l_m is the number of days within the month m, p_v the regional population and finally p_{total} the total population for all regions. Since we defined weather sensitivity as the exposure to weather anomalies, we calculated weather anomalies as the difference between the observed value and its "normal" value.

$$T'_{m,y} = T_{m,y} - \frac{1}{30} \sum_{y=1983}^{2012} T_{m,y} \qquad (2)$$

3   Model selection

3.1   Times series: stationarity and lags

There are several precise statistical tests on stationarity, of which the Dickey–Fuller one (Greene, 2011). This test applied to our data confirmed our assumption that all series are stationary. To test whether textile sales anomalies can be explained by temperature anomalies, we built the following linear models:

$$\alpha_{m,y} = \alpha + \beta T'_{m,y} + \epsilon, \qquad (3)$$

Where $\alpha_{m,y}$ is the apparel sales anomaly of month m and year y, T'_{my} the national temperature index anomaly, ϵ a random variable following a normalized and centered distribution, and α and β the coefficients which we need to estimate. The textile industry is season-driven so we assumed that the sensitivity to weather for each month does not change within the same season. We therefore tested each model, for each of the four seasons (39 observations since January 1990) to build each model. The models use the unexpected change in sales volumes which may be explained by unexpected changes in weather conditions as represented by temperatures. For each model, we tested the significance and the strength of the linear regression.

4 Managerial implications

The present study is the first research work which analyzes the impact of temperature anomalies on sales in the entire apparel sector at regional level for a whole country. We calculate the sensitivity to weather of each product category, for each distribution channel, for men, women

and children. As a result, we show how to remove the impact of weather on the historical apparel sector performance to display the true organic performance. We show how to specifically identify periods of the year which exhibit the highest exposure to changes in weather conditions. And finally, we provide "sales at risk" results thanks to a deep weather database to determine the average and the maximum potential losses which can be caused by extreme weather conditions by product category, by distribution channel. The fact that weather has an impact on apparel sales is not new to retailers. For the first time however, our findings formalize the relationship between weather and apparel sales and provide retailers with invaluable information about their performance excluding weather effect and about their exposure to weather. Such modeling also allows for risk management instruments such as weather derivatives or weather insurance to be implemented to protect retailers from losses caused by unfavorable weather.

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Full papers

T2: Shopper Behaviour

Room and day: GW2 – B2880, September 25th

Chair: Rudi Meijer

On differences between recommendation agent expressive and intelligible voices: what is the impact on social presence, trust and consumers intentions?

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On differences between recommendation agent expressive and intelligible voices: what is the impact on social presence, trust and consumers intentions?

Abstract:

Purpose: This paper aims to demonstrate the influence that recommendation agent type voice may have on consumers' reactions. Through experimentation, we compare the effects of human and synthetic voice on perceived social presence, recommendation agent trust, website trust and behavioral intentions.

Design/methodology/approach: 589 participants were recruited from a panel of internet users. They were randomly allocated to surf on a website with one of the two recommendation agent's voice type. After two minutes of exposition, they completed an online questionnaire.

Findings: The findings suggest that the human voice is likely to provide a higher level of social presence and recommendation agent trust. The structural equation model shows that social presence has a positive effect both on recommendation agent trust and behavioral intentions. In turn, recommendation agent trust influences website trust and behavioral intentions. Finally, results show that website trust positively impacts behavioral intentions.

Practical implications: The results of this paper extend knowledge of how to design a recommendation agent online. It offers implementation guidance to engage positive intentions.

Originality/value: This paper addresses two main issues. The first concern the impact of recommendation agent's type of voice and the second is related to the effect of recommendation agent trust on website trust and behavioural intentions

Keywords: recommendation agent, human vs. synthetic voice, social presence, trust

Article Classification: Research paper

Introduction

Recommendation agents are designed to help and guide consumers during their online experience. They are defined ‑as general graphic representations that are personified by means of computer technology‖(Holzwarth et al., 2006). Most research on recommendation agents has demonstrated that their presence makes for a more intimate experience, humanizes the interaction between the consumer and the site, simulates a social presence on the recommendation interfaces and enhances trust (Holzwarth et al., 2006; Keeling et al., 2010; Kohler et al., 2011; Qiu and Benbasat, 2009; Wang et al., 2007).

However, aside from the positive impact a recommendation agent's presence may have on the interaction, the most important aspect is the way in which recommendation agent's they are designed to interact with the consumer. This addresses the issue of recommendation agent anthropomorphism. Anthropomorphism is ‑the tendency to attribute human characteristics to inanimate objects, animals and others with a view to helping us rationalize their actions‖ (Duffy, 2003). Burgoon, Bonito, Bengtsson, & Cederberg (2000) says that agents can be designed in a more or less anthropomorphic way, giving them human characteristics such as voice, facial expressions and human gestures. Indeed, research on social response theory showed consumers react to a computer with different voices as if they were talking with different people. Similarly, when speaking with different computers using the same voice, customers reacted as if they were still speaking with the same person (Steuer & Nass, 1993).

Thus, this study aims to understand how the type of voice (expressive versus intelligible) of the recommendation agent could influence the perceived social presence, recommendation agent trust, website trust and behavioral intentions. First, this study focuses on the importance of recommendation agents' design. It then discusses perceived social presence, trust and intentions and considers how these factors could be influenced by the voice type (expressive versus intelligible) of the recommendation agent. After presenting the research design, the analysis is presented. Finally, results are then presented and discussed.

Literature Review

With the advent of the internet, managers and researchers have begun to pay special attention to the design of the websites atmosphere. In order to provide consumers with an enjoyable online experience, it is necessary to improve the websites atmosphere by including social factors. Thus, to address the lack of human warmth and sociability often felt when interacting in online environments (Holzwarth et al., 2006), managers and site designers are increasingly trying to provide web interfaces with different attributes that enhance the social presence on a site, such as the addition of music, chat and recommendation agents (Holzwarth et al., 2006; Lee et al., 2006; Wang et al., 2007).

Indeed, research has shown that the presence of a recommendation agent simulates a social presence on the internet, humanizes the interaction between the consumer and the site, and makes the interaction more personal (Holzwarth et al., 2006; Kohler et al., 2011; Qiu and Benbasat, 2009; Wang et al., 2007). Moreover, it has been shown that recommendation agent enhances trust (Keeling et al., 2010) and perceived enjoyment and pleasure (Qiu & Benbasat, 2009; Wang et al., 2007). Furthermore, researchers have continued studying the effect of a recommendation agent's anthropomorphism like gesture, voice and facial expressions on consumers reactions (Cowell and Stanney, 2005; Gulz and Haake, 2006; Nowak and Rauh, 2008).

In this study, we focus specifically on the effect of the voice type: expressive versus intelligible voice of a recommendation agent on an insurance website providing recommendations.

Text-to-speech voice or artificial synthetic voice production requires the use of algorithms and softwares called synthesizers. Nowadays, synthesizers succeed to produce highly intelligible voice that remains, however, far from the natural expressive human voice. Indeed, research mainly focuses on the voice effects on impaired users (Loiacono et al., 2013; Grichkovtsova et al., 2012; Wongkia et al., 2012).

D'Alessandro (2001, 2006) shows that text-to-speech voice should not only be intelligible but also expressive and emotional. Therefore, researchers and developers have spent countless hours in an effort to optimize the voice humanlikeness and prosodic qualities.

Previous research on Human-Computer Interaction showed the importance of the recommendation agent voice on user reactions such as social presence and trust, and its ability to reinforce positive reactions in relation to the credibility, the attractiveness, the positive intentions and the perceived personality of the system (Evans & Kortum 2010; Lee & Nass, 2003; Qiu & Benbasat, 2005; Stern, Mullennix, & Yaroslavsky, 2006; Edlund, Gustafson, Heldner & Hjalmarsson, 2008). Stern et al. (1999) showed that a human voice is perceived as more persuasive than a synthetic voice.

According to these results, we expect that, in contrast to using intelligible voice, the expressive voice will create a more positive user response in terms of perceived social presence, recommendation agent trust and website trust.

H 1a: Consumers' evaluation of social presence on website is higher with expressive voice than intelligible voice.

H 1b: Consumers' trust in the recommendation agent is higher with expressive voice than intelligible voice.

H 1c: Consumers' trust in the website is higher with expressive voice than intelligible voice.

In terms of social presence, we assume that it influences positively and directly trust in recommendation agent and behavioral intentions (and Banbasat Qiu, 2009).

H 2: Social presence perception will directly and positively influences trust in recommendation agent

H 3: Positive social presence perception will lead to more positive intentions

While much research has explored the impact of recommendation agent's presence on consumers' trust (Keeling et al., 2010), only some research has focused on the consumers' trust in the recommendation agent (Qiu and Benbasat, 2005; Wang and Benbasat, 2005, 2008).

Thus, we can logically conclude that the consumer's website trust could depend on the presence of the recommendation agent on the website. Indeed, if trusting the website could somehow rely on the presence of the recommendation agent, one must first trust the recommendation agent. It contributes to the consumer website trust and engages more positive intentions.

H 4: Trust in recommendation agents will directly and positively influences trust in the website

H 5: Trust in recommendation agents will directly and positively influences behavioral intentions

H 6: Trust in the website will directly and positively influences behavioral intentions

Research Design: Sample, Procedure and Measures

The recommendation agent used in the experiment was a recommender system for insurance products. It was designed according to two experimental conditions of our study: the human voice and the synthetic voice[6].

Participants were recruited from a panel of internet users. They were invited to surf existing insurance website with a spoken recommendation agent (figure 1) and simulate information searching. They were randomly allocated to surf on a website with one of the two recommendation agent's voice type. After two minutes of exposition on the website to ensure that all of the respondents used the recommendation agent, they completed an online questionnaire. All the participants were asked to provide the name of the recommendation agent, while we only kept the responses of those who answered correctly. This question allowed us to verify whether or not each participant actually heard the agent. The sample consisted of 540 participants. 270 of them were exposed to the human voice version of the recommendation agent and 270 were exposed to the intelligible voice version. The average age of respondents was 42 years (SD=9,87) with equal proportions of women and men. Given the nature of the website, all of them were employed. The average income was €2500 per month. In order to avoid potential biases, the proportionality of each group was respected.

All of the scales were based on existing literature. Social presence was measured using Qiu and Benbasat (2009) seven point scale (1= disagree completely, 7 agree completely). Recommendation agent trust was based on Qiu and Benbasat (2009) measure instrument and website trust was measured using Keeling, McGoldrick, and Beatty (2010) scale. Scales were

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[6] Authors thank Davi Interactive and GMF, the companies which provide them with the website and the two experimental conditions of the virtual agent. The companies use the synthesizer Elan Sayso for their virtual recommendation agent. This is a synthesizer that offers expressive synthetized voice that is very similar to human recorded voice.

also rated on a 7 point Likert scales. Three items scales measuring intentions were used (Keeling, McGoldrick, and Beatty, 2010).

Reliability was good and uni-dimensionality was confirmed for each: social presence[7] (α=0,936; 83,865% of the variance), recommendation agent trust (α=0,955; 71,246% of the variance) and website trust (α=0,911; 74,025% of the variance).

Analyses and Results

To test the first three hypotheses (H1a, H1b, H1c) for the impact of voice type on perceived social presence, recommendation agent trust and website trust, data was analyzed using several univariate ANOVAs. We performed a series of analyses of variance with the voice type as the main independent variable.

Significant effects of voice type were seen for perceived social presence ($F(1, 587) = 23,281$; $p = .000$). The expressive voice condition created the highest levels of perceived social presence (M = 0,179), followed by the intelligible voice condition (M = -0,212)[8]. Thus, H1b was supported. Voice type had a significant main effect on recommendation agent trust ($F(1, 581) = 5,635$; $p = .018$). The expressive voice generated the most positive perceived social presence (M = 0,089), followed by the intelligible voice. (M= -0,105). Therefore, H1b was again supported. Voice type had no significant effect on website trust, thus, H1c was not supported.

In order to examine the effects of perceived social presence, recommendation agent trust and website trust on behavioral intentions, we used AMOS to perform a structural equation model.

Structural equation analysis was performed to test H2, H3, H4, H5, H6.

First, we examined the measurement model using a confirmatory factor analysis. Indeed, before estimating the structural model relationships, we should observe the factor loadings and convergent validity, reliability and discriminant validity of each construct. As shown in appendix 2, all the path coefficients from the latent variable to observed variables are statistically significant, suggesting convergent validity. The discriminant validity is assessed when the average variance extracted (AVE) for each factor should be

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[7] The item ─I felt a sense of personalness in the agent‖ was removed from the scale of social presence because it has an extremely low factor loading.

[8] As factor scores were used for analysis, items could have negative factor loading and thus negative means are expectable (for more details see DiStefano, Zhu and Mîndrilă (2009).

higher than the squared pairwise correlations between factors (Fornell and Larcker 1981) (appendix 3). Moreover, Kline (1998) suggests that all correlations values were between 0.1 and 0.85 in order to support discriminant validity[9].

Moreover, goodness of fit indices were highly acceptable (χ^2 (df)= 3.380 ; GFI=0.898 ; CFI=0.957 ; TLI=0.951 and RMSEA=0.064).

Moreover, goodness of fit indices were highly acceptable (χ^2 (df)=3.380 , GFI=0.898, CFI=0.957 , TLI=0.951 , and RMSEA=0.064).

The results of the hypotheses test are presented in figure 3.

All the proposed relationships in the model were statistically significant (p<0,01). Perceived social presence has positive effects on trust in recommendation agent (β=0.504, t=15.820, p=0.000) and on behavioral intentions (β=0.177, t=5.022, p=0.000).
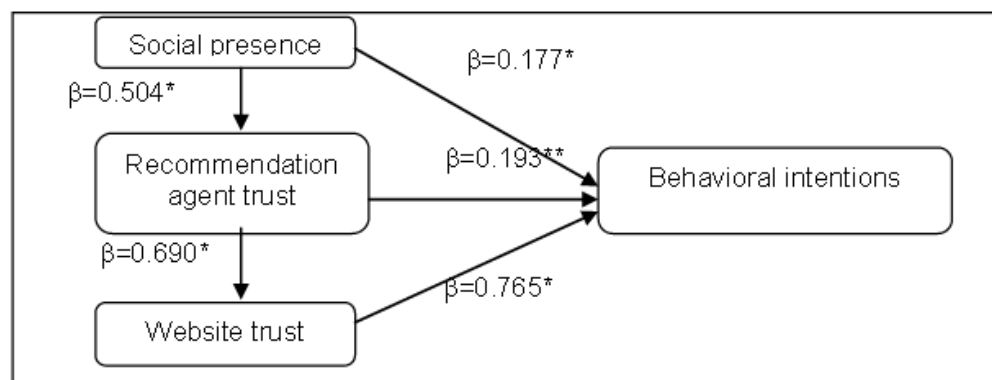
Figure 1 : Les relations du modèle structurel   *p<0.000 ; **p<0.1

Moreover, the results of AMOS analysis indicates that trust in recommendation agent has a positive influence on website trust in one hand (β=0.690, t=18.127, p=0.000), and on behavioral intentions on the other hand (β=0.193, t=2.674, p=0.007). Finally, the impact of the website trust on behavioral intentions was supported (β=0.765, t=9.139, p=0.000).

Discussion and Implications

As the usage of embodied recommendation agents increases, it is interesting to understand the effect of their type of voice on perceived social presence, recommendation agent trust, website trust and behavioral intentions. The main findings suggest that both expressive and

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[9] Discriminant validity between intention and web site trust was assessed according to Kline (1998) condition.

intelligible voice are effective in creating a warm social presence and enhancing recommendation agent trust. The impact was, however, greater with expressive voice (M=0,179 and 0,089) than with intelligible voice (M = -0,212 and -0,105).

In contrast, the voice type had no significant effect on website trust. Some research has shown that the presence of recommendation agent's on website enhances the website's trust (Keeling et al., 2010; Qiu and Benbasat, 2005; Wang and Benbasat, 2005, 2008) but, in our knowledge, no research has focused on the effect of the recommendation agent voice type on the website trust. One possibility to explain this results is that the website trust could be influenced, not only by the presence of the recommendation agent and somehow its voice, but also by many other factors' present, such as website atmosphere, consumer community forum, quality labels.

AMOS results show that all the relationships are significant. Higher social presence perception enhances the recommendation agent trust and engages in more behavioral intentions. As hypothesized, the higher the recommendation agent trust, the more web site trust and intention increases. There was also a positive relationship between the website trust and behavioral intentions. These results support previous research that demonstrated the importance of social factors on the internet and, especially the higher effect of recommendation agent presence on perceived social presence, trust and intentions (Holzwarth, Janiszewski, & Neumann, 2006; Keeling, McGoldrick, & Beatty, 2010; Kohler, Rohm, Ruyter, & Wetzels, 2011; Qiu & Benbasat, 2009; Wang et al., 2007).

Moreover, the findings of the experiment reinforce the importance of taking the recommendation agent type of voice

(expressive versus intelligible) into account when trying to design a recommendation agent.

From a managerial point of view, these results have several implications and offer implementation guidance to web designers and developers.

Managers and practionners seeking to engage positive intentions through social presence and trust must think of the best way to design their recommendation agent. Indeed, recommendation agents appear on websites as an online brand ambassador. It promotes and conveys its image and must be designed pursuant to a company's values and consumer expectations. It should inspire confidence and positive perceptions.

However, our findings have also some limitations in areas where future research could be useful. First, this study investigated the impact of voice type on social presence, trust and intentions. It did not consider other characteristics of the recommendation agent, such as facial expressions, gesture, and appearance. So, future research could test the combined effects of these characteristics on consumer reactions.

In conclusion, the recommendation agent voice type is necessary to understand perceived social presence and recommendation agent trust. Based on our study, it is recommended that Website designers take into account the type of voice when designing recommendation agents.

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Appendices

Appendix 1

Screen shot of the recommendation agent

Appendix 2

Measures	Estimate	t-value	SMC	Reliability
SP* 1	0.906		0.821	0,980
SP*2	0.888	32.920	0.788	
SP*3	0.827	28.085	0.683	
SP*4	0.925	36.310	0.856	
WT**1	0.868		0.753	0,914
WT**2	0.758	22.479	0.574	
WT**3	0.818	25.541	0.669	
WT**4	0.914	31.365	0.834	
WT**5	0.754	22.329	0.569	
I****1	0.889		0.064	0,684
I****2	0.729	19.159	0.531	
I****3	0.253	5.858	0.790	
RA T***1	0.743		0.553	0,958
RA T***2	0.812	20.549	0.659	
RA T***3	0.856	21.831	0.733	
RA T***4	0.848	21.591	0.720	
RA T*** 5	0.842	21.417	0.710	
RA T***6	0.839	21.339	0.704	
RA T***7	0.816	20.671	0.666	
RA T***8	0.848	21.590	0.719	
RA T***9	0.809	20.484	0.655	
RAT***10	0.821	20.808	0.674	

Note: For behavioral intentions measured by three items scales, CFA is acceptable (Garson, 2007). Thus for the item
-intention 1‖, the SMC is very low. Moreover, reliability and AVE are respectively nearby 0.7 and 0.5.

Appendix 3

	AVE	SP*	RA T***	WT**
SP*	0,786			
RA T***	0,678	,626		
WT**	0,679	,541	,824	
I****	0,470	,618	,774	,829

SP*: Social presence; WT**: Website trust; RA T***: Recommendation agent trust; I****: Intentions

Note : The values presented in the table are pairwise correlations and not squared pairwise correlations

T3: Multichannel; Retail Marketing

Room and day: GW2 – B2880, September 25th

Chair: Xavier Brusett

Comparing online and in-store risks in multichannel shopping

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Abstract

Purpose: This paper compares empirically the nature, level and influence of perceived risks involved in a retailer's website and stores, as multichannel shoppers will do when deciding which distribution channel to buy in.

Design methodology: The research design uses an online survey of 1,015 multichannel customers that was drawn from the behavioural databases of a French multichannel retailer.

Findings: Overall risk as well as risks associated with logistics, psychological and performance are higher and more dissuasive for an online purchase; however, financial, time and transaction risks tend predominantly or exclusively to discourage in-store purchasing.

Implications: The theoretical import of this study is that it shows that the concept of risk (and especially financial risk) is variable among researchers, making it more difficult to undertake comparative studies on e-commerce than on stores or products.

Practical implications: Retailers should not look merely to the salience of an isolated risk factor but should consider, rather, its actual impact on their customers' final decision. Nonetheless, retailers will find it more difficult to reduce perceived risk on-line than in-store.

Originality value: By focusing on a multichannel retailer's website and stores and comparing the effects of 6 types of risk on the behaviour of its multichannel shoppers (vs. students), this empirical study distinguishes it from most single-channel studies, which have examined risk inherent in Internet purchasing, handled risk on an experimental website or in- store risk. Moreover, it focuses on the risks entailed by the purchase channel rather than risks related to particular products or brands.

Keywords: multichannel shopping, perceived risk, channel purchase attitude, website, store

Article Classification: Research Paper

1. Introduction

Fifteen years ago, Alba *et al.* (1997) predicted that online shopping would inevitably cannibalise offline shopping, except for experience products. That prediction notwithstanding,

41% of European Internet users have yet to buy or even order products and services online (Seybert, 2012). Most researchers ascribe the reluctance of Internet users to switch to online shopping to their distrust in e-tailers or a corollary (Mitchell, 1999), namely, greater perceived risk factors associated with online shopping (Ko *et al*., 2004; Eggert, 2006; Kwon and Lennon, 2009). Uncertainty about the purchase process explains why multichannel shoppers obtain information from the Internet but prefer to shop in-store (Liang and Huang 1998) or refuse to switch from the store to the website (Gupta et al. 2004). This array of issues puts merchant websites at a disadvantage compared to stores (San Martin and Camarero, 2009). However, since the work of Biswas and Biswas (2004), Cunningham *et al.* (2005) or Eggert (2006), no other research has compared online and in-store purchase risks. This relative gap in scholarly literature is all the more unfortunate as perceived risk has long been used to explain shoppers' decision to adopt a new distribution channel or stick by their usual channel (Lumpkin and Dunn, 1990). Since 80% of western retailers have now gone multichannel (Kilcourse and Rowen, 2008), they have much to gain from examining their website and stores in light of perceived risk, with a view to better anticipate, prevent or encourage customer switchover from one channel to the other (Reardon and McCorkle, 2002). Moreover, most research on perceived risk looks at either the level of perceived risk or its impact on purchase behaviour but rarely at both.

Accordingly, this research aims to answer one question: in a real multichannel context, are the risks associated with website and in-store purchasing of the same nature, intensity and impact? By comparing consumer risk perception when purchasing through a single multichannel retailer's website and stores, this approach distinguishes it from most single-channel studies, which have examined risk inherent in Internet purchasing (Forsythe and Shi, 2003), handled risk on an experimental website (Kwon and Lennon, 2009) or in-store risk (Mitchell and Harris, 2005). Moreover, this study focuses on a large number of genuine multichannel buyers (vs. student samples), that is, who have actually bought items from the

website and stores of the retailer under study (vs. multichannel consumers who have looked up information on the website but bought in-store only).

2. Review of literature: overall perceived risk and specific risks in retailing

Perceived risk is a key concept to understand consumer behaviour (Mitchell and McGoldrick, 1996; Eggert, 2006). In fact, it "attaches not only to what is acquired but also to how or where it is acquired" (Hisrich *et al*. 1972, p. 435). Initially utilised to explain refusal to use distance- selling channels (Cox and Rich, 1964; Mitchell and McGoldrick, 1996), perceived risk applies to physical outlets as well.

Overall perceived risk is defined as "the likelihood that purchase of the item will result in general dissatisfaction of the consumer" (Pires *et al*. 2004, p. 120); it can be addressed as a reflective construct or a multidimensional index that factors in all or some of the specific risks. Research has made it possible to identify several types of specific risks, including performance, financial, time, physical, psychological, and social risks. And it has been noted that those risks are not necessarily disconnected (Liljander *et al.*, 2009). Frequently attributed to the product (e.g., Cunningham 1967, Kaplan *et al.* 1974, Stone and Gronhaug 1993), these specific risks were transposed directly in store-focused studies, with a view to retain the same conceptual content as used for products (e.g., Mitchell and Harris 2005). This is precisely what Pires *et al.* (2004) did when considering online perceived risk, while keeping the initial definitions. Others like Featherman and Pavlou (2003) or Lopez-Nicolas *et al.* (2008) simply added new risks (privacy risk and delivery risk respectively). However, many e-commerce researchers changed the content of psychological risk, and especially financial risk. For example, Herrero Crespo *et al*. (2009) add fraud risk to the purely financial risk entailed when making an Internet purchase, and Biswas and Biswas (2004), delivery risk. Conversely, Forsythe and Shi (2003) only include credit card fraud in financial risk and the violation of privacy in psychological risk rather than a feeling of loss of control caused by a deceptive purchase. This complicates comparisons across studies and channels.

In keeping with initial definitions, current research defines psychological, financial, time and performance risks by transposing their meaning faithfully from product to channel. Also, two additional risks have emerged from the important body of e-commerce literature: transaction risk (privacy and security) and logistics risk (delivery, product pickup or return). Those two risks are also applied to stores to enable cross-channel comparisons

Financial risk	Probability of losing money when buying from the website or a store (Cunningham, 1967 ; Kaplan *et al.*, 1974 ; Pires *et al.*, 2004 ; Stone and Gronhaug, 1993 ; Featherman and Pavlou, 2003 ; Lopez-Nicolas and Molina-Castillo, *2008* ; Lee, 2009)
Performance risk	Probability of making a mistake in choosing a product on the website or in a store (Cunningham, 1967; Kaplan *et al.*, 1974 ; Stone and Gronhaug, 1993 ; Featherman and Pavlou, 2003 ; Pires *et al.*, 2004 ; Lopez-Nicolas and Molina-Castillo, 2008 ; Lee, 2009)
Psychological risk	Probability of anxiety or loss of self-esteem when buying a product from the website or a store (Cunningham, 1967 ; Kaplan *et al.,* 1974 ; Stone and Gronhaug, 1993 ; Featherman and Pavlou, 2003 ; Laroche *et al.*, 2004 ; Pires *et al.*, 2004)
Time risk	Probability of time loss in looking up information and buying the product from the website or a store (Cunningham, 1967 ; Kaplan *et al.*, 1974 ; Stone and Gronhaug, 1993 ; Featherman and Pavlou, 2003 ; Laroche *et al.*, 2004 ; Pires *et al.*, 2004 ; Lopez-Nicolas and Molina-Castillo, 2008 ; Lee, 2009)
Transaction risk	Probability of having banking or personal data stolen (Featherman and Pavlou, 2003 ; Biswas and Biswas, 2004 ; Eggert, 2006 ; Lee, 2009)
Logistics risk	Probability of having product pickup, delivery or return problems (Lopez-Nicolas and Molina-Castillo, 2008)

Table I. Definition of specific risks analysed in this study

3. Hypotheses development

Hypotheses H1, H3, H5, and H6 underpinning this research are tested using a reflective construct of overall perceived risk. They are tested solely on customers with prior shopping experience in the retailer's two channels. To get a more accurate picture, hypotheses H2 and H4 no longer examine overall risk but the 6 specific risks. Because it is appropriate to evaluate not only the level of perceived risk but also its impact on purchase attitude, the first two research hypotheses focus on the level of perceived risk, the other four on their influence on purchase attitude on the website or in-store.

3.1. A comparison of perceived risk levels on the website and in-store

The literature shows that distance-shopping risk is higher than in-store risk (Cox and Rich, 1964; Lumpkin and Dunn, 1990). This is particularly true of the Internet (Cunningham *et al.,* 2005; Eggert 2006; Korgaonkar and Karson, 2007), mainly because the use of any new medium entails inherent risk (Andrews and Boyle, 2008). By its very nature (a non-interactive purchase) and due to its relative newness (Miyazaki and Fernandez, 2001), online purchasing generates more uncertainty than in-store purchasing (Shim and Lee, 2011). The uncertainties surrounding the purchasing process explain why it is more difficult to convert visitors into buyers on the website than in-store (Biswas and Biswas, 2004; Ko *et al.*, 2004; Eggert, 2006). *H1. Overall perceived risk level is higher online than in-store.*

But are all specific risk levels higher on the website than in-store? Every study that has compared those risks (Biswas and Biswas, 2004; Laroche *et al.*, 2004; Eggert, 2006) demonstrates that online purchasing is riskier than in-store purchasing in terms of performance risks (difficulty in appreciating the actual size of products, information deficit or excess), financial risks (for example, opportunity costs related to ever-fluctuating prices of online products), and transaction (privacy and security) risks. For Eggert, transaction risk outweighs product intangibility whereas Cunningham *et al.* (2005) argue that performance risk is prevalent at most stages of the purchase process. Nevertheless, Pires *et al.* (2004) find that financial risk precedes performance risk in terms of salience. Laroche *et al.* (2004) add psychological risk associated with newness (the Internet), time risk and social risk. However, with the reduction in login time and the optimisation of merchant websites' ergonomics and content, time risk may now be lower on the website than in-store – a situation that is consistent with Internet-specific convenience and time gain benefits – even if consumers are more sensitive to faulty delivery risks (Cheng *et al.*, 2008) when purchasing online than they are when buying in-store (Eggert, 2006).

H2. (a) Performance risk, (b) financial risk, (c) psychological risk, (d) transaction risk and (e) logistics risk levels are higher online than in-store, but time risk (f) is lower online.

3.2. A comparison of the influence of perceived risks on website and in-store purchasing
Because of the range of emotions it can incite, a purportedly low risk can have a greater impact on consumer behaviour than a supposedly higher-level risk. This discrepancy between the level of perceived risk and its impact can be explained by the fact that individuals tend to "evaluate the risk cognitively" and "react to it emotionally" (Loewenstein *et al.* 2001, p. 280). Perceived risk on the Internet (Garbarino and Strahilevitz, 2004) strongly impacts the purchase intentions in that channel – through website purchase attitude (Herrero Crespo *et al.*,

2009). This risk is even higher than with product- or seller-related risk (San Martín and Camarero, 2009). The fact that the risk is greater online than in the traditional channels (Cunningham *et al.*, 2005) considerably reduces the likelihood of converting the website's visitors into Internet shoppers (Ko *et al.,* 2004). This explains why a pure player is at disadvantage compared to a multichannel retailer (Korgaonkar and Karson, 2007).

H3. Overall perceived risk negatively impacts the website purchase attitude more than the in-store purchase attitude.

However, none of the studies draw on the influence of specific risks to make an empirical comparison between online and in-store purchase attitude. A review of the work of Forsythe and Shi (2003), Mitchell and Harris (2005), Eggert (2006) and Aghekyan-Simonian *et al.* (2012) shows a prevalence of performance, financial and psychological risks in these two channels. Performance risk seems to impact online purchasing very strongly (Aghekyan-Simonian *et al.,* 2012) whereas financial risk is known to prevail during in-store purchasing (Cunningham *et al.,* 2005). Also, while time risk has less influence online than in-store (Herrero Crespo *et al.,* 2009), logistics risk (Cheng *et al.,* 2008) and, to a lesser degree, transaction risk (Featherman and Pavlou, 2003; Casalo *et al.*, 2007; Aghekyan-Simonian *et al.*, 2012) may far more negatively affect online purchasing (Laroche *et al.*, 2004; Eggert,

2006).

H4. (a) Performance risk, (b) psychological risk, (c) logistics risk and (d) transaction risk have a more negative impact on the website than on the in-store purchase attitude; conversely, (e) financial risk and (f) time risk have a more negative impact on the in-store purchase attitude.

3.3. Two variables moderating the impact of perceived risk on purchase attitude

The perception of risk varies depending on the type of products or services bought (Hisrich *et al.*, 1972; Forsythe and Shi, 2003; Pires *et al.*, 2004) and according to the consumers' personal characteristics (Garbarino and Strahilevitz, 2004; San Martin Gutierrez *et al.*, 2010). Such characteristics include consumer familiarity with the channel. Familiarity has a crucial influence insofar as it reduces the uncertainty and complexity of the search and the purchase, particularly by bringing the level of future expectations in line with the outcomes of past interactions (San Martin and Camarero, 2009).

H5. Familiarity with (a) the website or (b) the store reduces the negative effect of overall perceived risk on (a) the online or (b) in-store purchase attitude

Additionally, the more the retailer is perceived as honest, capable and customer-friendly, the higher the sense of trust and the lower the perceived risk (Casalo *et al.*, 2007; Rampl *et*

al., 2012). This is all the more true for an online purchase given that, according to Biswas and Biswas (2004), consumers have fewer cues to go by on the website than in-store.

H6. The better the attitude towards the retailer, the lower the influence of overall perceived risk on the (a) website and (b) in-store purchase attitudes.

4. Methodology

4.1. Data collection

This study looked at the website and stores of a French retailer specialising in technical and cultural products. With more than 100 outlets and a merchant website created in 2000, this retailer has extensive experience in multichannel management. The online and offline stores are therefore credible alternatives for consumers. The sample consists of 1,015 customers in the retailer's behavioural databases, all of whom are multichannel shoppers who have bought tangible products from the retailer's website and stores. The respondents were asked questions about the hypothetical purchase of a digital camera. This product was selected for various reasons, including its tangibility, its fairly high price, and the fact that there is an equal propensity for buyers to purchase it online and in-store. The same measurement scales were used for the website and the stores

	Item description or construct definition	Stores		Website	
		CR	AVE	CR	AVE
Attitude towards purchase in channel (adapted from **Jarvenpaa** *et al.* **2000**)	I like the idea of buying a digital camera from X's website (from X's store) Using X's website (X's store) to buy a digital camera would be a good idea The idea of using X's website (X's store) to buy a digital camera is appealing	0.953	0.872	0.953	0.871
Perceived overall risk associated with each channel (adapted from **Laroche** *et al.* **2003**)	I'm sure that I will incur some risk if I buy a digital camera from X's website (from X's store) All things considered, I have the feeling that the purchase of a digital camera from X's website (from X's store) will really cause me a lot of trouble Basically, I'm sure I will make a mistake if I buy a digital camera from X's website (from X's store)	0.919	0.791	0.927	0.809
Specific risks (single-item from **Van der Heijden** *et al.* **2003 and Stone and Gronhaug 1993**)	If I buy a digital camera from the website (from a store), I risk: - losing money (financial risk) - wasting my time (time risk) - picking out the wrong products (performance risk) - feeling nervous (psychological risk) - having my financial and personal information stolen (transaction risk) - having pickup, delivery or product return problems (logistics risk)	/	/	/	/
Moderating variables					
Attitude towards retailer (adapted from **Jin et Zou, 2013**)	My attitude towards this retailer is unfavourable to favourable.	/	/	/	/
Familiarity with channel	Usually, for whatever reason, I visit the website (stores) X : never, less than once a year, at least once every trimester, at least once a month, at least once a week	/	/	/	/

Table II. Measurement scales

5. Results and discussion

A comparison of averages shows that overall risk level is significantly higher for an online purchase, even for customers who have all bought in both of the retailer's channels (table III). H1 is confirmed.

This also holds for transaction risk, performance risk and logistics risk, as well as for psychological risk, which is often described as an offshoot of other risks. Conversely, time risk is higher for an in-store purchase. This result probably stems from the technical and ergonomics breakthroughs experienced by the Internet and e-commerce since Laroche *et al.* (2004) or Eggert's research (2006). Finally, financial risk outweighs performance risk on the Internet, even in the purchase stage of a tangible product (vs. service), which corroborates Pires *et al.*'s findings (2004) rather than Cunningham *et al.*'s (2005). But the level of financial risk is identical across the website and stores, which challenges Biswas and Biswas' (2004),

Laroche *et al.* (2004) and Eggert's conclusions (2006). For this particular reason, H2b is not confirmed whereas H2a, H2c, H2d, H2e and H2f are.

Types of perceived risk Scale: 1 (low risk) to 7 (high risk)	Perception of website purchase risk	Perception of store purchase risk
Overall risk	2.64	2.20
Financial risk	3.12	3.15
Time risk	2.49	2.72
Performance risk	2.91	2.46
Transaction risk	2.29	1.93
Logistics risk	2.99	2.18
Psychological risk	2.49	2.08

Table III. Perception of website and store purchase risks

Insofar as the sample is identical across the two simple linear regressions, a direct comparison of the adjusted R^2 value demonstrates that the negative effect of overall perceived risk has more of an affect on website purchase attitude than in-store (Table 4). This partly explains why online stores are hard-pressed to convert their visitors into buyers (Ko *et al.*, 2004), even when the retailer has a long-established multichannel presence, as is the case here. H3 is confirmed.

Standardized regression coefficients (*** $p<0.000$; ** $p<0.01$; * $p<0.05$)	Website	Store
Overall risk => Channel purchase attitude	- 0.436 ***	- 0.342 ***
Adjusted R^2	0.189	0.116

Table IV. Influence of overall risk on channel purchase attitude

However, while overall risk is higher and more dissuasive online than in-store (H1 vs. H3), the highest specific risks are not necessarily the most influential (H2 vs. H4). A major drawback of online retail is the inability to handle products prior to buying them (performance risk) and the gap between purchasing and experiencing the product (time risk), particularly due to delivery or product return problems (logistics risk). Thus, efforts to improve online advice and product visualization should be encouraged while avoiding information overload that would reinforce time risk. On the other hand, stores are more disadvantaged by time risk (worry over travelling with no guarantee of finding desired products) and financial risk (underlying opportunity risk, particularly in relation to more competitive pure players). H4a, H4b, H4c, H4e and H4f are confirmed (Table V).

However, H4d is disconfirmed. Transaction risk (theft of banking or personal information) – though lower in-store than online – only has a negative effect in-store, contrary to findings in prior studies. With the insights offered by Loewenstein *et al.* (2001), that particular

observation is less surprising than it appears at first: the probability of having one's banking or personal data stolen is so much lower in-store than online that the emotional repercussions of such a theft would be much greater than if the incident occurred in the store.

Standardized regression coefficients (*** p<0.000 ; ** p<0.01 ; * p<0.05)	Influence of specific risks on website purchasing	Influence of specific risks on in-store purchasing
Financial risk	- 0.057	- 0.137 ***
Time risk	- 0.138 ***	- 0.165 ***
Performance risk	- 0.162 ***	- 0.133 **
Transaction risk	0.064	- 0.136 **
Logistics risk	- 0.137 **	/
Psychological risk	- 0.091 *	/
Adjusted R²	0.177	0.188

Table V – Influence of risk types on channel purchase attitude

Regarding familiarity with the channel, the Chow test helps disconfirm the null hypothesis for website and store alike. But contrary to prior assumptions, the impact of overall perceived risk on purchase attitude increases for individuals most familiar with the website and the stores (Table VI). This counterintuitive result contradicts Forsythe and Shi's findings (2003) with respect to Internet purchasing, but may hinge on the culture and type of product considered (Ueltschy *et al.,* 2004). However, it might point to a greater vigilance, or even a legitimate concern, on the part of people who buy primarily from the website or store or who have had memorable bad experiences in the channel in question. H5a and H5b are disconfirmed.

Standardized regression coefficients (*** p<0.000; ** p<0.01 ; * p<0.05)	Website		Store	
	Poor familiarity with the website	High familiarity With the website	Poor familiarity with the store	High familiarity with the store
Overall risk => Channel purchase attitude	- 0.422 ***	- 0.445 ***	- 0.281 ***	- 0.375 ***
Adjusted R²	0.176	0.196	0.077	0.139
Chow Test	7.43 > 3 F(2; 1,011): p<0.05		10.94 > 3 F(2; 1,011): p<0.05	

Table VI. Test of the moderating effect of channel familiarity on the risk-attitude relationship

When making an online purchase, customers' more favourable predisposition towards the retailer limits the dissuasive effect of perceived risk, which corroborates not only Casaló et al (2007), Featherman *et al.* (2010), and Rampl *et al.*'s (2012) observations, but also the contention that the name and image of the retailer serve as extrinsic cues to the channel (Biswas and Biswas 2004). For an in-store purchase, the Chow test leads to the opposite conclusion, though the negligible R² values make this observation seem anecdotal (Table

VII). A new comparison of the most polarised subgroups leads to the same conclusions. H6a is confirmed but it seems preferable to disconfirm H6b as the moderating effect is very low.

Standardized regression coefficients (*** $p<0.000$; ** $p<0.01$; * $p<0.05$)	Website		Store	
	Lesser attitude towards the retailer	Strong attitude towards the retailer	Lesser attitude towards the retailer	Strong attitude towards the retailer
Overall risk => Channel purchase attitude	- 0.421 ***	- 0.385 ***	- 0.146 **	- 0.261 ***
Adjusted R²	0.175	0.147	0.019	0.067
Chow Test	F = 7.74 > 3 F(2 ; 1,011): p<0.05		F = 48.91 > 3 F(2 ; 1,011): p<0.05	

Table VII. Test of the moderating effect of retailer attitude on the "perceived risk-purchase attitude" relationship

6. Conclusion

The purpose of this research was to compare empirically the nature, level and influence of perceived risk online and in-store, as multichannel customers will do when deciding which distribution channel to buy in. Table VIII summarises the main findings of this research regarding differences as well as similarities.

Examined concept	Differences between website purchasing and in-store purchasing	Similarities between website purchasing and in-store purchasing
Overall and specific perceived risks	Overall purchase risk higher and more dissuasive on website than in-store	Higher risk sensitivity in customers most familiar with channel
	Higher perception of various types of risk on website than in-store…	… except for financial risk
	Retailer attitude predominantly moderates the influence of website purchase risk	
	Logistics, psychological and performance risks more influential for an online purchase. Financial, time and transaction risks more influential for an in-store purchase	

Table VIII – Summary of main results

6.1. Implications

For several reasons, this paper supplements and updates the few studies that have compared in-store and online risk (Biswas and Biswas 2004; Cunningham *et al.*, 2005; Eggert 2006). First, given the special nature of the research methods employed (same items to compare stores and website, same respondents surveyed), this study contributes toward the unification and enrichment of previous studies, whether they were conducted while looking at a single retail channel (most often Internet), or even using a bi-channel approach (Internet and store). Secondly, the author's review of prior research is the first to point out that, in the

realm of e- commerce, certain risk content (notably, in the case of financial risk but also for psychological risk and time risk) varies widely from author to author, depending on the researchers who are cited, unlike studies conducted on product or store-related risk. That disparity is not due to any factors specific to Internet websites, but, rather, to a deliberate choice made by researchers themselves. The variability in concepts makes it difficult, if not impossible, to draw a comparison between past studies into online risk, and, consequently, a comparison between studies focusing on in-store risk. Not only does this paper render such comparisons possible, it also uses exactly the same measurement items for the various types of perceived risks and purchase attitude, allowing the author to make fully reliable and consistent inter-channel comparisons.

Thirdly, this study compares not only the level of each perceived risk but also its real impact. Indeed, certain risks, which seem minor, have, in reality, a much greater impact on customers' purchase attitude than risks deemed to be much more important, no doubt due to the emotions generated by the possibility of the risk occurrence. (Loewenstein et al 2001). Hence, retailers should not rely on the salience of one particular risk but instead on its impact on their customers' final decision. Yet professional marketing studies tend to focus more on the level of perceived risk than on its influence on the purchasing act. In the studied example, this misjudgement would lead the retailer to primarily reduce financial risk on its website and across its two channels whereas it should principally reduce performance risk on its website and time risk in the stores. Thus retailers would benefit from identifying the most tolerable level of risk (Featherman and Pavlou, 2003), by addressing this mismatch between the perception and influence of risk.

Fourthly, even for a retailer with an excellent image and longstanding experience with multichannel distribution, perceived risk still disadvantages online selling over in-store selling. In fact, customers' familiarity with the website seems to make them even more vigilant. Prior to comparing the major risks common to the website and physical outlets (performance and time risks, in particular), one may wonder whether multichannel consumers focus first on those risks that most set the two channels apart, namely financial risk for stores, and psychological and logistics risks for the website. To reduce financial risk, a multichannel retailer intending to build its in-store sales can, for example, run in-store-only deals that make its prices more attractive than those on its website (or competitors' websites). That is the strategy pursued by Darty (Kingfisher Group) in France.

It will no doubt prove very tricky for a retailer to address online-related psychological risk as it is probably highly correlated with the risk inherent in Internet purchasing; and so such risk can be mitigated or ultimately eliminated, only though a change in mindsets, that is, in subjective norms (Pookulangara *et al.,* 2011). However, a retailer can act more on logistics risk by optimising its last-mile and reverse logistics, and above all, by publicising its efforts in this area. One solution would consist in showing more visibly on the retailer's homepage its commitment to providing a maximum, realistic and specified delivery time (as opposed to a short but often unrealistic delivery time), thereby better leveraging the store network (click and collect). This would make up for the logistical underperformance of multichannel retailers compared to pure players, in particular Amazon.com (Xing *et al.*, 2011). It seems fairly pointless to try and reduce transaction risk at all costs, considering that its impact on online purchase behaviours appears to be overestimated, at least for a renowned retailer.

Nevertheless, retailers will have more trouble reducing perceived risk on their website than in their stores as they can act only on the risk handled by their website, but not on the risk inherent in the online channel in general.

6.2. Future research

One avenue of research could be to incorporate perceived risk into a network of larger causalities, making it possible not only to address the channels' images but also their perceived value, so as to qualify the impact of risk on the purchase channel choice process. As the facts have shown, the importance of perceived risk decreases to the benefit of perceived value as Internet shoppers gain more online experience (Forsythe *et al.*, 2006). Also, it seems easier to improve perceived value than to reduce online purchase risk (Lee, 2009). This task could be performed at each stage of the decision process, including during the information search, evaluation of alternatives, and purchase stages (Chau et al 2007). Finally, in this age of social media, it would have been of interest to address the social purchase risk across the channels. A second avenue of research would consist in taking into account the respondents' sense of risk aversion and emotions. Lastly, a final avenue of study would involve identifying the mix of risk relievers most likely to reduce the specific risks that are the most influential in each channel of the retailer under study.

That said, there are three main limitations apparent in this research: the selected area of investigation, the type of respondents surveyed, and the product used to evaluate the risk related to the purchase channel.

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STORE FORMAT AND STORE IMAGE IN POST CRISIS ERA: A CONSUMER PERSPECTIVE

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Abstract

Purpose: The purpose of this paper is to understand which are the levers that retailers should manage in order to differentiate themselves to competitors, achieve a sustainable competitive advantage and consolidate their position in the market, in a new competition scenario characterized by an increasing similarity between store formats.

Design/methodology/approach: This study used a two-stage approach to collect the data. Firstly, we carried out an empirical research based on the focus group discussion aimed to investigate the role of store formats in purchase decisions. Secondly, we conducted a consumer survey based on a structured questionnaire, which was administered to 50 consumers of the 20 major retail chains on the Italian grocery market (total 1000 customers), aimed to construct an indicator of differentiation for each retailers. The survey data were analyzed using SPSS.

Findings: Our research shows that consumers do not perceive big differences neither among store formats, nor among retailers. Even if they recognize structural differences among store formats, they perceive a growing similarity between them in terms of meeting shopping needs. With reference to retailers, only few retailers show a "differentiation index" over 50%. Among those who are perceived as highly differentiated, there are some which concentrate on only few retail levers. Finally, not all retail levers give the same contribution to differentiation: only price and range are perceived as "fairly / completely" different between one retailer and another, while the others (technology, communications, in-store marketing and services) are perceived as not differentiated.

Research limitations/implications: The questionnaire-based research took place in only one city (Milan).

Practical implications: Our research suggests retailers to invest more in store banner differentiation rather than in store format differentiation, managing all the retail mix levers.

Originality/value: In literature, store image has been studied as an important antecedent of store preference, consumer satisfaction, the frequency of store visits, shopping trips, shopping expenditure and store loyalty. In our study, we focus on store image as driver of differentiation strategies, as the stores image is an important means of managing store positioning, especially in a context of convergence. Differentiation strategies have been studied mostly in the field of industrial firms, while our paper explores this topic in the field of retailer firms.

Keywords: Store Formats, Store Image, Differentiation, Consumer Perspective, Grocery Retailing

Article Classification: Research Paper

1 Introduction

In a mature environment with slow growth opportunities, retailers seek to develop new strategies in order to expand their target market and capture the competitors' customers. In Italy, grocery retailers are reacting to the economic crisis by implementing new strategies aimed to stimulate consumers' shifting between different store formats. As a result, store formats are getting similar and new "hybrid" formats are emerging. The growing store formats' convergence is changing the retail food landscape since grocery-product competition is no longer confined within the store format but is extends between different store formats. Increasing convergence among store formats affects consumers" decision-making on purchasing.

In this new competitive scenario, it is interesting to explore how customer loyalty is gained and which are the most effective marketing levers for store patronage. It is important, in fact, for retailers to understand what attracts consumers to visit and to repatronize the store, as well as how they can differentiate themselves in order to reduce consumers mobility among different store formats. On the basis of these observations, our work intends to investigate the retailers differentiation from on a consumers perspective in order to understand how different store formats and retailers are perceived, on one hand, and which are the most effective retail mix levers for raising customer loyalty, on the other hand.

Theoretical framework

For a long time, literature argued that competition took places within a store format (McGoldrick 1990, Spranzi 1991, Lugli 1998). Only in the last decade, some authors have started to recognize a greater competition between store format (Lugli 2004, Gonzales-Benito et. al. 2005, Cummins et. al. 2008, Findlay and Sparks 2008, Reutterer T. and Teller C. 2009) arguing that there is, in fact, an increasing use of multiple stores and formats since they offer different opportunities to satisfy bundles of wants and needs depending on the shopping occasion. Our previous research (Cardinali and Bellini, 2014) shows that the spatial rivalry between store formats (interformat) is becoming more intense than the competition within store formats (intraformat). The degree of similarity between different store formats is sometimes almost greater than the degree of similarity between different stores within the format. If store formats are not perceived as differentiated by consumers, we expect that purchasing decision making is guided firstly by the retailer"

banner and secondly by the store format. This means that retailers should focus more on the store image in order to differentiate themselves from competitors and stimulate consumers to patronize the store.

A proper understanding of the store image, in fact, can help retailers in store differentiation strategies. In literature, store image has been studied as an important antecedent of store preference (Thang and Tan 2003), consumer satisfaction (Martenson 2007), the frequency of store visits (Pan and Zinkhan, 2006), shopping trips, shopping expenditure and store loyalty (Arnold *et al.*1983). In our study, we focus on store image as driver of differentiation strategies, as the store"s image is an important means of managing store positioning (Birtwistle *et al.* 1999, Uusitalo O., 2001).

In order to understand how different retailers are perceived by consumers, we investigate the consumers" perception with reference to the multiple attributes which make up store image, according to those identified by the main literature (Bloemer and de Ruyter 1998, Hansen and Deutscher 1977, Cox and Brittain 2000, McGoldrick 2002). Measuring the store differentiation from the perspective of consumers could suggest which levers retailers should manage in order to differentiate themselves to competitors, achieve a sustainable competitive advantage and consolidate their position in the market.

Research aims and methodology

On the basis of these observations, our work intends to investigate the retailers" differentiation strategies from a consumers perspective in order to understand how different store formats and retailers are perceived, on one hand, and which are the most effective retail mix levers for raising customer loyalty, on the other hand. In particular, our work starts from the following research questions:

Q1. Which store attributes guide the consumers" decision-making on purchasing?

Q2. Which perception consumers have about the different store formats in terms of meeting shopping needs?

Q3. How different retailers are perceived regarding the overall store attributes?

Q4. Which are the store attributes that support the retail banner"s differentiation?

In order to pursue these goals, this study used a two-stage approach to collect the data. Firstly, we carried out an empirical research based on the focus group discussion, which

involved 28 consumers in four groups of seven. The sample was random given that there was no requirement to represent any particular retailer banner or channel/format. It was however important for the respondents to be responsible for household shopping, regardless of socio- demographic characteristics. Discussion was stimulated by a semi-structured interview aimed to investigate the role of store formats and retail mix in purchase decisions. Each discussion lasted for about two hours, and was sound and video recorded. A content analysis program was applied to transcripts and analyses them.

Secondly, we conducted a consumer survey based on a structured questionnaire which was administered to 50 consumers of the 20 major retail chains on the Italian grocery market (total 1000 customers).   Consumers were selected to reflect the composition of the customer base (Table 1).

Table 1 Socio-demographic characteristics of customer sample

Characteristics	% sample
Gender	
Male	36.8
Female	63.2
Age (years)	
18-30	19.7
31-50	37.8
51-65	25.1
Over 65	17.4
Shopper profile	
Responsible for household shopping	76.2
Not responsible for household shopping	23.8

Our surveys examined a wide range of store attributes (Table 2). Respondents were asked to assess to what extent their primary store was "different" from competitors along the store attributes. On the basis of these data, we constructed an indicator of differentiation by asking consumers to express their perception of "diversity" of each store attributes for each retailer in comparison with its competitors (evaluating each lever on a scale from 1 (same) to 3 (completely different). The percentage of customer ranking the store attributes as "fairly" different   or "completely" different is then assumed as "differentiation indicator". The survey data were analyzed using SPSS.

Table 2 – Variables used in the study

Store attributes	Measurement scale	Definition
Range (variety of range, depth of range, quality of fresh foods, quality of store brands, national brands, non food products, premium products, value brands)	Metric	Range perception of differentiation from 1 (same) to 3 (completely different)
Promotions (short term prices, short collection, special promotions)	Metric	Promotions perception of differentiation from 1 (same) to 3 (completely different)
Pricing (long term prices)	Metric	Pricing perception of differentiation from 1 (same) to 3 (completely different)
Communication (pricing communication, promotions communication, services communication)	Metric	Communication perception of differentiation from 1 (same) to 3 (completely different)
In-store marketing (store layout, display, tasting opportunities and demonstrations)	Metric	In-store marketing perception of differentiation from 1 (same) to 3 (completely different)
Ambience (quality of store environment, cleanness and tidiness)	Metric	Ambience perception of differentiation from 1 (same) to 3 (completely different)
Technology (self scanning, automatic checkout, electronic kiosks)	Metric	Technology perception of differentiation from 1 (same) to 3 (completely different)
Services (restaurants and café, finance and insurance, entertainment, telecommunications services, gas station)	Metric	Services perception of differentiation from 1 (same) to 3 (completely different)

4. Findings

4.1 Store attributes driving the consumers' decision-making on purchasing

To answer our first research question, focus group participants were asked to write down words and phrases associated with their usual store. The associations in the mind of consumers can be grouped into four conceptual categories of consumer needs (Table 3): time- saving (40% of associations), quality (31% of associations), money savings (18% of associations) and trust (9% of associations).

Table 3– Categories and Codes of the thematic analysis

Categories	Codes		Frequency %*
Time savings			40%
	Exogenous factors (location, parking, opening time, store size)	14%	
	Endogenous factors (instore services, layout, display, promotions, range, customer service)	26%	
Quality of the shopping experience			31%
	Range	18%	
	Environment	9%	
	Customer services	4%	
Money savings			18%
	Long term prices	10%	
	Short term prices (promotion)	8%	
Trust			9%
	Familiar	5%	
	Guide in the choice	3%	
	Loyalty program	1%	

The remaining 3% of the words and phrases associated with the main store are not categorized because they refer to an occasional frequency of the store (e.g. the store is attended only for "packaged goods", "home care products", "non- food items).

4.2 Consumers' perception about the role of store formats in meeting shopping needs

To answer our second research question, we explore the role of store formats in meeting these needs. Consumers recognize structural differences and variations in retail mix between formats, chiefly size and range, but they do not perceive big differences in terms of meeting shopping needs.

The need to save time is not met by the hypermarket, which is seen as „time-wasting", for consumers who „have time" or who „have time to waste". There are consumers, however, who shop at the hypermarket satisfying their need to save time as "There are small baskets on wheels for small quantities of goods at hypermarkets too" and „Fast check-outs mean the queue is shorter". It is also remarked " My usual hypermarket is like a supermarket: clothes and other departments are separate and you hardly see them, they don"t waste my time".

The need to save money is met by discount stores, which are immediately associated with "low prices" and used by people who „wish to save". But if the aim is saving it, is also possible to go to a supermarket. Consumers commented "You can find low prices at the supermarket too, but the quality is better, so there is no point going to the discount store". They also remarked "Prices at discount stores are similar to private label prices, so it is not worth going there". So again, the need for low prices is met by more than one format: supermarkets and hypermarkets as well as discount.

Lastly, the need for quality and trust appear to be met by the traditional shop, associated with „quality" and „relationship of trust with retailer. But these needs too can be met in other formats, even in the much larger hypermarket. Consumers find for example that "You can taste samples of cheese, jam and honey at the hypermarket, like in a traditional store" and that "If you want a particular cut of meat, they will prepare it for you just like the old-fashioned butcher". So customer service is bringing the hypermarket closest to the traditional store meeting the need for quality and trust.

4.3 Consumers' perception about retailers' differentiation

To answer our third question research, we constructed an indicator of differentiation by asking consumers to express their perception of "diversity" of each store attributes for each retailer in comparison with its competitors (evaluating each lever on a scale from 1 (same) to 3 (completely different) as shown in Table 4. The percentage of customer ranking the store attributes as "fairly" different or "completely" different is then assumed as "differentiation indicator".

Table 4 shows that there is great variation in consumers" perceptions: the most highly differentiated retailer (Retailer W) is perceived as different in store attributes 68 times out of 100, while the least differentiated one (Retailer I) is perceived as different only 20 times out of 100. However, only 5 retailers present an index over 50%.

Table 4 - Differentiation indices by retailers

Retailers	Differentiation index (from 0 to 100%)
Retailer W	68%
Retailer H	59%
Retailer L	58%
Retailer J	53%
Retailer B	50%
Retailer A	49%
Retailer P	48%
Retailer X	48%
Retailer C	47%
Retailer K	43%
Retailer V	41%
Retailer Y	36%
Retailer M	36%
Retailer G	35%
Retailer N	32%
Retailer S	29%
Retailer O	28%
Retailer F	28%
Retailer D	28%
Retailer I	21%

An interesting result is the relationship between the differentiation index and its variability among retailers. Not all retailers are investing in the same store attributes: among the retailers which are perceived as highly differentiated, there are some which concentrate their efforts on only few store attributes (Fig. 1). Some retailers (Retailers L and H), for example, present high differentiation indicators but there is big variation between the differentiation indicators specific to each marketing lever. This means that these retailers differentiate only some of the marketing levers and pay less attention to others. On the other hand, others retailers (Retailers W and J), which have higher than average differentiation indicator scores, show little and below average variation between differentiation level of each individual marketing levers.

Fig. 1 The relationship between average retailer "differentiation index" and its variability
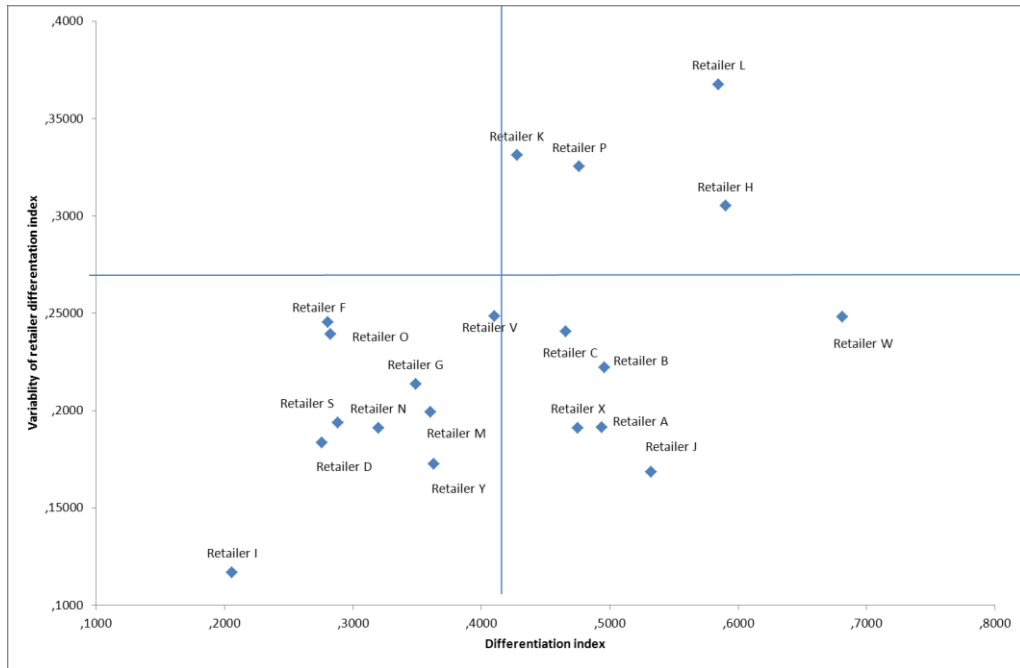
4.4 Store attributes driving the retailers' differentiation

To answer our last research question, we explore the contribution of each marketing levers to the differentiation (Table 5). Disaggregating the differentiation index in its components, we find that pricing and range are the main marketing levers to be perceived as "fairly / completely" different between one retailer and another. Tools perceived as not differentiated are technology, communications, in-store marketing and services.

Table 5 - Differentiation indices by store attributes

Store attributes	Differentiation index (from 0 to 100%)
Pricing	73%
Range	69%
Promotions	50%
Ambience	46%
Technology	36%
Communications	36%
Instore marketing	21%
Services	14%

Finally, exploring the relationship between the differentiation index and its variability among retail mix levers (Fig. 2), we find that range and pricing show the highest differentiation indicators and also the lowest variation between retailers. This means that all retailers are concentrating on differentiating range and pricing, while others important store attributes, such as instore marketing or services (considered important by focus groups participants) are not managed.

Fig. 2 Relationship between average differentiation and variability indices
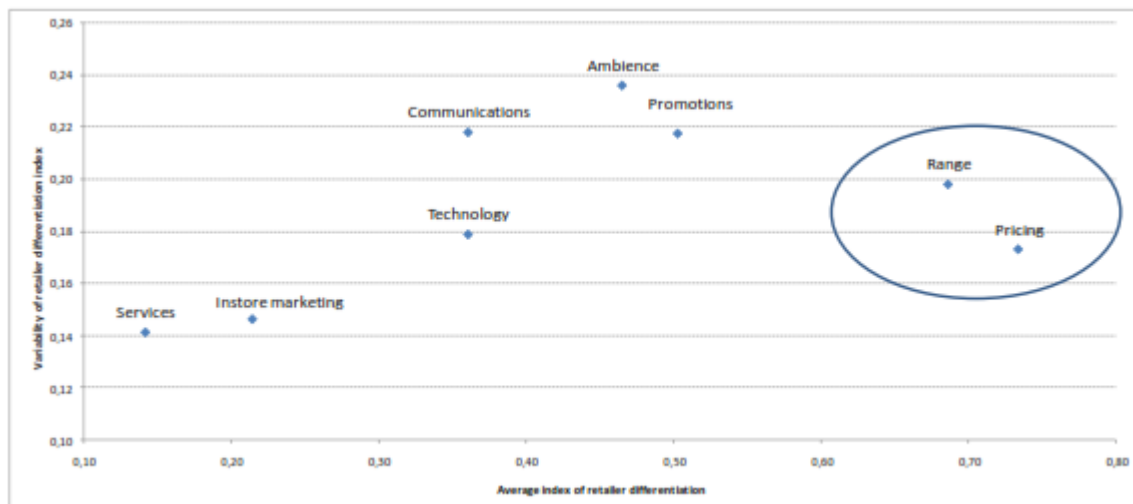
5. Conclusions and implications

The focus groups" analysis shows that consumers perceive a growing similarity between store formats: even if they recognize structural differences among store formats, depending on the size or range, they do not perceive big differences in terms of meeting shopping needs. As a consequence, when consumers select a retail store, they first choose the retailer and later the store format within the retailer portfolio. These findings suggest retailers to invest more in store banner differentiation rather than in store format. As supported by the literature, a proper understanding of the store image can help retailers in store differentiation strategies. However, according to our research, Italian retailers do not show the degree of differentiation perceived that we would have expected: retailers are not yet perceived so much differentiated as they should be in order to be recognized by consumers as distinctive. Our research, in fact, shows that retailers are actively operating only few retail levers (range and pricing). In a context of aggressive competition and convergence between store formats, retailers should manage also the other retail levers, such as

instore marketing, services and technology, in order to develop store patronage, improve their store image and appear more differentiated in the mind of consumers.

6. Limits of the research and prospects for future research

The questionnaire-based research took place in only one city (Milan). Even if Milan presents a high number of retail chains and a variety of store formats, further research will need to cover wider geographical areas and a higher number of retail firms and store formats.

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T4: Retail logistics and SCM

Room and day: GW2 – B2890, September 25th

Chair: Herbert Kotzab

The impact of the multi-channel approach on the management of sales forces

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1. Introduction

In the wake of the rapid spread of new technologies, as well as of increasing competition, the vast majority of companies are implementing a multi-channel structure.

Thanks to the development of multi-channel marketing (Steinfield *et al.*, 2002), including the use of shared infrastructure and the deployment of joint marketing operations, companies also hope to boost their competitiveness. But marketing products on the web can cause the clientele to migrate, since the additional virtual channel can capture the clients of the traditional channel. And setting up websites can impact not only on end consumer behaviour, but also on B2B salespeople (Rosembloom, 2007; Shramm-Klein *et al.*, 2011).

In this context, we have decided to focus on the impact of multi-channel marketing on the role and management of sales forces. We compared the results of our literature review with results generated by research carried out in the hair and beauty care sector in France. We chose to carry out our empirical research with a series of interviews of professionals in the sector because the role of the hairdressing sales force is particularly important and the growth of the web channel obliges brands to reappraise it.

2. Theoretical approach and literature review

2.1. The behaviour of multi-channel consumers

In a B2B relationship, an increasing number of consumers start the buying process on the internet before physically meeting the brand's salesperson. After visiting the brand's website, they want to spend less time buying from the salesperson and are better able to dispense with his or her services in this regard (Belvaux, 2005).

This evolution drastically changes the relationship between the client and the salesperson. Clients approach salespeople for reassure about the result of the decisions they have taken upstream. As a result, they often stick with the choice of product they made on internet, which means that the salesperson finds it very difficult to persuade them to change their minds (Vanheems, 2013).

2.2. The evolution of the role and position of the salesperson

The regular growth of the number of clients familiar with internet sales can also engender a certain amount of anxiety in salespeople, fearful that they may lose some of their power and, indeed, pay, and to see their role diminished (Vanheems, 2013). In fact, some "enlightened" customers go so far as to "challenge [salespeople] on their own turf" (Badot and Navarre, 2002). Customers "may be very dissatisfied if salespeople are incapable of, or don"t make the effort to provide them with the kind of information that they are expecting about the offer described on the website" (Vanheems, 2013).

In this changing context – a context characterised by the risk of salespeople seeing their role as intermediaries disappear –, these last now have to have "a deep knowledge of their product range and the ranges of the competitor brands, or the ability to acquire knowledge rapidly about specific products." Salespeople should benefit from the deployment of training methods and a reappraisal in their system of remuneration designed to provide them with the motivation required to manage inter-channel migration and changes in the behaviour of their customers (Helfer and Michel, 2006).

2. 3. Training methods revisited

Multi-channel marketing introduces a new set of challenges. In order to accommodate this change, companies are obliged to modify their training policies. Since the most routine tasks and at least some of the job of researching products can be done via the new channel, salespeople are able to focus on other functions which demand a higher degree of professionalisation. Good salespeople who deal with information effectively are capable of adapting their advice to all kinds of situations, functions and solutions (Darmon, 2012; Johnston and Marshall, 2013).

All activities and behaviours involved in the sales function are evolving (Bergadaà, 1997). In effect, an ability to understand the client"s previous itinerary, to reassure her about her initial choice, and to reduce "cognitive ruptures" between channels is more important than a capacity to master other phases of the sales process, such as identifying needs, presenting products, and dealing with objections (Vanheems, 2013).

2.4. The remuneration system reappraised

In this multi-channel context, salespeople run the risk of neglecting the link between the effort they put in and the results they obtain, and between those results (performance) and their rewards to the degree that their motivation is negatively impacted (Kennedy *et al.*, 2003; Darmon, 2008). It would thus appear necessary to restore this relationship by modifying payment mechanisms. Fournier (2009) suggests a series of measures: the first is to increase basic salary. The second is to take into account indicators of a qualitative nature that can be mastered by salespeople, such as repeat purchasing rate, customer satisfaction, product knowledge and the relevance of advice given to restore the link between effort and results. The third consists in affecting all customers to a specific salesperson"s portfolio, so that all transactions involving that customer are taken into consideration while assessing the activity of the salesperson in question.

On the basis of the results of our literature review, we carried out an empirical investigation based on a series of interviews with professionals in the hair and beauty care industry.

3 Research methodology: A triangular qualitative study

Since we were dealing with an emerging phenomenon, we decided to opt for a qualitative research methodology.

As regards the data collection, we conducted two rounds of interviews and collected complementary data in a third phase.

Phase 1. We conducted a total of ten interviews with managers and experts in the sector. Five of them were development and marketing managers working with professional beauty care products in France, and one was an expert in the training of beauty care professionals. We also interviewed three expatriate French managers.

Phase 2. We interviewed eight hairdressing salon managers from the Paris Region (five of them independent; three with franchises). Our semi-directive interviews lasted for around 30 minutes. The interview guide was divided into three sections: relations with salespeople; habits, motivations and obstacles to buying for each channel; and general information about the company.

Phase 3. We collected various secondary sources dealing with the potential advantages and risks of the multi-channel approach to the marketing of professional beauty care products.

In regard to the interpretation of the data, after reading and rereading the interview transcriptions, we first developed an open coding and then we applied a selective coding based on the categories identified in the literature and on those that emerged in the interviews (Urquhart, 2013). In the following phase of theoretical coding (Glaser, 1992), we analysed the links between the categories selected in order to elaborate models of reasoning covering the impact of the multi- channel approach on the role and management of sales forces. We then triangulated the results of the two rounds of interviews by applying a synthesis of the secondary data collected (Jick, 1979). This enabled us to identify causal and contextual conditions, actions and interactions between actors, and, lastly, the consequences of those actions and interactions, which we will now examine in the section dedicated to our results.

4 The results. Discussion.

The professional hair and beauty sector is segmented into technical products (colouring products, decolouring products, shaping products), and non-technical products. Because they have a strategic value for brands, we will limit our analysis to the way in which the first type of products is distributed.

4.1. The multi-channel marketing of professional beauty products

In France, the marketing of professional beauty products by leading brands is largely done in trade shows or by telephone by salespeople. Hair salon owners then sell these products to the end user. But while leading brands do most of their product marketing via the sales force, other, less well-known brands focus on the Internet channel and set up websites to sell to the French and European markets. To these two direct sales channels should be added a large number of indirect sales channels, primary amongst which is wholesale. This multiplication of channels is a source of anxiety for certain salespeople: "multi-channel marketing is seen by our French salespeople as unfair competition" (Manager, France).

4.2. The impact of multi-channel marketing on the behaviour of professional clients

Only two of the hair salon owners that we interviewed placed orders with a wholesaler via the internet. They generally do so in case of an urgent need to replenish their stock of products before the next visit of the salesperson, thereby saving time when they are sure of their choice. They appreciate the size of the ranges sold, the reliability of information about prices, products and online promotions, and the reactivity of wholesalers. Other salon owners did not have internet in their salons, considering it to be a complicated and "cold" medium. They explained that they did not want to spend their time making online purchases, and also expressed their disappointed that the channel did not offer free gifts. The approach of French beauty care professionals appears to be anchored in tradition; they appreciate the "experience" of buying from salespeople. According to a manager in France, "salon owners are somewhat refractory to change and prefer to talk to a real person face-to-face. They are profoundly human artists who need human contact and sociability, even with suppliers."

4.3. The impact of the introduction of digital technology on the role of salespeople: potential advantages and limits

The development of an ergonomic e-commerce website provides professionals with the possibility of saving time by making orders between visits from the salesperson. "We are no longer able to pay frequent visits and have to find other ways of maintaining contact with clients. It is important for the brand to be able to use various channels in order to maintain a permanent presence" (Manager, France). "While acquiring new clients and placing products is the role of the salesperson, restocking professional clients can be done via an e-commerce order platform ..." (Managing Director, France).

With this evolution, it may be of use if visits on the part of sales personnel were to focus less on sales and more on education, advice and the provision of services, in the style of franchisers who giver training to their franchisee salon operators in terms of product and salon management. Orders and turnover should no longer be the central concern: "the act of taking an order presents no added value, either for the client or for the salesperson-coach" (Manager, France). Traditional promotions are also proving increasingly less effective: "Our clients pay a lot more attention now. The future of sales forces is to provide clients with service and added value, analyses of their situation, and advice on marketing, team management, general management, etc." (Manager, France).

The design of Bt2B e-commerce websites including training and customer relations management sections should contribute to facilitating the evolution of the role of salespeople in terms of a transition from a focus on sales to an emphasis on personalised advice in business development, team management, as well as on promotions in the salon and merchandising: "if a salesperson visits a customer once a month for an hour, that hour could be spent on salon promotions and giving advice to salon operators, rather than on taking orders in a noisy location at a sometimes awkward time … Clients would prefer to do that calmly on the internet" (Manager abroad).

But salespersons could provide other services for their clients. "We are talking a good deal now about developing the artistic aspect, renovating the salons. But we don"t focus on other problematics linked to the field, which could be developed with a salesperson. When salon operators look for a partner, they don"t always have the right platform. The same applies to buying or selling a beauty salon" (Manager, France).

4.4. The consequences of the introduction of digital technology in the management of the sales force

Modifying the role of salespeople is a time-consuming process involving teaching skills in terms of explaining this evolution. "The sales force and those supporting it need to be armed and provided with the basic tools needed to help them transition from the "sell in" (what is sold to the beauty salon) to the "sell through" (in which products are sold in in-salon promotions)" (Manager based abroad). This requires additional managerial skills in order to help sales personnel to gradually evolve towards a role in which they provide personalised advice to their customers: "It"s better for me to take my coaches out of the salons because I know that I"ll get them back again in the future" (Manager, France).

Insofar as remuneration is concerned, the objectives and recommendations generated by our discussion differed to some degree from those highlighted in the literature review. None of the managers recommended increasing basic salary or developing the idea of teamwork. But all of them were well aware that the growth in the importance of the multi-channel approach could potentially take sales from salespeople and have negative consequences in terms of their motivation: "Salespeople are worried that not all orders are taken into account when their objectives are defined; they also lose complementary orders" (Manager, France). According to salespeople, all transactions carried out by clients, whatever the channel used,

must be taken into account when it comes to calculating turnover and the variable part of the their pay and that of their direct manager. And an increasingly large percentage of the variable part of their pay is based on criteria used to assess activities included in the new role: "I give bonuses based on the number of training courses the coach gives to salon operators, and on new products introduced and products bought more than once – the repeat purchasing rate –, which enables me to check how many products we have really placed with our clients" (Sales Director, France).

5 Conclusion and managerial implications

The development of the multi-channel approach has made it obligatory for managers to seek to develop a degree of coherency, if not convergence, between different channels. A potential aim of such a strategy is to integrate the various channels into a single, reliable distribution system that excludes all forms of cannibalisation. This implies a renewed focus on clients, and a change in emphasis from the prioritisation of direct sales to the professional client/salon ("sell-in") to an emphasis on sales from the professional client/salon to the end user ("sell-out" or "sell-through"). Such an evolution would make it easier to understand the best approaches to take in order to ensure the satisfaction of the client through the coordination of all channels.

The perspective of taking into account sales achieved in all channels in the calculation of turnover and pay should reassure sales personnel. Sales people will also receive training in "business development" management, not only in order for them to be able only to increase "selling in" but also to help clients to increase "selling out". Sales personnel will thus be able to perceive the future omni-channel context and consider it as an opportunity to boost the status of their role, which will no longer consist in selling the same products to different salons, but also encompass the ability to suggest personalised services with added value (for example, analysing the position of the salon vis-à-vis the competition). Salespeople will be helped by dedicated IT software and applications and encouraged by the fact that criteria such as the number of training courses given and the redemption rate – which verifies the efficiency of the deployment of products – will be applied to the calculation of the variable part of their salary.

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T6: Shopper Behaviour

Room and day: GW2 – B2890, September 25th

Chair: Maria Grazia Cardinali

Measuring the dramaturgical quality of the entertainment event experience in shopping centres

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Introduction

Shopping centre entertainment events, such as school holiday events, catwalk shows, and market days, are an experiential marketing strategy widely deployed by shopping centres on a seasonal and strategic basis to create an entertaining and lively atmosphere within their retail spaces (Sit, Merrilees, & Birch, 2003; Tsai, 2010). Those events allow shopping centre managers to provide their customers with another reason to visit the centre, to visit more often, to stay longer and, ultimately, to spend more at their retail spaces (Andreu, Bigne, Chumpitaz, & Swaen, 2006). The effectiveness of these entertainment events in evoking shoppers" patronage behaviours can be measured by the various dramaturgical elements (e.g. the actors, audience, setting and performance) constituting the entertainment event experience, which are captured within the service drama framework (Grove & Fisk, 1992). Such knowledge facilitates the consideration of how those dramaturgical elements can be strategically used to design and deliver a desired entertainment event experience (cf. Minor, Wagner, Brewerton, & Hausman, 2004).

This study aims to contribute to retailing literature by verifying the application of the service drama framework (Grove & Fisk, 1992; Grove, Fisk, & Dorsch, 1998) within the context of shopping centre entertainment events. Extant studies of shopping centre entertainment events have primarily emphasised a non-dramaturgical approach to examining the link between entertainment events and customers" subsequent behaviours (Lotz, Eastlick, Mishra, & Shim, 2010; Parsons, 2003). This approach is parsimonious because it simply examines the presence or absence of an entertainment event and its effect on shoppers" subsequent behaviours. However, such a simplistic approach offers little insight into the various dramaturgical elements emphasised by shoppers when experiencing a shopping centre entertainment event (cf. Lotz et al., 2010; Parsons, 2003). An appreciation of these dramaturgical elements could enhance academics" and practitioners" understanding of the effectiveness of entertainment events in fostering shoppers" loyalty behaviours. Therefore, the objective of this study is twofold: i) identify the elements relevant for measuring the dramaturgical quality of shopping centre entertainment events; ii) examine the interrelationships between those dramaturgical quality elements; and then iii) determine the effect of those dramaturgical quality elements on participants" behaviours. .

Literature review

Dramaturgical quality refers to the perceived excellence or superiority of a service drama experience (Holbrook & Corfman, 1985; Maklan & Klaus, 2011). When measuring the dramaturgical quality of shopping centre entertainment events, the SERVQUAL framework would appear to be an obvious choice due to its wide citation and examination in the retail marketing literature (Anitsal & Paige, 2006; Long & McMellon, 2004; Wakefield & Blodgett, 1999). SERVQUAL comprises five dimensions: reliability; responsiveness; assurance; empathy; and tangibles (Parasuraman, Zeithaml, & Berry, 1988). However, Minor et al. (2004) argue that SERVQUAL is inappropriate or less meaningful for measuring the experiential quality of hedonic events such as live music performances because it was primarily designed for utilitarian services such as banking, long-distance telephone service, securities brokerage, and credit card service. Moreover, Minor et al. (2004) contend that SERVQUAL"s five dimensions are challenging to apply to crowd-based events such as live music performances due to their collective consumption nature. Such events requires the presence of other individuals, and the co-creation, co-delivery, and co-processing of the experience (Ng, Russell-Bennett, & Dagger, 2007). To address this deficiency, Minor et al. (2004) propose the service drama framework as a more appropriate mechanism for measuring the experiential quality of hedonic, collective events such as live music performances. This service drama framework was developed by Grove and Fisk (1992) and consists of four key dimensions: i) the actors or personnel performing or delivering the service drama; ii) the audience or the customer base or clientele; iii) the setting which comprises ambient conditions, spatial and layout quality, and other props associated with a service drama; and iv) the performance or outcome(s) derived from the interplay between the actors, audience and setting.

Based on the service drama framework together with the findings by Minor et al. (Minor et al., 2004), four broad dimensions are proposed to be relevant for measuring the dramaturgical quality of a shopping centre entertainment event experience: i) the performer/(s); ii) the crowd; iii) the setting; and iv) the behavioural response. The performers (actors) deliver the shopping centre entertainment event (Minor et al., 2004). The crowd (audience) are the participants or spectators at the event (Abbott & Geddie, 2001; Wickham & Kerstetter, 2001). An understanding of the "crowd" is critical for the design and delivery of a desired entertainment event experience because of its collective consumption nature (Ng et al., 2007). The setting is the venue where an entertainment event is staged, including ambient

quality, interactivity, compatibility, and convenience in terms of ease and time of access (Crompton, 2003; Minor et al., 2004). The behavioural response (performance) measures consumers" shopping and participation responses to the entertainment event"s performance (Michon, Yu, Smith, & Chebat, 2007, 2008). Previous studies typically opt for a cognitive or attitudinal measure of the performance (e.g. satisfaction) (Minor et al., 2004), however, this study opts for a behavioural measure because entertainment events are ultimately staged to stimulate consumers to undertake patronage and spending activities at the shopping centre place. The behavioural response is hypothesised as a function of the performer, the crowd, and the setting. Therefore, the objective of this study is twofold: i) identify relevant dramaturgical elements that define the experiential quality of shopping centre entertainment events; ii) examine the interrelationship among those dramaturgical elements.

Methodology

Based on the literature review and preliminary investigations (in-depth interviews with eight shopping centre managers and focus group discussions with four distinct groups of entertainment-event participants), a list of eighteen (18) items was developed to measure Experiential Quality (Andreu et al., 2006; Minor et al., 2004; Wickham & Kerstetter, 2001). Face-validity testing was conducted on the items with 34 randomly-selected shoppers at a school holiday event to check for semantic or phrasing issues. The validated items were embedded into a questionnaire and measured on a 5-point Likert-type agreement scale. The questionnaire also captured demographic characteristics including gender, age and household status. The questionnaire was administered to 280 participants at two varied family-oriented entertainment events (Family Week Festival and Let"s Dance) at two varied shopping centres located in South East Queensland (Australia). Family-oriented mall entertainment events were chosen as a starting point for investigation because family consumers generally represent a key market segment of shopping centres (Evans, Christiansen, & Gill, 1996; Roy, 1994; Talpade & Haynes, 1997). Systematic random sampling strategy was used wherein a field researcher attended each of the events and invited every third participant encountered to complete the questionnaire.

Results

The majority of respondents were females (75%), aged between 26 and 50 years (64%), and family shoppers with school-aged children below 12 years old (49%), as would be expected given the family-focused entertainment events included in this study. Almost two-thirds of the respondents (64%) reported that they did not visit the mall exclusively for the entertainment events but also for other reasons, namely, shopping for fashion (30%), window shopping (25%), shopping for food (21%), and meeting family or friends (13%), supporting that a shopping centre offers a broad range of utilitarian and hedonic activities (Martin & Turley, 2004; Roy, 1994). On the whole, the respondents were interested in the shopping centre entertainment events, with interest levels ranging from „some" interest (23%), „moderate" (30%), „quite a lot" (20%), to „a great deal" of interest (9%).

Principal components analysis (PCA) with a varimax rotation was conducted (Table 1). The PCA presented four factors (eigenvalue greater than 1) that accounted for 67.12 percent of the total variance explained, indicating a well-explained factor solution (Hair, Black, Babin, Anderson, & Tatham, 2006). The loading items, percentage of the variance explained, Cronbach"s alpha, and descriptive statistics of these four factors are also presented in Table 1. All four factors achieved very robust reliability (Cronbach"s alpha over 0.70) (Kline, 1998). These four factors were labelled as "setting," "crowd," "behavioural response," and "performer." These factors were then converted into summated or composite factors to enable regression analysis whereby "behavioural response" is hypothesized as a function of "performer," "crowd," and "setting" (Table 2).

"Setting" refers to the ambient quality of an entertainment event, which achieved the highest variance explained (40.0%) and the most favourable rating ($\bar{x}$ =4.03, SD=0.55). Consistent with the extant retail literature (Grewal, Baker, Levy, & Voss, 2003; Michon et al., 2008), this finding reinforces the importance of atmospherics in creating and delivering retail customer experience. "Performer" relates to the artistes that deliver an entertainment event. Although it scored the lowest variance explained (7.0%), it had a fairly favourable rating (x =3.45, SD=0.83), and thus denotes its experiential prominence within the context of shopping centre entertainment events. "Crowd" is about the crowd condition at an entertainment event and the extent to which it contributes to the experience. Its variance explained was the second highest (11.8%) and its descriptive statistic was moderately favourable (x =3.42, SD=0.82). "Behavioural response" focuses on consumers" subsequent

patronage and participation activities evoked by an entertainment event. It accounted for a moderate percentage of variance explained (8.3%) and achieved fairly favourable rating (x =3.61, SD=0.67).

Table 1: Factor and reliability analyses

Factor solution and items	Item loading	Variance explained	Cronbach's alpha	Mean (SD)*
Setting		40.0%	0.87	
It suits the age of the audience	0.82			4.09 (0.68)
It is held at a convenient time	0.81			4.04 (0.67)
It is presented professionally	0.77			4.05 (0.70)
It is held at a convenient venue within the centre	0.75			4.18 (0.64)
It is interactive with the audience	0.68			3.85 (0.83)
The sound system is of good quality	0.61			3.95 (0.78)
Crowd		11.8%	0.90	
The crowd creates a pleasant experience	0.86			3.47 (0.88)
The crowd adds to the experience	0.83			3.44 (0.91)
I enjoy the crowd	0.83			3.35 (0.92)
Behavioural Response		8.3%	0.83	
I have bought food items that I do not plan to	0.82			3.31 (1.03)
I have bought non-food items that I do not plan to	0.79			3.10 (1.03)
I have stayed at the centre longer than planned	0.64			3.87 (0.84)
I would like to receive invitation to a similar event in the future	0.59			3.45 (1.07)
I would like to come back to a similar event in the future	0.50			3.45 (1.07)
I would say good things about the event today to other people	0.40			3.90 (0.84)
Performer		7.0%	0.84	
It has performer(s) that I recognise	0.91			3.14 (1.24)
It has well-known performer(s)	0.82			3.10 (1.13)
The costuming of the performer(s) is of high quality	0.67			3.55 (0.98)

Kaiser-Meyer-Olkin measure of sampling adequacy=0.88; Barlett's test, p-value=.00 (chi-square=2850.61, degree of freedom=153); total variance explained=67.12%.

* Items measured on a five point agreement scale with 5 being strongly agree and 1 being strongly disagree.

Table 2: Inter-correlations and regression analysis of summated experiential quality dimensions

	Mean (SD)	Behavioural Response (DV)	Performer (IV)	Crowd (IV)	Setting (IV)
Behavioural Response	3.61 (0.67)				
Performer	3.45 (0.83)	0.56**			
Crowd	3.42 (0.82)	0.52**	0.58**		
Setting	4.03 (0.55)	0.48**	0.46**	0.46**	
Performer→Behavioural Response	β=0.33, t=5.67**				
Crowd→Behavioural Response	β=0.22, t=3.68**				
Setting→Behavioural Response	β=0.23, t=4.18**				
R²=0.40, F=63.38**					

Notes: **p-value<0.00; DV=dependent variable; IV=independent variable; SD=standard deviation, β=standardised beta value, t=t value.

Discussion and Implications

Based on the service drama framework, four elements are identified to be relevant for measuring the dramaturgical quality of the entertainment event experience in a shopping centre, namely, "performer," "crowd," "setting," and "behavioural response." These four elements are structurally and positively related to each other, whereby "performer" exerts the highest positive effect on "behavioural response," followed by "setting," and "crowd." These findings, albeit preliminary in nature, suggest that the hosting of famous and recognisable performer(s) at an entertainment event can effectively conjure people"s recognition of and instil their confidence in the entertainment event, and in turn trigger participation and shopping responses to the event. Consistent with extant literature (Minor et al., 2004), these findings verify the significance of ambient conditions and ease of spatial and temporal access in creating and delivering a hedonic event experience. Nevertheless, this study expands the setting concept proposed by the service drama framework by identifying other dramaturgical attributes relevant for the shopping centre entertainment event experience such as event interactivity and event compatibility to the target audience.

This study extends the retail marketing literature by illuminating the positive role that human crowd potentially plays in creating and delivering the desired experience of a hedonic collective event such as a shopping centre entertainment event. Extant retail

marketing studies (Eroglu & Harrell, 1986; Eroglu & Machleit, 1990) have typically emphasised the negative effects of human crowd on the shopper experience. On the contrary, this study suggests that a socially dynamic experience is desired by the participants or spectators of a shopping centre entertainment event. Hence, when staging a collective hedonic event, retailers should seek to strategically entice, amass, and manage the audience that is conducive to create and deliver socially dynamic experience at the entertainment event (Grove & Fisk, 1997).

In conclusion, the findings of this study are not conclusive and thus require further validation and development. To strengthen validity and reliability, future research may consider testing the proposed list of dramaturgical quality elements with other or a larger sample of family-oriented entertainment events, as well as with other types of entertainment events (e.g. fashion shows and market days). Advanced analysis techniques (e.g. structural equation modelling) can be applied to more critically examine the interrelationship amongst those four identified dramaturgical elements.

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Impacts of in-store actions on the consumer-brand relationships: a study in the ice- cream category

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Abstract

Purpose: Based on an experimental study, this research focuses on the impact of in-store (relational vs. transactional) actions on consumer-brand relationships.

Methodology: The empirical application involves ice cream brands distributed in the super-hypermarket channel. An online questionnaire was developed to test fictitious actions that these brands could have implemented. The sample of 369 actual consumers is split into two groups exposed to two actions. Mean differences are analysed with t-tests on SPSS 20.

Findings: Individuals exposed to relational in-store actions attribute more frequently the effort to the manufacturer. They perceive stronger efforts of the brand, identify more with the brand and declare a higher loyalty than those exposed to transactional in-store actions.

Research limitations: The application is limited to only one product category with affective treatment and we used mainly declarative measures of the constructs.

Practical implications: The results show the interest for manufacturer brands to use relational in-store actions.

Originality/value: The originality of the research lies in the consideration of in-store actions from a relational point of view.

Keywords: Relationship marketing, in-store actions, brand loyalty, food brands, fast moving consumer goods.

Article Classification: Research paper

Introduction

In July 2012, for the London Olympic Games, Coca-Cola set up in French supermarkets several machines giving visitors the opportunity to remix the brand song by adding specific sounds provided by athletes[10]. More and more brands develop actions that emphasize the relational aspect of their exchange with the consumer. Such actions aim at diffusing the brand values and fostering the link with consumers. Indeed, in a self-service context, the store is the place where the consumer can see and interact with the brand. This physical contact is important in terms of relationship quality. The store becomes the place where the efforts made by the manufacturer can be emphasized. It is also a place where the relationship between the consumer and the brand can be influenced through various actions. However, the literature on in-store actions almost exclusively studied these actions under a transactional perspective, focusing on the mechanical effect of promotions.

This research investigates the impacts of two in-store actions on the consumer-brand relationship: one, a price reduction, is developed in a transactional perspective and the other one, a game, is developed in a relational perspective. We present first a literature review regarding the specificities of relationship marketing and the benefits of in-store actions, then the results of a quantitative study testing the differences of impacts of these two in-store actions, and finally the conclusion of our research.

1. Literature review

1.1. In-store actions and their impacts and benefits

In-store actions are mainly discussed in the literature from a promotional standpoint (Chandon, 1995; Desmet, 2007) and are widely used because of their effects on purchases' acceleration (Neslin, Henderson and Quelch, 1987) in a transactional perspective. Until the early 1990s, research concerning sales promotions mainly considered their negative impact on both repeated purchases and brand image. Monetary promotions make consumers focus more on price than on brand qualities (Mela et al., 1997) and have a negative effect on brand image (Buil et al., 2011; Montaner and Pina, 2008). However, recent studies show that non-monetary promotions may help enhance consumers' attitudes and loyalty towards a brand (Keller, 2008), and tend to generate more positive brand associations (Palazón-Vidal and

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[10] Coca Cola web, 21/07/2012

Delgado-Ballester, 2005). Finally, the perceived value attached to the sales promotion experience, which results from promotion exposure and usage, includes both utilitarian and hedonic dimensions (Chandon et al., 2000).

1.2. Relationship marketing

Relationship marketing offers a more interactive perspective of the exchanges between consumers and brands compared to a transactional vision of marketing where the company acts and the consumer responds (Möller and Halinen, 2000). Previous literature studied the link developed between the two parties (Fournier, 1998; O'Malley and Tynan, 1999; Heilbrunn, 2003) and proposed conceptualization and measurement of the various components of a relationship (Breivik and Thorbjørnsen, 2008; Vesel and Zabkar, 2010). Relationship quality (Crosby et al., 1990) is a multi-dimensional construct including brand perceived quality, trust, and commitment (Hennig-Thurau and Klee, 1997). Fournier (1998) showed how this concept could apply to consumer markets. Other works have enlightened the impact of trust and commitment (Morgan and Hunt, 1994) on buying behaviours, attitudinal loyalty, behavioural loyalty, and positive word of mouth (MacInnis et al., 2009). Brand trust includes "the credibility, integrity and benevolence that a consumer attributes to the brand" (Gurviez and Korchia, 2002). Commitment conveys the idea of willingness of duration of the relationship (Morgan and Hunt, 1994). It includes both affective and psychological side: attachment of the consumer to the brand and identification to the values of the brand (Frisou, 2000). We will consider trust, attachment and identification, and loyalty as the main indicators of the quality of the relationship.

1.3. Attribution theory and brand expression

Attribution theory states that relationship marketing benefits are attributed to the entity perceived as controlling them (Palmatier et al., 2007). Relationships develop through the interactions between the actors on a day-to-day basis (De Wulf Odekerken-Schröder and Van Kenhove, 2003). It is relevant for manufacturer brands to implement actions and marketing strategies that deliver relational benefits to the consumer. The store is the place where the consumer meets the brand, and through its collaboration with the retailer (Debos, 2007) the manufacturer keeps informal control over the purchase experience. In-store brand

expression (Aurier and Lanauze, 2011) covers "the different non-product elements of the brand marketing addressed to the consumer during the in-store encounter". It represents the brand efforts and long-term orientation.

1.3. Research hypotheses

We hypothesize that individuals exposed to a relational action will perceive a higher in-store brand expression (brand efforts and brand long-term orientation) and a better attribution of the action to the manufacturer.

H1: *In comparison with those exposed to a transactional action, respondents exposed to a relational action*
- **a:** *perceive higher brand efforts,*
- **b:** *perceive higher brand long-term orientation.*

H2: *In comparison with those exposed to a transactional action, respondents exposed to a relational action attribute the in-store action to the manufacturer more often than to the retailer.*

We posit that relational in-store actions reinforce the consumer-brand relationship.

H3: *In comparison with those exposed to a transactional action, respondents exposed to a relational action*
- **a:** *trust more the brand,*
- **b:** *are more attached to the brand,*
- **c:** *identify more to the brand,*
- **d:** *are more loyal to the brand.*

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2. Method

An empirical application is conducted through an online questionnaire addressed to the consumers of a fast moving packaged good category: ice cream. Four national brands distributed in French super and hypermarkets are selected: Carte d'Or, Ben & Jerry's, Häagen-Dazs and La Laitiere. All four are typical examples of manufacturer brands attempting to regain control over the distribution by putting in place various types of in-store actions and category management strategies. Results are presented with no distinction of brand.

The experiment is built in order to manipulate two modalities (relational vs. transactional) of the in-store action and consequently measure consumer reactions and the relational variables.

We develop an inter-subject plan, each respondent being submitted to only one of the experimental conditions (stimuli). The manipulated stimuli were either the exposition to a price reduction or the exposition to a game. We consider the price reduction as a transactional action since it has a direct impact on the price and on the purchase while the game is developed independently from the purchase itself. The game consists in the possibility for the consumer to participate and propose the taste of the next ice cream the brand could offer. Both are presented as in-store actions.

In the questionnaire, a first screen displays a situation where the consumer is told he enters the store then the ice-cream category; and a second screen details the action in the specified category. Descriptions of the actions are inspired by real observations in the category. Below are presented the two modalities:

Behind a Ben & Jerry's stand, a machine offers you the possibility to print a coupon to receive a 20% price reduction during check out.

Behind a Ben & Jerry's stand, a machine offers you the possibility to play a game that consists in voting for the future ice cream taste of the brand.

After the exposition to the stimulus, we measure the main relational constructs. For that, we adapted scales developed in the literature: trust, commitment, split up into attachment and identification, brand perceived expression, split up into brand long-term orientation and brand efforts. We also adopt a composite measure of attitudinal loyalty including measures of purchase intention and positive word of mouth (see detail of the scales in Appendixes).

3. Results

3.1. Sample characteristics

From the final sample of 369 randomly recruited persons (279 women and 90 men) 183 were exposed to a transactional action: a 20% price reduction coupon distributed in-store, and 186 to a relational action: a game in-store to select the new taste of the future ice cream. Chi2 tests (1 ddl) do not show any significant differences between sub-samples in terms of gender, age, household structure, and occupation ($p < 0,05$).

3.2. Verification of the experimental conditions

We check some control variables to ensure that the observed differences (afterwards) are only owing to experimental conditions. Chi2 tests (1 ddl) do not show any significant differences between groups in terms of attitude towards the brand, perceived level of communication of the brand, consumer relational orientation, and attitude towards sales promotion and game ($p<0.05$).

We posit that transactional actions lead to more functional benefits (monetary gain, time savings, convenience) for consumers than relational actions, which, in turn, bring more relational benefits (dialogue, proximity, consideration). The measurement scale of the in-store actions benefits developed by Chandon et al. (2000) mainly includes functional and entertainment benefits of promotion. We complete it adding a third dimension of benefits: relational benefits, which includes 6 items (dialogue, recognition, perceived sincerity).

As a first result, respondents exposed to the game perceive more relational benefits ($M_{game} = 3.30$ *vs.* $M_{reduction} = 2.53$, $p<0.05$) than those exposed to the price reduction, whereas they perceive lower functional benefits ($M_{game} = 2.65$ *vs.* $M_{reduction} = 3.87$, $p<0.05$). Hence, the price reduction is perceived as a transactional action while the game is perceived as a relational action.

3.3. Test of the research hypotheses

To test the hypotheses, we do t-test on the means from the two independent groups (individuals exposed to a price reduction and individuals exposed to a game) ; we obtain the following results. Respondents exposed to the game in-store perceive higher brand efforts than those who benefit from a price reduction ($p<0.05$). **Hypothesis H1a is validated.** The mean on brand perceived long-term orientation is higher for the game, but it is only a trend ($p<0.10$). ***Hypothesis H1b is marginally validated.***

Overall, respondents feel that in-store actions are attributed to the manufacturer rather than to the retailer ($M_{attrib-brand} = 5.48$ *vs.* $M_{attrib-retailer} = 3.75$). Games (M=5.63) are more attributed to the brand than price reductions (M=5.21), ($p<0.05$). Hence, relational actions are more attributed to the manufacturer than transactional actions. **Hypothesis H2 is validated.**

Respondents exposed to the game in-store identify more to the brand than those who benefit from the price reduction ($p<0.05$). **Hypothesis H3c is validated.** On the opposite, hypotheses

H3a and H3b are rejected. The mean on brand loyalty is in favour of the game but it is only a trend *(p<0.10)*. ***Hypothesis H3d is marginally validated.***

Indicators	Groups	n	Mean	t-test	p-value	<0,05= ** <0,10= *
Brand perceived efforts (H1a)	Transactional	183	3.44	-2.348	.019	**
	Relational	186	**3.67**			
Brand perceived long-term orientation (H1b)	Transactional	183	4.66	-1.741	.083	*
	Relational	186	**4.83**			
Brand attribution (H2)	Transactional	183	5.21	-3.367	.001	**
	Relational	186	**5.63**			
Trust (H3a)	Transactional	183	4.73	-1.390	0.165	
	Relational	186	4.85			
Attachment (H3b)	Transactional	183	3.40	-.956	.340	
	Relational	186	3.53			
Identification (H3c)	Transactional	183	2.23	-2.016	.045	**
	Relational	186	**2.51**			
Loyalty (H3d)	Transactional	183	4.12	-1.760	.079	*
	Relational	186	**4.34**			

Table 1 – T - test of means on relational indicators

4. Discussion, implications, limits and future avenues

The main theoretical implication lies in the differentiation between relational and transactional actions, which leads to classification of in-store actions according to the perspective of their implementation (Desmet, 2007). Consumers can perceive relational benefits independently from the purchase act (Hennig-Thurau et al., 2002), as they do when liking brands through social medias. In store, they can find back this link through a direct contact and actions that foster their identification to the brand values.

According to the attribution theory (Palmatier et al., 2007), relational in-store actions are a good way to express the brand relational orientation: they send signal that the brand cares for the consumer. The relationship exists because the two parts contribute to its development (Grönroos, 2000).

Operationally, the results of this research provide a useful insight for manufacturer brands. In-store actions may provide relational benefits and counter the lack of differentiation from the competition by generating better identification to the brand and better loyalty. In a context where physical points of sale are left in favour of e-shops and drives, these actions are a good way to re-enchant the in-store consumer-brand relationship.

Limitations of our study are also future lines of research. Further testing in other product categories should be pursued. The first research perspective that we propose is to study products categories with cognitive treatment in the purchase process. Test on non-alimentary products could lead to better understanding of the impact of other variables such as consumer relational orientation or product involvement, while developing external validity of our results. Behavioural metrics could also be considered in addition to the declarative measures. Since actions have to be understood in the comprehensive communication strategy of the brand, it would be interesting to test actions with an Internet or social media relay.

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Appendixes

Scales used in the questionnaire

Variables	Items number	Example of items	Authors	Cronbach α	% of explained variance
Trust	5	"Buying the products of this brand is a guarantee" "This brand is honest towards its consumers"	Gurviez and Korchia (2002)	0.897	71.235%
Commitment - attachment	5	"I am very attached to this brand"	Lacoeuilhe (2000)	0.910	79.908%
Commitment - identification	4	"This brand helps me express who I am"	Adapted from Salerno (2002)	0.946	
Brand expression – brand efforts	7	"Consumers get real attentions from this brand"	Aurier and Lanauze (2011)	0.957	70.875%
Brand expression – long-term orientation	2	"This brand seeks to establish long-term relationship with its consumers"		0.715	
Loyalty	5	"I will purchase ice cream from this brand the next time I need ice cream" "I will recommend this brand to anyone asking me for advice on ice cream"	Adapted from Srinivasan Anderson Ponnavolu (2002)	0.883	68.042%

F1: Retail strategy; Franchise

Room and day: GW2 – B2880, September 26th

Chair: Elodie Huré

Employee engagement, employer branding and the service-profit chain.

Christine McKean – University of the Arts London (UAL)

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Abstract

This paper defines, explains and evaluates the concepts of employee engagement, employer branding and the service-profit chain and demonstrates their practice within three high profile, household name UK retailers, namely Marks and Spencer, Harrods and Selfridges. These retailers were interviewed to discover what retail HR practitioners are actually doing within their firms and which metrics identify their application and relative success in terms of improved performance.

The companies interviewed all practice employee engagement in some form or another. Employee engagement is part of the strategic narrative at M&S where its introduction has brought about a de facto culture change. It has been very important in the HR strategy of Harrods where the company has re-evaluated its 'DNA' and to some extent returned to the values of its past while at the same time being clear about where the future lies for staff and HR practices. At Selfridges engagement is one element in an overarching HR strategy but it is not a key strategic approach. All three companies focus strongly on developing their line managers and creating people focused KPIs. Additionally all three companies reported the importance of employer branding in attracting the best candidates. Employee engagement is about being a good employer and as Rayton et al (2012) have shown in their forensic demonstration of the benefits of employee engagement, about being financially successful. The author proposes a model, based on Heskett et al's service-profit chain (Heskett et al,1994) which shows the linkages and synergy between employee engagement, employer branding and performance in a retail setting.

Employee engagement, employer branding and the service-profit chain.

For some years there has been mounting interest from the Human Resources profession and from academics in the concept of employee engagement. Employee Engagement is a term which refers to a set of high performance working practices which promise improved performance from the staff in an organisation. It is of international importance. The concept has received considerable attention from the UK Human Resource Management community, as well as academics, business and the UK government, who commissioned the McLeod Report of 2009 to investigate the subject and to create a structured definition of the drivers or enablers of Employee Engagement. This seminal work led to the establishment of the Employee Engagement Task force at the UK Department for Business, Innovation and Skills to work with leading academics, practitioners and think tanks. (Department for Business, Innovation and Skills, 2011) This shows the serious potential of employee engagement, not only to deliver sustainable success for organisations, but to improve UK productivity and GDP (Rayton, Dodge and D‟Analeze 2012).

The four enablers of engagement are: leadership that gives a strong strategic narrative about the organisation,; line managers who motivate, empower and support their employees; employee voice throughout the organisation, to challenge or reinforce the status quo and involve employees in decision making; and organisational integrity - stated values which are embedded into organisational culture (McLeod and Clarke, 2009). Engagement itself in the individual employee is a psychological and physical state, a mix of attitudes and behaviours which manifest themselves at the level of the job, or the work itself; relationships with colleagues and in feelings of trust and pride in the organisation. Purcell(2010:5) More than motivation, engagement is a passion for work, commitment to the organisations values and a willingness to help out colleagues.(Alfes et al, 2010) However Engagement is not the „soft and fluffy‟ creature it perhaps appears to the sceptical: „it is a performance issue‟ (McLeod to Jacobs, 2013). The discretionary effort which is released when these enablers, drivers and conditions are met improves performance, measured using a number of metrics: HR outcomes like employee surveys to measure satisfaction, labour turnover and absenteeism, organisational measures like productivity and service quality and financial outcomes such as sales and return on investment. For example, „Marks and Spencer‟s research shows that over a four year period stores with improving engagement had, on average, delivered £62million more sales to the business every year than stores with declining engagement‟ (Rayton et al,

2012). In terms of the extent to which UK workers are engaged, the figure of a third is a fairly consistent finding. (CIPD, 2011) This is described as an „engagement deficit" that would not be tolerated in any other resource area of a business. (Rayton et al, 2012). The effect is that the UK ranked ninth for engagement levels amongst the world"s twelve largest economies, as ranked by GDP (Kenexa, 2009). This being so, there is an opportunity for retail businesses to introduce new strategies and techniques to improve engagement and so add value to the organisation as well as its staff.

When such management techniques are linked to the employer brand, which is the perceived desirability of an organisation as an employer to existing and prospective employees (CIPD, 2012) , engaged employees can become advocates or ambassadors for the brand through their positive attitudes and behaviour. Employer branding is important as it is key that employers remain competitive in the 'war for talent', and employer branding uses some of the techniques of marketing to appeal to the best talent. It also publicises the value proposition of the employer to prospective employees. For example, many retailers are creating conversations with potential recruits through social networking sites such as Facebook, Twitter and Linked-in with a view to informing this group of upcoming roles within their organisations. Over half (54%) of UK employers use social media for recruitment and one in nine employees who have used it to look for work have found a job this way. (Gifford, 2013) Almost all organisations use their websites to attract and screen potential employees, and many companies use on campus events to promote themselves to new talent. If organisations are serious about employee engagement, they need to protect the reputation of the company as an employer from adverse publicity. So the trust in the brand, which is part of organisational integrity, needs to be maintained through internal and external communications. CSR can also enhance the employer brand as new employees are attracted to the company, and existing employees can see the company living up to its espoused values, to the extent that they become „brand ambassadors" or advocates. It can be seen that employer branding is as important in difficult economic circumstances as it is when times are good: in recession a robust employer brand is needed to attract and retain the best candidates with scarce skills , and when there is economic growth a strong employer brand will deliver competitive edge over competitors in a tight labour market. The employer brand also has a role to play in retention of employees, by segmenting them and communicating to them differently, or offering them valued rewards in an echo of the ways in which marketers seek to retain customers through development of a relationship with them. (Jenner and Taylor, 2007)

So far the synergy between the principles of employee engagement and employer branding has been identified, but it is further enhanced by the inclusion of the Service-Profit chain model, which is of direct relevance in retail settings. The authors describe the links in the Service-Profit chain as follows:

„Profit and growth are stimulated primarily by customer loyalty. Loyalty is a direct result of customer satisfaction. Satisfaction is largely influenced by the value of services provided to customers. Value is created by satisfied, loyal and productive employees. Employee satisfaction in turn results primarily from high quality support services and policies that enable employees to deliver results to customers." (Heskett et al, 1994:20) See Figure 1

In a retailing context the link between satisfied, effective and engaged staff can have an effect on sales. (Purcell and Hutchinson,2007) Taken in conjunction with the Service-Profit chain, the link between engaged and satisfied employees and customer satisfaction and loyalty, and therefore profit, can be demonstrated (Heskett et al, 2008). This has implications for talent management as recruiting the right people becomes crucial. The importance of attitude becomes central, as does the recruitment, development and careful management of front line managers. The powerful synergy between employee engagement, employer branding and the promotion and support of the service-profit chain could prove essential for retail businesses in a post recession UK where the high street is still vulnerable from suppressed demand. Ultimately the success of retail business is a function of the people who work in it, and how they are managed is a crucial factor in delivering sustainable competitive advantage. See Figure 2

With the above arguments in mind three household name UK retailers were interviewed using a semi-structured interview method. It is intended that this is the first in a series of primary research studies on employee engagement, employer branding and the service-profit chain, in order to discover what practitioners are actually doing within their firms and which metrics identify their application and relative success in terms of improved performance.

Vicky Scard, Head of Employee Engagement was interviewed at Marks and Spencer"s UK Head Office in Paddington Basin, London. A series of 10 questions were asked relating to employee engagement, employer branding and their relationship with customer satisfaction as per the Heskett et al model discussed previously. Asked if M&S

agreed with the definition of employee engagement produced by the CIPD (2013), Ms Scard said she did but that M&S had their own definition which is:

„Great engagement makes sure that employees are committed to the goals of the business and motivated to contribute to them. Engaged employees have a sense of pride and personal attachment to their work and organisation and are motivated and able to give their best to help the organisation succeed." (Scard to McKean 2013)

There is a good fit between the company"s values which are Quality, Value, Service, Innovation and Trust, their long welfare tradition and their employee engagement initiatives, fitting well with the need for organisational integrity. M&S have a stakeholder model which is wide ranging. For example, they have worked with the Princes Trust in a youth employment progamme giving youths not in employment, education or training (NEETS) opportunities within their stores. In 2011, Marks and Spencer established their own centre of expertise in the Human Resources function for Employee Engagement.

The second interview was with Selfridges Oxford Street, London"s Reward Manager, John Lionis, using the same set of ten questions as before. Selfridges won the best Department Store in the World Award in 2012 . Overall there are around 7,500 staff, 2500 employees working directly for Selfridges plus 5000 concession staff across London, Manchester, Birmingham and the Head office in Leicester.

Selfridges, London do not necessarily agree with the CIPD 2013 definition of engagement as including discretionary effort , and in any case Lionis pointed out there are many different definitions of engagement. They do not have a company definition of engagement and see it as something broader. They have a fixed idea about what engagement is but it is not written down anywhere. But they do measure engagement using a ready made engagement scale around the relationship with team mates, working environment and so on. The survey takes place once a year and as a pulse when needed. It is to get understanding about how people are feeling and whether they have the necessary tools and power to help them to perform well, and an environment which makes them feel energised, which is part of the Selfridges culture. But, „The concept is overused." Says Leonis (Leonis to McKean, 2013) At Selfridges there is an overall overarching HR strategy and engagement is a part of it rather than at the centre of it. The strategy is led by the business, and engagement is one of the metrics to see if the HR part is going in the right direction. Employee engagement per se as a concept is not a part of Selfridges language or part their strategy -it is an element, not a key driver.

The third interview in this series concerned Harrods, a totemic shopping destination for luxury based in Knightsbridge, London. It is the world‟s single largest store selling luxury and lifestyle goods and services over more than 1 million square feet of floor space. The same questions were put to Niall Ryan, Head of Employer Branding and Communication. Ryan agreed with the overall thrust of the CIPD (2013) definition of employee engagement but he criticised generic employee engagement surveys which relate to organisational engagement focusing on intention to stay, pride in the brand, being satisfied and so on.

„……there is a concurrent level of engagement which is job level engagement. How psychologically engaged and immersed am I in my role? Because once we get that bit right …. that's the bit I think where we unlock real value „(Ryan to McKean, 2013) Asked if there was a trigger for the introduction of employee engagement Ryan says, „Back in 2007 our labour turnover was extremely high . It was running at 55%. So when I joined the organisation I thought ….why are so many leaving? There were indicators in terms of our culture that it was not a conducive working environment to foster well being. In retail everything is all about metrics and HR is no different. It became obvious we should do an employee survey and find out the truth. It was one way communication back then and we weren't an organisation that listened‟

The three companies interviewed, Marks and Spencer, Selfridges, London and Harrods, all practice employee engagement in some form or another. Using the four enablers of engagement as an analytical framework, it is part of the strategic narrative at M&S where its introduction has brought about a de facto culture change. It has also been very important in the HR strategy of Harrods where the company has reevaluated its 'DNA' and to some extent returned to the values of its past while at the same time being clear about where the future lies for staff and HR practices. At Selfridges engagement is one element in an overarching HR strategy but it is certainly not a key strategic approach. All three companies focus strongly on their line managers by developing them and creating people focused Key Performance Indicators. All three companies recognise that the employee voice is important, in their different ways. All use employee satisfaction surveys. But they do have one thing in common which is that they are major retail players whose retail character means they are used to using a metric-focused approach in every area of their business.

The difference is perhaps in the extent to which each company is prepared to espouse the idea of involving employees in decision making. For example Marks and Spencer and Harrods

seem much more interested in creating opportunities for employees to add value by contributing ideas while the communication systems at Selfridges seems much more top down. As for organizational integrity, all three businesses have stated values that are to a greater or lesser extent embedded in their culture, which is in every case an important aspect of their relationship with staff. As for the employer brand, all three companies regard this as extremely important and have dedicated staff managing how this is communicated to prospective or existing staff. The role of Corporate Social Responsibility in enhancing the employer brand is particularly striking in the case of M&S while for Harrods, it is still a part of the 'journey' which is still a work in progress. Selfridges are making inroads of this aspect of their employer branding and it is also a work in progress. As far as making linkages between employee satisfaction and customer satisfaction is concerned, all three companies are working with academics to try and establish connections like this and M&S and Harrods have had some success in quantifying these, while Selfridges is in the process of doing so.

Lastly, but not least, as Purcell(2012) has clearly noted, none of the ideas of employee engagement are new. They are closely related to the idea of employee commitment, organizational citizenship and employment policies focused on employee well being, participative decision making, and a style of management which is less about command and control than it is about enabling and coaching staff. In short, employee engagement is about being a good employer and as Rayton et al (2012) have shown in their forensic demonstration of the benefits of employee engagement, about being financially successful . If an employer considers adopting employee engagement in a cynical attempt at labour intensification, or because it is „fashionable", the lack of integrity and trust in management will soon become obvious and this strategy will fail. It is all about good employment relations and it is a serious performance issue.

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Ryan, N.(2013)Interview with the author. London, 11 September. [Niall Ryan is Head of Employee Engagement at Harrods, London.]

Scard, V .(2013)Interview with the author. London, 19 September. [Vicky Scard is Head of Employee Engagement at Marks and Spencer, London.]

F2: Retail Operations

Room and day: GW2 – B2880, September 26th

Chair: Alexander Hübner

Development Stages in Multi-Channel Retail Logistics

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Abstract

Purpose: For traditional retailers, the growing importance of online sales means creating new supply chain models for multi-channel management. Retailers therefore need to understand how to design optimized and integrated cross-channel logistics. The primary goal of this research is to investigate design criteria in multi-channel logistics and the development options.

Design/methodology/approach: We used an online questionnaire to test hypotheses on challenges and development stages in multi-channel logistics and assess retailers' capabilities. The hypotheses were generated in a previous explorative study using semi-structured and face-to-face interviews with more than 40 executives. Based on the insights generated on structures and development options, over 60 retailers and logistics experts were asked to verify or reject certain hypotheses and answer questions on logistics behavior in an online questionnaire.

Findings: The study develops a framework in which retailers can be grouped based on seven distinctive pillars for planning multi-channel logistics. In general, multi-channel retailers are in an advanced development stage, but textile retailers are still behind the capabilities of consumer electronics. Furthermore, the length of the operation of an online shop has a significant influence on the overall evaluation of a company based on its relative degree of maturity.

Practical implications: The logistics levers identified can be applied to pinpoint the necessary steps for further optimizing multi-channel integration. At the same time, examples give an idea of how to coordinate online and offline logistics efficiently. Retailers can gain important insights into current logistics concepts used by topretailers in their respective industries. Furthermore, the concepts themselves, archetypes, challenges and development paths are analyzed.

Originality/value: This paper describes the results of what is currently the largest quantitative empirical study on multi-channel logistics. More than 60 retailers and experts were asked to confirm and enhance the analysis of multi-channel management. It is the first study to comprehensively analyze the challenges and development options in multi-channel logistics.

Keywords: Retail Operations, Multi-Channel Logistics, Network Configuration, Distribution Strategies

Article Classification: Research Paper

1 Introduction and Motivation

Various studies forecast further online growth in markets around the globe [Nielsen, 2010]. Bricks- and-mortar shopping is increasingly overlapping online retail. For example, German retail sales grew to EUR 433 billion in 2013. While distance sales accounted for EUR 48.5 billion, as much as 80% of distance sales were already generated purely online [BVH, 2014].Compared with total retail sales, which grew by 1 to 3% p.a. in some cases in recent years, annual growth rates in e-commerce were as high as 23% p.a. in 2013 [BVH, 2014]. In total, online sales nearly doubled between 2008 and 2013. This was driven by the increase in sales in existing online channels as well as the market entry of bricks-and-mortar retailers into e-commerce (see figure 1).
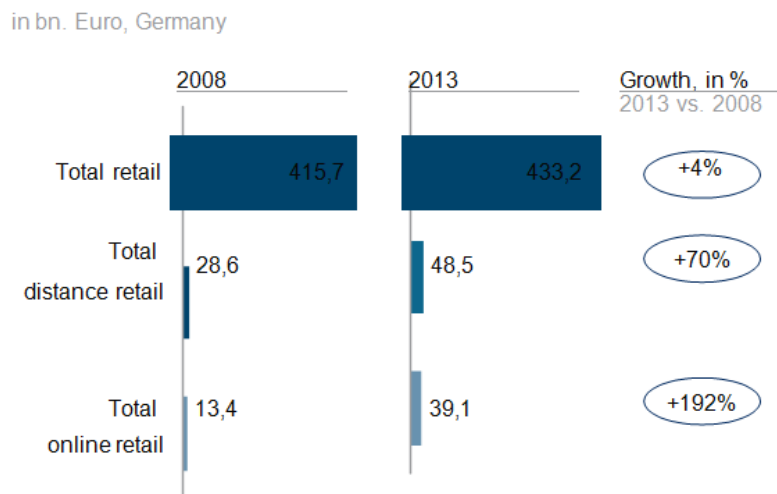
Figure 1: Retail sales development

Traditional retailers therefore need to cope with new shopping behavior to fulfill service requirements without sacrificing their business model due to logistics complexity. For traditional retailers the growing importance of online sales means creating new business models. At the moment, multi- channel (MC)management seems to be the most prevalent topic. Innovative logistics structures for order processing are essential to fulfill rising customer expectations. These developments are putting greater pressure on logistics to operate efficiently. Traditional bricks-and-mortar retailers in particular are increasingly facing the challenge of redesigning their logistics processes and making them MC capable. MC retailers are integrating sales channels and logistics to unify processes, leading to issues concerning development opportunities and integration levels. Most bricks-and-mortar

retailers are unsure how to overcome the barriers to entry for internet sales and what business model is best for their own business.

The remainder of this paper is organized as follows: Section 2 presents an overview of related literature. We then present the methodology and interview sample in section 3. Section 4 analyses development options for MC retailers, before we draw conclusions in the final section.

2 Literature Review

Existing research on MC retailing mostly focuses on marketing issues or addresses logistics questions in MC retailing in a fragmented manner only. For example, Schoenbachler & Gordon [2002] examineMC retailing especially from a consumer perspective. Retailers have to shift from a single- channel to a MC solution in order to stay competitive. Single-channel retailers risk becoming redundant. Heinemann [2008] gives an overview of MC retailing from a marketing perspective. He shows fields of action and success factors using practical examples. Agatz et al.[2008] pursue the role of supply chain management and internet fulfilment for MC retailers and review e-fulfillment literature. However, none of the models analyzed considers the interplay of e-commerce and bricks-and-mortar retailing. Finally, logistics literature is emerging on individual planning problems in the context of MC. Mahar et al. [2009], Liu et al. [2010] and Schneider and Klabjan [2013] deal with inventory pooling effects in MC supply chains. Alptekinoglu and Tang [2005] study whether to fulfill online orders from physical stores or from warehouses. Xing et al. [2011] deal with the issue of physical distribution service quality in an MC environment. Bhatnagar and Syam [2013] develop a model for solving MC assortment decisions. Pentina et al. [2009] study the effects of MC coordination on retail performance, with the option of outsourcing logistics operations. All of these papers, however, only focus on a very small part of MC logistics and do not model supply chain decisions comprehensively and from a development perspective. Hübner et al. [2014a,b] study design options in MC logistics and operations management. They analyzed explorative interviews with 33 MC retailing companies to identify structures, fields of action and development paths. We have taken the findings of this study to formulate the hypotheses tested in this research. An integrated perspective on logistics development options has not yet been evolved. A proper planning framework should therefore define objectives and alternatives [Hübner et al., 2013a].

3 Methodology and Research Design

Data collection: A deductive approach was taken for data collection with predictions deriving from theory and exploratory research, which are then verified using further empirical surveillance. Positivism was chosen as a research philosophy. Based on the natural sciences, their processes and their models of explanation, this approach calls fora quantification of all correlating events as well as providing the opportunity and aspiring to create universal laws. The research strategy was a combination of qualitative and quantitative methods. In this longitudinal research, first qualitative interviews were carried out to identify important issues and aspects (see Hübner et al. [2014a,b]). Secondly, online questionnaires were created based on the interview results to confirm or invalidate the theory as well as to present the results to a broader audience.

We based our analyses in this paper on previous exploratory studies by Hübner et al. [2014a,b]. The authors identified seven distinctive pillars for planning MC logistics. Each pillar consists of three development stages, which ultimately build the foundation for an evaluation model. Their explorative interviews with 33 MC retailing companies provided structures, fields of action and a conceptual framework for development paths. The focus was on dependencies between the logistical planning areas. Based on this initial research and the theoretical frameworks found in literature, we constructed hypotheses and presumptions which focused on the main research questions. The first goal was to describe characteristics for a developed MC business. We wanted to categorize retailers according to their development level. Furthermore we wanted to challenge different integration levels in MC logistics and find out whether an integrated network with an integrated operationssystem is more efficient than separate channels. In the last step, we assessedthe ability and speed of delivery as well as the productivity in a warehouse to evaluate the overall performance for different approaches (integrated or separate) in MC logistics.

The data in phase 2 was collected using a KPI-based onlinequestionnaire over a period of two months at the end of 2013. The results are derived from the answers of over 60 retail executives using two distinct questionnaires for MC retailers and for retail and logistics experts. The onlinequestionnaires were also pre-tested to ensure the quality of research. A total of 31 retailers from the top lists participated. The main target groups were primarily topretailers from fashion, do-it-yourself and consumer electronics, as these are the three groups with the highest revenue in online retail. Out of the top 20 bricks-and-mortar

sales divisions in Germany, twelve run a MC business, of which two thirds contributed to this study. More than half (52%) of the participating MC retailers have a turnover of more than EUR 1 billion per year. 16% report a yearly turnover of between EUR 500 million and 1 billion, whereas about one fourth can be considered SME (small and medium-sized enterprises) with a revenue of less than EUR 500 million per year. Most of the participantsare textile retailers (32%), specializedretailers (19%), groceryretailers (16%) or make their money with consumer electronics (11%). Participants were required to have a senior management position in the field of logistics in particular. As a result, mostly board members, general managers, directors as well as division and logistics managers were surveyed, who were able to guarantee a holistic view of the logistic structures and processes for the MC business.To validate the results, additional MC experts were asked to participate. The participants, who were interviewed as logistics experts, mostly work in the retailing sector, consultancies or are logistics service providers. Among others, some of the largest consulting firms and four of the ten largest logistics service providers in Germany participated in the survey. In addition, seven retailers that operate exclusively offline and six retailers that operate exclusively online and are currently active in MC retailing were interviewed.

Data analysis: The data analysis was conducted in two phases: (I) Distinct searches for structures in the answers using plausible qualitative criteria to verify or reject the initial presumptions, and (II) search forpreviously unknown structures in the answers using statistical analyses. In the first step, evaluations were performed as part of a top-down analysis, such as frequency of assent to our formed assumptions or analyses on agreement levels. In the second step, in-depth evaluations were carried out as part of a bottom-up analysis, such as cross-table analysis, correlations between the responses including continuing tests of significance to validate the meaning of the found structures.

In the following, we would like to present the developed framework as well as our key findings from the analysis.

4 Development stages in MC logistics

We tested a framework with seven pillars that was developed based on the results of the exploratory study (see figure 2). It was tested with the broader mass of MC retailers who were evaluated based on their characteristics in distinct development stages and grouped by industry to achieve generalizationand reveal optimization approaches.
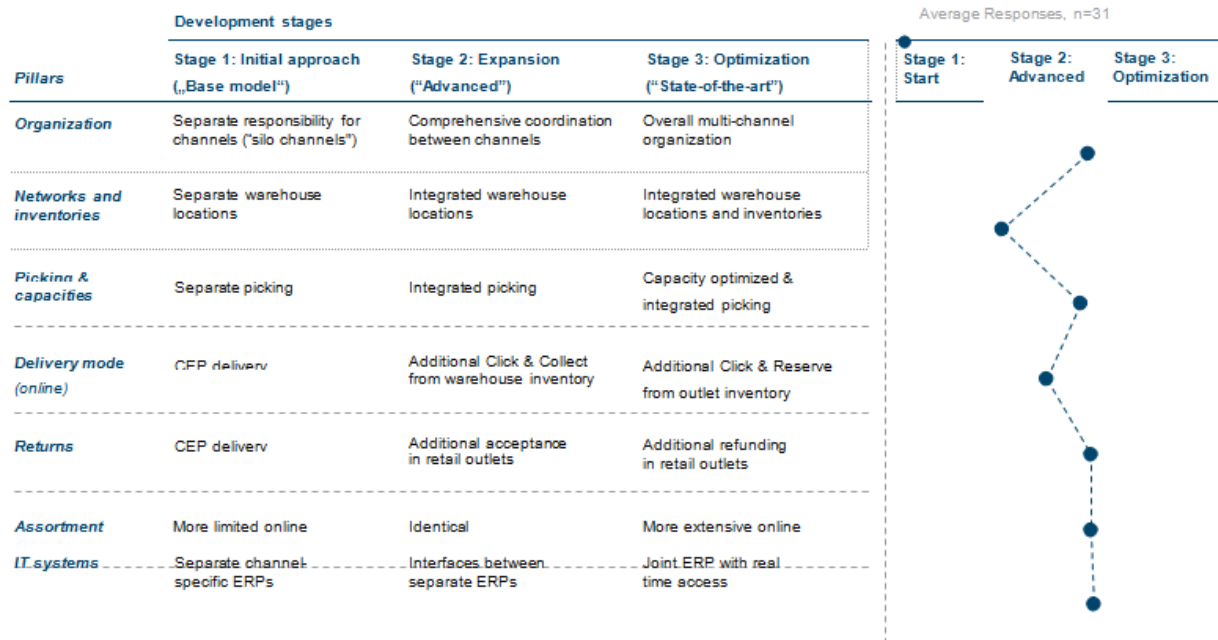
Pillars	Development stages			Average Responses, n=31		
	Stage 1: Initial approach ("Base model")	Stage 2: Expansion ("Advanced")	Stage 3: Optimization ("State-of-the-art")	Stage 1: Start	Stage 2: Advanced	Stage 3: Optimization
Organization	Separate responsibility for channels ("silo channels")	Comprehensive coordination between channels	Overall multi-channel organization			
Networks and inventories	Separate warehouse locations	Integrated warehouse locations	Integrated warehouse locations and inventories			
Picking & capacities	Separate picking	Integrated picking	Capacity optimized & integrated picking			
Delivery mode (online)	CEP delivery	Additional Click & Collect from warehouse inventory	Additional Click & Reserve from outlet inventory			
Returns	CEP delivery	Additional acceptance in retail outlets	Additional refunding in retail outlets			
Assortment	More limited online	Identical	More extensive online			
IT systems	Separate channel-specific ERPs	Interfaces between separate ERPs	Joint ERP with real time access			

Figure 2: Average development stages of German multi-channel retailers

The first pillar, *organization*, addresses the issue whether organizational responsibility for MC logistics should be separated or integrated. In the initial stage responsibility for the channel is separated. Cross-channel coordination leading to an overall MC organization is the most advanced solution. Today, 40% of the companies organize their channels separately, whereas 60% already have an overall MC organization.

The second pillar answers the question whether *networks and inventories* are integrated across all channels. In the basic solution, retailers use separate inventories and separate networks, i.e. they have at least one warehouse location for the online channel and at least one warehouse location for the offline channel, each of which holds channel-specific inventories. If the channels are integrated in warehouses, but the inventories in the warehouse are stored by channel, than we are dealing with an advanced logistics model. If the inventories are entirely integrated, i.e. managed jointly, the retailer operates an optimized warehousing solution. Of the interviewed companies,55% operate separate warehouse locations. About 20% operate integrated warehouse locations and about 25% of the interviewed companies handle online and offline orders from a joint inventory.

Picking and capacity management form the third pillar, where retailers pick separately by channel in the basic approach. In the first development stage, picking & packing is integrated across all channels, while in the highest development stage, opportunities for balancing capacity are used across channels. The retailers participating in this study pick separately

in 42% of the cases. Those that integrate picking across all channels optimize this directly according to capacity; 58% of retailers claim to do so.

The fourth pillar is concerned with MC retailers' *online delivery* channels. In the basic approach, they merely offer postal delivery of goods, whereas in the advanced stage the delivery options are extended to include click & collect, i.e. picking up goods in-store which are picked & packed from central warehouse inventory. In the next development stage, click & reserve is offered additionally. In this case, the goods for online orders are picked from the store inventory. Of the participating companies,27% offer CEP-delivery of goods only, 49% offer click & collect in addition to this, and another 24% provide click & reserve as well.

Return processes are described in pillar five. In the basic model the customer can only return the goods through a CEPservice, whereas in an advanced stage the return of goods can be handled in-store as well. Retailers that lead the logistics field with regard to return processes are able to integrate returned goods into their store inventory. Of the participants in the study, 23% report that returns can only be processed through CEPdelivery, 30% also accept returns in-store and another 47% integrate returns into their store inventory.

Pillar six differentiates three stages of *assortment* variety. In the basic model, the retailer offers a limited assortment online. In the advanced stage the online and offline assortment is identical, whereas a more extensive assortment is offered online in the final stage. Currently 36% of the retailers offer a more limited assortment online than offline, while 4% have an identical product range and 60% a more extensive one.

Development stages concerning *ITsystems* for logistics are described in pillar seven. The initial stage is represented by separate, channel-specific enterprise resource planning (ERP) systems. Advanced retailers have specific interfaces between their separate ERPsystems. A retailer has reached the optimized stage if it operates a joint, cross-channel ERPsystem with real-time access. Of the companies interviewed, 17% operate separate ITsystems for the various channels, 41% have at least interfaces between the systems for the different channels, and 42% use a joint ERPsystem with real- time access.

More than 77% of the participating MC retailers are in the advanced development stage. Based on the results, 6% are in the optimized stage. However, 16% are still at stage 1 or between stages 1 and 2.Figure 3differentiates the companies by industry according to these three development stages, while intermediate stages are considered as well. The results show that retailers that still use abasic approach all originate from the textile industry. While 20%

of textile retailers are in the initial stage, 30% achieved an evaluation result based on their answers in the questionnaire of less than 57% on a scale from 33-100%. Two thirds of retailers that score over 90%, and can therefore be found in stage 3, are in consumer electronics. All furniture and DIY retailers are in the advanced development stage with integrated warehouse locations and comprehensive coordination between the channels. However, this could also be due to the product range and should therefore not be attributed exclusively to company

development.
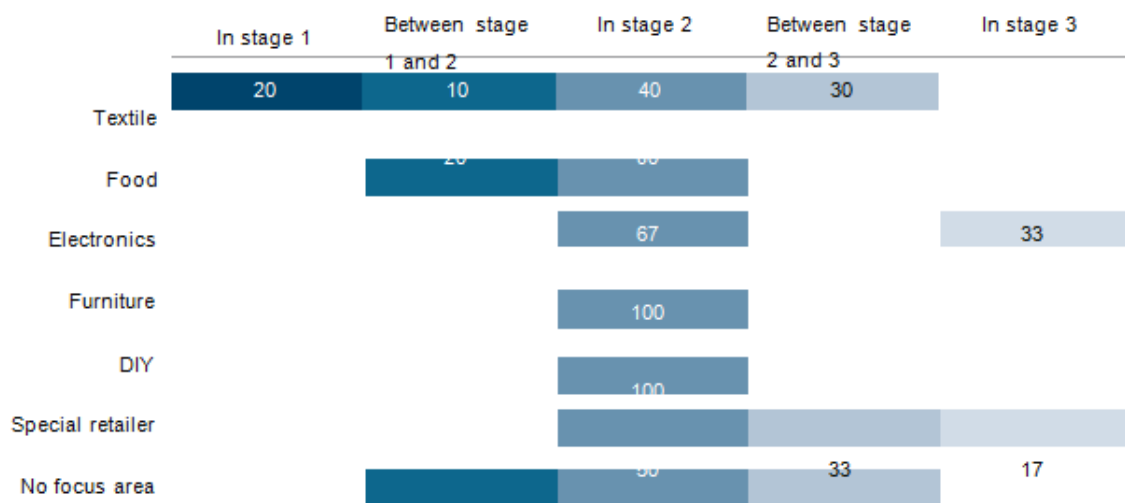
Figure 3: Development stages by industry

Comparing MC logistics by industry, some textile retailers are still behind the capabilities of consumer electronics. Particularly as far as delivery channels and returns are concerned, textile retailers lag behind all other industries on average. However, most of them operate integrated warehouse locations and have a developed assortment structure with a more extensive assortment online than offline. Some consumer electronics companies already operate optimized MC logistics to a large extent. On average, the retailers in consumer electronics achieved a leading position as far as delivery channels, ITsystems and overall organization are concerned. Among all participants they are only below the overall average in the case of return options. Grocery retailers are still in the initial stages of integrated MC logistics, particularly with regard to networks & inventories, assortments and picking. With the exception of general organization, grocery retailing is on or below the average of all retailers.

Furthermore, how long a company has operated an onlineshop has a significant influence on the evaluation of its relative degree of maturity. Retailers that have already been operating the online business for more than 3 years are mostly between stages 2 and 3 or in stage 3; 75% of *experienced* retailers can be classified in this category. By contrast, if a retailer has operated the online business for less than 3 years, it is usually in the initial stage. As a result, 89% of *less experienced* retailers are in stage 1.

5 Conclusion

Good theory is needed that not only resolves compelling challenges but also takes advantage of opportunities that emerge with the formationof new technologies [e.g. Fawcett & Waller, 2011]. Our paper underlines the key requirements and development stages in MC logistics. It summarizes the results of an online questionnaire with executives on the challenges of setting up, developing and optimizing MC logistics. We analyze development paths, investigate different stages of development in MC logistics and show that there are distinct levels of integration. The survey involving more than 60 participants is the largest empirical, quantitative analysis of MC logistic experts and retailers. We based our analyses on previous exploratory studies by Hübner et al. [2014a,b]. The authors identified seven distinctive MC logistics planning pillars, each consisting of three development stages. This clustering was verified in our research by a broader population of German MC retailers, pure players and logistic experts. The robust evaluation model confirms the different steps in MC logistics development. It helps to construct theory in the field of MC logistics especially by identifying connections and correlations between and within industries.

In conclusion, our main findings are that (i) overall, MC retailers are in an advanced development stage. Textile retailers lag a little bit behind the other industries, especially as far as delivery options and returns are concerned. In our sample e.g. none of the textile retailers was able to add orders returned in-store to the store inventory or plans to do this in future. (ii) More than half of the surveyed retailers operate separate warehouse locations. About 20% operate integrated warehouse locations and 25% of the interviewed companies handle online and offline orders from a joint inventory. However the trend shows a shift to an integrated warehouse as more than half of the retailers operate or plan to operate a joint warehouse for the on- and offline assortment in the near future. Moreover, (iii) it is possible to evaluate the development stages in MC logistics based on seven logistics pillars as well as

cluster retailers by industry and show specific progress and relationships within their field. This gives practitioners insights into MC logistics requirements and offers research a framework for further investigating retail supply chain management.

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F4: Retail Logistics and SCM; Shopper Behavior

Room and day: GW2 – B2890, September 26th

Chair: Matthew Robson

PRESCRIBED CONSUMPTION AND CONSUMERS' DECISION-MAKING STYLES

A cross-cultural comparison between France and China

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Abstract

Purpose: The goal of this research is 1) to check if shopping prescription consciousness is a fundamental decision-making characteristic, 2) to know its weight and position into consumer decision-making styles (DMS), and 3) to compare results between France and China.

Methodology: A quantitative survey using the CSI (Sproles and Kendall, 1986) is done with 308 French and 221 Chinese pet food buyers. Factorial, variance, clustering and discriminant analyses are run.

Findings: Findings reveal that shopping prescription consciousness is a fundamental decision-making characteristic. Although this concept scores the same in both cultures, correlations between shopping prescription and other characteristics vary from a culture to another, showing a different prescription follower profile. In addition, opposite to our expectations prescription consciousness has a discriminant role on DMS in France but not in China. Finally, culture impacts overall DMS.

Research limitations: This study must be replicated in more product categories and involve more countries.

Research & practical implications: This paper 1) attempts to enrich prescribed consumption knowledge in a cross-cultural context, and 2) encourages organizations involved in complex products to set up loyalty qualitative programs and prescribers' network to ease shopping.

Originality: Same as for decision delegation, prescription has never been studied according to decision-making styles nor in cross-cultural context.

Key words: China, consumer decision-making styles, France, loyalty, pet food prescription.

Article Classification: Research Paper

INTRODUCTION

"We have not decided ourselves which pet food brand our pet was going to eat (…) I just do what the vet tells me to do, if he tells me to do it I will do it, I won't change or modify his brand prescription"[11]. Since the Ancient World and Middle Ages, businesses could not grow without an intense prescription activity (Hatchuel, 2010) and decision-making delegation (Dyer, 1989). Still today, new technologies, globalization and marketing stimuli may complicate shopping situations from a customer standpoint. Those difficulties sometimes encourage him to seek help during decision-making process (Gino and Moore, 2006; Locander and Hermann, 1979; Urbany et al., 1989), up to delegate shopping tasks to an expert (Solomon, 1986). However, marketing academics have limited knowledge about prescribed consumption, and none addresses it according to consumers' decision-making styles. More problematic, surrogacy concepts suffer from cross-cultural comparison (Hollander and Rassuli, 1999). The overall objective of this research is to better position prescription within purchasing decision-making. This study attempts to 1) validate prescription consciousness as a basic characteristic, 2) specify its weight according to consumers' DMS, and 3) check cross-cultural validity. Firstly we review the literature on brand prescription and other connected concepts, plus we summarize what was done on DMS. Then we go over methodology, and discuss results. We conclude with implications, limitations and future research.

THEORICAL BACKGROUND

From opinion leadership to brand prescription

Opinion leaders are individuals trying to influence the shopping behaviour of other consumers in specific product fields, while opinion seekers search out advice from others when making a purchase decision (Flynn et al., 1996). Opinion leaders like influencing and convincing people by communicating with them, and appreciate to be seen as expert in a product category (Vernette and Giannelloni, 2004). Although opinion leaders act as "unusual unaware formal prescribers" (Serraf, 1978), consumers *consult* with them but take their decision *on their own*. Overall, opinion leaders seem to be less product specialized, less professional oriented, and have less formalized relationship with consumers compared to surrogates (Aggarwal, 1997).

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[11] Taken from a past qualitative research on prescription run with pet owners and vets through 20 semi-structured interviews (Lamour et al., 2013).

According to task difficulty consumers may "decide not to decide" and go for "other based preference formation strategies" to make their decision (Olshavsky, 1985). As they cannot choose brand on their own they *delegate the decision* to another consumer or organization (Aggarwal, 1997). In extreme situation, a surrogate consumer[12], defined as an "agent retained by a consumer to guide, direct, and/or transact marketplace activities" (Solomon, 1986, p. 208), may intervene on the market. Surrogates decide on behalf of consumers but also engage in shopping tasks such as *buying* and *paying* the product for them.

Prescription is in between opinion leadership and surrogacy, and gets closer to decision delegation concept. Brand prescription is defined as an "advice provided by a prescriber to a buyer, which intensity varies according to the purchasing decision problem" (Lamour et al., 2013, p.14). And when perceived risk and knowledge asymmetry are high, buyer disqualifies himself from making his own choice and subcontracts shopping decision to a prescriber (Hatchuel, 1995). A prescriber is a trustful and knowledgeable person who decides on behalf of others, either totally or partially, while a consumer may follow the prescription or not. He inspires natural authority, he is not interested in profit (Ladwein, 2003) and his objective is common with buyer's one as for surrogates (Hollander and Rassuli, 1999). As examples, architects, book critics, wine experts, veterinarians are prescribers on their respective market.

Building on Hatchuel's (1995) proposals, Stenger (2006) suggests a shopping prescription framework[13] that includes 7 dimensions: form, intensity, source, competence, scope, area broadening or reduction, and intervention level within decision-making process. Prescription interacts at various levels during decision-making: from decision problem definition up to decision-making[14]. A few field surveys attempt to weigh decision subcontracting: 5% of consumers subcontract their purchase decision to somebody else (Chhabra and Olshavsky, 1986); 15% of respondants let an external source of information decide on their behalf (Price and Feick, 1984); in China a decision-making style called "opinion seekers" represents 27% of respondents (Tai, 2005); and finally 54% of wine on-line buyers make their decision through a prescriber's intervention (Stenger, 2008). Not only those figures are divergent, but they do not clearly specify the position nor the weight of shopping prescription within basic

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[12] Contrary to Solomon (1986), Hollander and Rassuli (1999) prefer using the wording « surrogat shopper » as surrogates do not consume but rather perform shopping tasks.

[13] A qualitative survey is run with 21 on-line wine buyers.

[14] Opposite to surrogacy, prescription does not include shopping transactions such as buying and paying.

consumption characteristics, much less according to consumers' decision-making styles. No one compares decision delegation or brand prescription across countries[15].

Decision-making styles

Previous research in psychology (Scott and Bruce, 1995) demonstrates that both dependent and avoidant decision-making styles are valid; and dependent decision-makers are more likely to be avoidant decision-makers as well. A consumer DMS is "a mental orientation characterizing a consumer's approach to make choices" (Sproles and Kendall, 1986, p. 268), and consequently influences consumer behaviour. Dao (2005) classifies studies on DMS in 4 groups: those dealing with information collection and processing, those related to evaluation rules and selection of options, those linked to shopping orientations, and ultimately those taken as fundamental decision-making characteristics. The present research uses the latter approach because it includes both cognitive and affective orientations in consumers' mind when choosing a brand (Sproles and Kendall, 1986). Second, it deals with multidimensional aspects in such a way that a consumer may be quality conscious and novelty conscious for a product category, but price conscious for another one. Third, it is widely used, especially in cross-cultural marketing research. Building on a thorough literature review, Sproles and Kendall (1986) consider 8 characteristics as being fundamental: *perfectionistic* and high-quality conscious consumers, *brand* conscious and "price equals quality" consumers, *novelty*-fashion conscious consumers, recreational and *hedonistic* characteristics, *price* conscious and value for money consumers, *impulsive* and careless consumers, *confused* by over-choice consumers, habitual and brand-*loyal* consumers (see details in appendix 1).

To measure decision-making characteristics and profile DMS, a *Consumer Styles Inventory* (CSI) is developed and further tested through a survey ran with 482 students (Sproles and Kendall, 1986). A rather high number of studies use the CSI in various contexts: product involvement (Bauer et al., 2006), distribution channel (Cowart and Goldsmith, 2007; Wesley et al., 2006; Yang and Wu, 2007), age (Shim, 1996), gender (Mitchell and Walsh, 2004; Tai, 2005; Yasin, 2009), or family structure (Hanzaee and Lotfizadeh, 2011). A few surveys highlight differences between consumers' decision-making across cultures (Bao et al., 2003; Fan and Xiao, 1998; Hafstrom et al., 1992; Hiu et al., 2001; Leng and Botelho, 2010; Leo et al., 2005; Lysonski and Durvasula, 2013; Mishra, 2010; Mitchell and Bates, 1998; Mokhlis,

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[15] Dawar et al. (1996) limit their comparison to interpersonal influences although across 11 countries.

2009; Sinkovics et al., 2010; Walsh et al., 2001; Zhou et al., 2010), but none compare France with China even though both cultures are very different (Hofstede and Minkov, 2010; House et al., 2002; Schwartz, 1999). More problematic, CSI ignores a relevant concept such as sensitivity to brand prescription. A few researchers initiate this work when they measure susceptibility to interpersonal influence (Lysonski and Durvasula, 2013), dependence towards others and opinion/advice-seeking (Tai, 2005; Zhu et al., 2009), in a purchasing decision-making context. But they do not include the extreme situation when consumers *let someone else decide on their behalf*.

METHODOLOGY

Field

Although France and China differ in many cultural aspects, we anticipate those markets to be particularly conscious about shopping prescription. French are risk avoidant and tend to show high dependency to others (Hofstede and Minkov, 2010). A few empirical research confirm that they use prescribers to reduce risks (Lamour et al., 2013; Maille and Hoffmann, 2013; Stenger, 2008). Confucian values guide Chinese behaviors (Yang, 1989). The concept of *li* (rites) promotes the compliance with norms and rites: in order to avoid any risk of mistake that may lead to loose face, Chinese prefer complying with social rules. The concept of *jen* encourages Chinese to seek advice from relatives (De La Robertie and Cheng, 2007; Wang and Lin, 2009; Yang, 1989) especially while shopping. Studies ran in China, (Tai, 2005; Zhu et al., 2009) highlight this advice-seeking concept as a new decision-making style. Therefore we assume that both French and Chinese consumers are prescription conscious.

Our research field is the pet food market. It is particularly suitable to prescriptions as perceived risk is high: pet food is a sensitive product (absorbing a foreign body), which is purchased for someone else (the pet) who does not speak. In addition, pets may provide status, prestige (especially in China), comfort, protection, health, love, until becoming extension of the self (Sanders, 1990). The pet food market is poorly studied in marketing despite its economic weight and its potential growth[16]: it is indeed a particularly unusual and attracting market to be surveyed.

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[16] Global pet food sales equal 96bn US$; although limited, China's sales grow at 10% yearly (Nicklaus, 2013).

Instrument

The original CSI (Sproles and Kendall, 1986) has 8 dimensions and 40 items combined with a 5 points Likert scale rating from "strongly disagree" to "strongly agree". One dimension is added to the CSI: "prescription consciousness"[17]. Seven items derived from Scott and Bruce's (1995) dependence scale, are further adapted from a past research[18] (Lamour et al., 2013). A group of experts (practitioners, veterinarians and marketing professors) validate this new dimension, which is further tested through a small sample. A French version of CSI is taken from a previous research (Dao, 2005). After some adaptations to our field, Chinese practitioners having marketing, language and pet food knowledge do the Chinese version. To follow the back translation procedure, this version is translated back into French by an official translator. After some new modifications, all items are randomly distributed through the questionnaire, and then tested on 20 people in both countries. An electronic link to the questionnaire is sent to pet owners using the snowball sampling technique. The Chinese sample being too small, printed questionnaires are self-administered to a convenience sample consisting of buyers of a famous pet food brand. Finally 308 questionnaires are kept from the French sample and 221 from the Chinese one (see profile in appendix 2).

Analysis

A first PCA (SPSS) conducted on all items (varimax rotation) checks the construct validity of the model. Then a CFA (Amos) indicates that the model fit is acceptable in both samples (RMSEA<0.08; CMIN<3; CFI & GFI>0.85; p<.001) (appendices 3.1 & 3.2). During these analyses, a number of items disappear or associate with another factor. Further to the second PCA, the final model consists of 8 dimensions (French sample) and 7 dimensions (Chinese sample) (appendix 4). For both samples Eigen-values (>.981), total variance explained (>68%), KMO index (>0.780) and Bartlett's test (<.001) meet usual standards (Gavard-Perret et al., 2008). Cronbach's alpha coefficients performed on items and dimensions show acceptable to good reliability, except for the price dimension of the French sample, and price[19] and loyalty dimensions of the Chinese sample (>.527). Most importantly, PCA validates the added dimension called "prescription consciousness" as a single component independently from others. CFA also confirms that this dimension fairly stands within the

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[17] Following the wordings used by Sproles and Kendall (1986).
[18] Semi-structured interviews run with 10 pet owners and 10 veterinarians.
[19] The "value for money" item remains unstable as for the negatively worded items.

model: inter correlation coefficients are below .500 and intra correlation coefficient are above .500 in both samples. Cronbach's alpha coefficients on this added dimension are good (>.738) (appendix 4). Once validity and reliability are checked, dimension mean scores are analyzed, analysis of variance is run to check cross-cultural differences and similarities. Ultimately, a hierarchical clustering analysis (Ward's method) suggests 3 and even 4 clusters. The K-means analysis confirms that a 3 clusters option is the most relevant, while a discriminant analysis validates this solution by classifying the data with a large majority (Fr=94% and Ch=95%; $Mbox_{Fr}$=205,188 and $Mbox_{Ch}$=190,150; p<.001).

FINDINGS

Validity and reliability data confirm that "prescription consciousness" is a basic decision-making characteristic in both cultures. This is the first time that one approaches shopping prescription consciousness as a fundamental consumption characteristic.

This dimension stands at the 4th position within the 9 dimensions (table 1), with a very similar mean score in both cultures ($\bar{X}_{Fr}$=2.79 contre $\bar{X}_{Ch}$=2.80); ANOVA data show that there is no significant difference in shopping prescription consciousness between French and Chinese (F(1, 527)=.013 ; p=.908 ; η^{2}<.001).

On this field, loyalty, perfectionism, hedonism and moderate shopping prescription consciousness characterize the overall consumers' DMS. Nevertheless, MANOVA data show a significant difference in DMS between French and Chinese (Λ=.494 ; F(10, 518)=53.157 ; p<.001 ; η^{2}=.506). In addition, it appears that culture explains 50.60% of the variability in DMS.

Table 1 – Mean scores per dimension (1=strongly disagree; 5=strongly agree)

Dimensions	China	France
Loyalty	3.66	3.95
Perfectionistism	3.64	3.43
Hedonism	3.50	3.01
Prescription consciousness	2.80	2.79
Brand consciousness	2.47	2.65
Confusion	-	2.54
Impulsiveness; Confusion	2.51	-
Price consciousness	2.40	2.38
Novelty consciousness	2.92	-
Novelty consciousness; Impulsiveness	-	1.80

According to a past study ran in China (Tai, 2005), the "Shopping influences" dimension scores higher (3 out of 5), but ranks similarly although after perfectionism, personal style, price and time conscious respectively. Items content (decision sub-contracting is not taken into consideration) and research field may explain score difference. Following Dawar and al. (1996), the power distance dimension as theorized by Hofstede and Minkov (2010) positively correlates with interpersonal information exchange. Both French and Chinese cultures score high in power distance[20] leading to dependency relationships. The fear of making a mistake and loosing face probably encourage Chinese to be loyal towards quality products, thanks to prescribers' help. Uncertainty avoidance scores high in French culture: people hate uncertainty and overcome it by following prescribed behaviors (De Mooij, 2010).

Finally, a clustering analysis[21] segments both markets (figures 1a and 1b) and helps define the prescription follower profile of each.

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[20] Respectively 68 and 80 according to (Hofstede and Minkov, 2010).

[21] DMS clustering must be taken as a complementary method to more classical ones (Walsh et al., 2001).

Figure 1a – French market clusters & mean scores dimensions[22] (Sig.000)
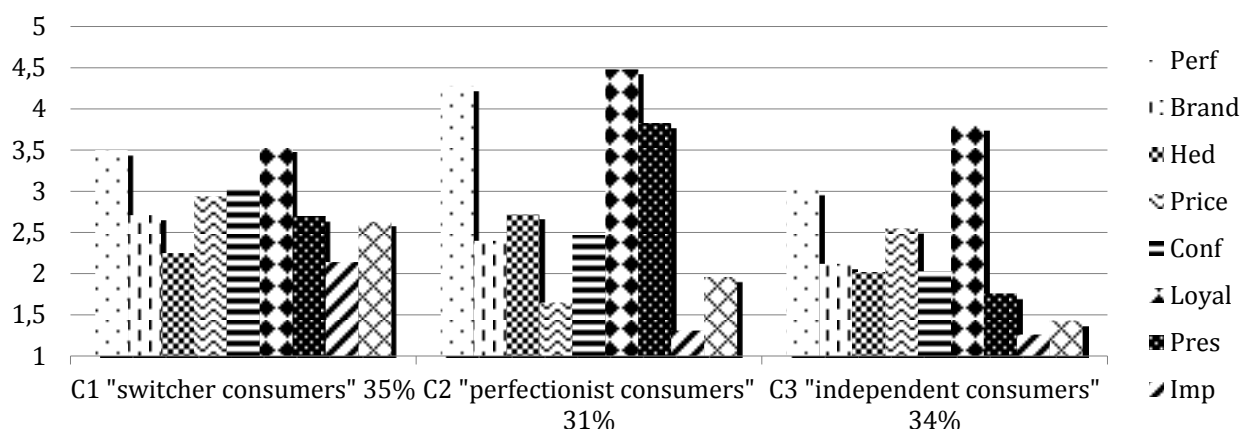
Figure 1b – Chinese market clusters & mean scores dimensions (Sig.000)
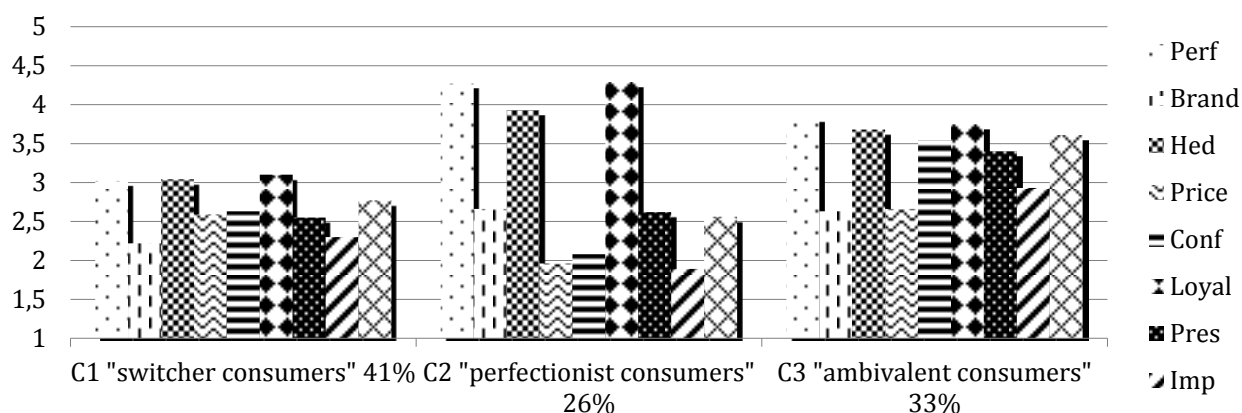
Identified as "switcher" consumers, cluster 1 is the major group both in France (35%) and China (41%). Those consumers are impulsive and primarily look for bargains and low prices (especially French). Cluster 2 includes "perfectionist" consumers as they look for quality pet food, are loyal to pet food brands and usually go shopping in the same stores with much pleasure. French buyers from this cluster intensively require a prescriber to help them make decision whatever the price. Opposite to this, the French 3rd cluster includes "independent" consumers who do not care about prescribers at all and prefer choosing their products on their own. They have a clear view of what they want, as they do not feel overloaded with information. They are not sensitive to brands nor new pet food. In contradiction, the Chinese 3rd cluster depicts "ambivalent" consumers: they like buying new and fashionable products but are more price sensitive compared to the other 2 segments. Additionally, they seem

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[22] Perf: perfectionist & quality conscious; Brand: brand conscious; Hed: hedonist; Price: price conscious; Conf: confused by over choice of brands & information; Loyal: brand & shops loyal; Pres: prescription conscious; Imp: impulsive; Nov: novelty conscious

confused with brand and information overload; that probably explains their need for a prescriber's intervention in order to decide which brand to choose. With the exception of the novelty-fashion factor, this group is rather close to the "opinion seeker" as depicted by Tai (2005) when studying shopping styles of working Chinese females, confirming that dependence to other is a close concept to brand prescription.

While shopping prescription consciousness scores similarly from a culture to another, clustering analysis highlights divergence in prescription follower profiles. Same trend as for items correlations (appendix 5): prescription differently associates with other decision-making characteristics from a sample to another[23]. More importantly, prescription dimension is the most discriminant among French (F=193.583) while it is not among Chinese (F=26.838). Findings put previous conclusions on Chinese interpersonal influences (Wang and Lin, 2009) into perspective: shopping prescription has not a major role in Chinese consumers' decision-making. Perhaps prescribers (here: veterinarians) do not have the same market position in China compared to western countries yet? Replicating this research in more prescriptive markets in China would probably help interpreting this difference.

CONCLUSION

Marketing literature hardly tackles shopping prescription despite its intervention in many markets; this research attempts to fill this gap. Among consumer's decision-making characteristics, shopping prescription consciousness ranks 4th in France and 5th in China after loyalty, perfectionism and hedonism; showing no significant difference between both samples. This characteristic is discriminant among decision-making styles in France, while prescription follower profile and DMS vary from a culture to another.

From an academic standpoint, our data stress on the need to consider prescription concept while studying consumer's decision-making, and suggest it is a fundamental decision-making characteristic that indirectly impacts consumer behavior. Culture has a significant influence on overall DMS, but not on shopping prescription consciousness. From a methodological standpoint, the incorporation of a new dimension called "shopping prescription consciousness" into the CSI is relevant at least in complex markets. Finally, from a managerial standpoint, those findings encourage companies selling technical products and/or positioned on the high-range segment to set up prescribers' networks. While doing this, they

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[23] Especially with regards to perfectionism (p<.005) and price (n.s.).

should consider culture as it impacts prescription followers profile. This would help increase consumers' brand confidence and ultimately grow sales. Both offers and prescribers should communicate towards the end consumers about the valuable support prescribers may give them by facilitating their brand choices.

Despite this progress, a few limitations appear: the Chinese sample requires a more balanced profile in terms of geographic criteria. If inland regions would be more representative perhaps results are more divergent compared to France. The CSI structure validity is just acceptable especially for China: a bigger sample may improve validity. The Chinese cluster n°3 is rather contradictory and therefore difficult to interpret: a 4 or 5 clusters scenario perhaps is more relevant, but then it is more complex to compare with France and less operational on the field. Surprisingly, prescription concept is not discriminant in Chinese culture; perhaps the new veterinarian status in China explains this. Surveying another prescriptive field would confirm if this concept is discriminant or not. Finally, this study involves only 2 countries: a future research across countries where consumers' independence is high (i.e. in the US) would help understand how culture impacts prescription consciousness.

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Appendix 1 – Decision-making styles (Sproles and Kendall, 1986)

Perfectionistic, high-quality *conscious consumers* are not satisfied with the "good enough" products but rather search for the very best quality.	***Brand*** *conscious, "price equals quality" consumers* tend to buy the most expensive and well-known brands, as high prices mean good quality. They prefer specialty shops.
Novelty-fashion *conscious consumers* like seeking new things and variety when shopping. They appreciate being up-to-date with styles.	***Recreational and hedonistic*** *characteristics* relate to consumers shopping for fun.
Price *conscious and "value for money" consumers* look for bargains and low prices. By comparing brands, they seek for getting the best value for money.	***Impulsive and careless*** *consumers* do not plan their purchases and do not pay too much attention to how much they spend.
Confused *by over-choice consumers* have difficulties to choose among all the brands and shops, and may be overloaded with the amount of information they receive.	***Habitual and brand-loyal*** *consumers* have their favourite brands they keep buying.

Appendix 2 – Sociodemographic profile of each sample

Characteristics	French (%) N=308	Chinese (%) N=221[24]
Age		
18-24 years old	28.9	19.0
25-44 years old	29.5	36.7
45-64 years old	39.6	38.5
>65 years old	1.9	5.9
Gender		
Male	30.5	27.6
Female	69.5	72.4
Occupation		
Farmer	.6	.0
Skilled workman, storekeeper, company owner	4.2	.5
Executive	25.6	30.3
Public officer	14.0	5.0
Employee	20.1	8.6
Worker	.6	4.1
Retired	3.9	30.3
Student	27.6	17.6
Inactive	3.2	3.6

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[24] The majority of respondents are from Shanghai or Beijing.

Appendix 3.1 – Confirmatory factor analysis (french sample) [25]
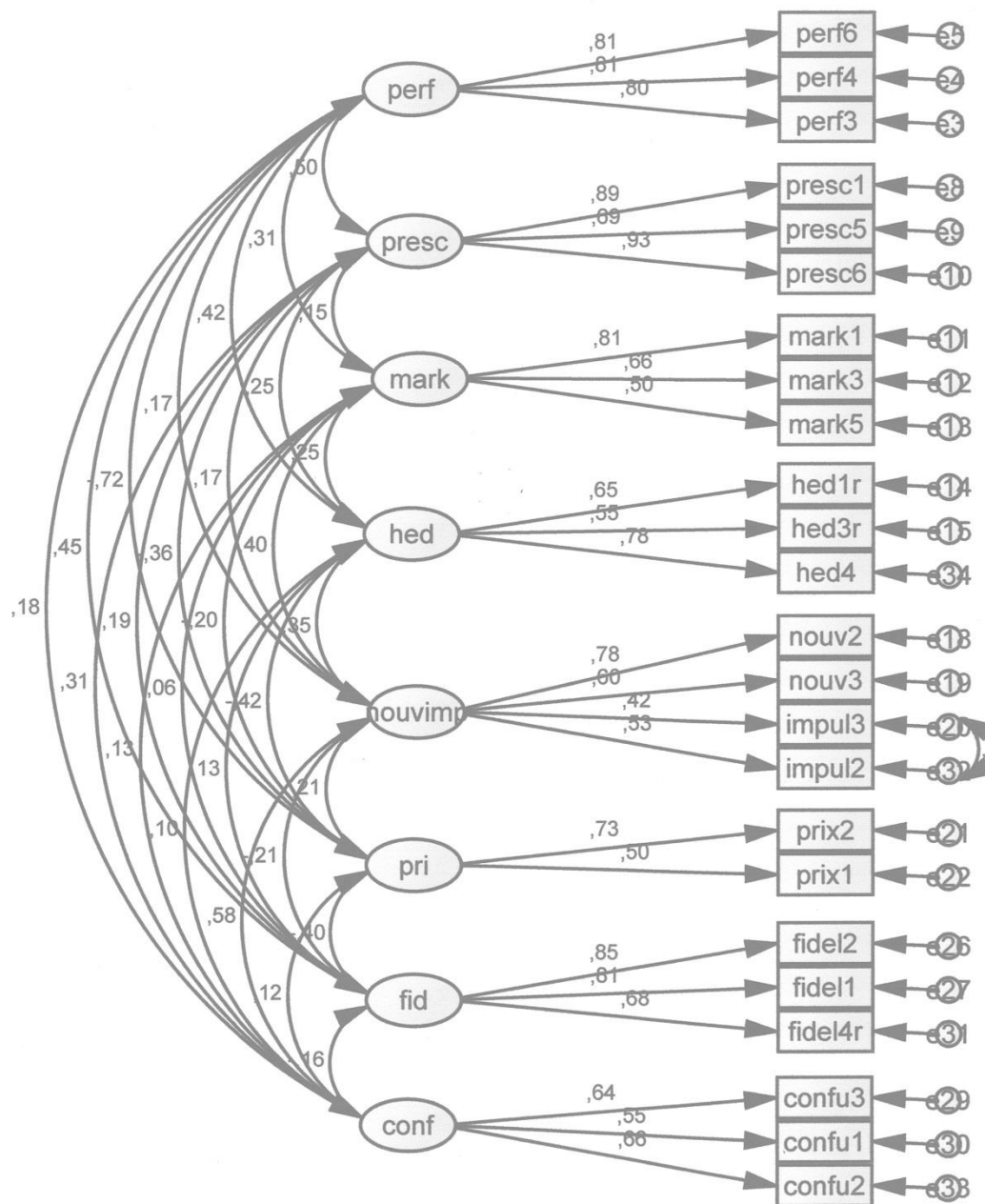
[25] Perf: perfectionism; presc: prescription; mark: brand; hed: hedonism; nouv: novelty; impul: impulsiveness; prix: price; fidel: loyalty; confu: confusion

Appendix 3.2 – Confirmatory factor analysis (chinese sample)[26]
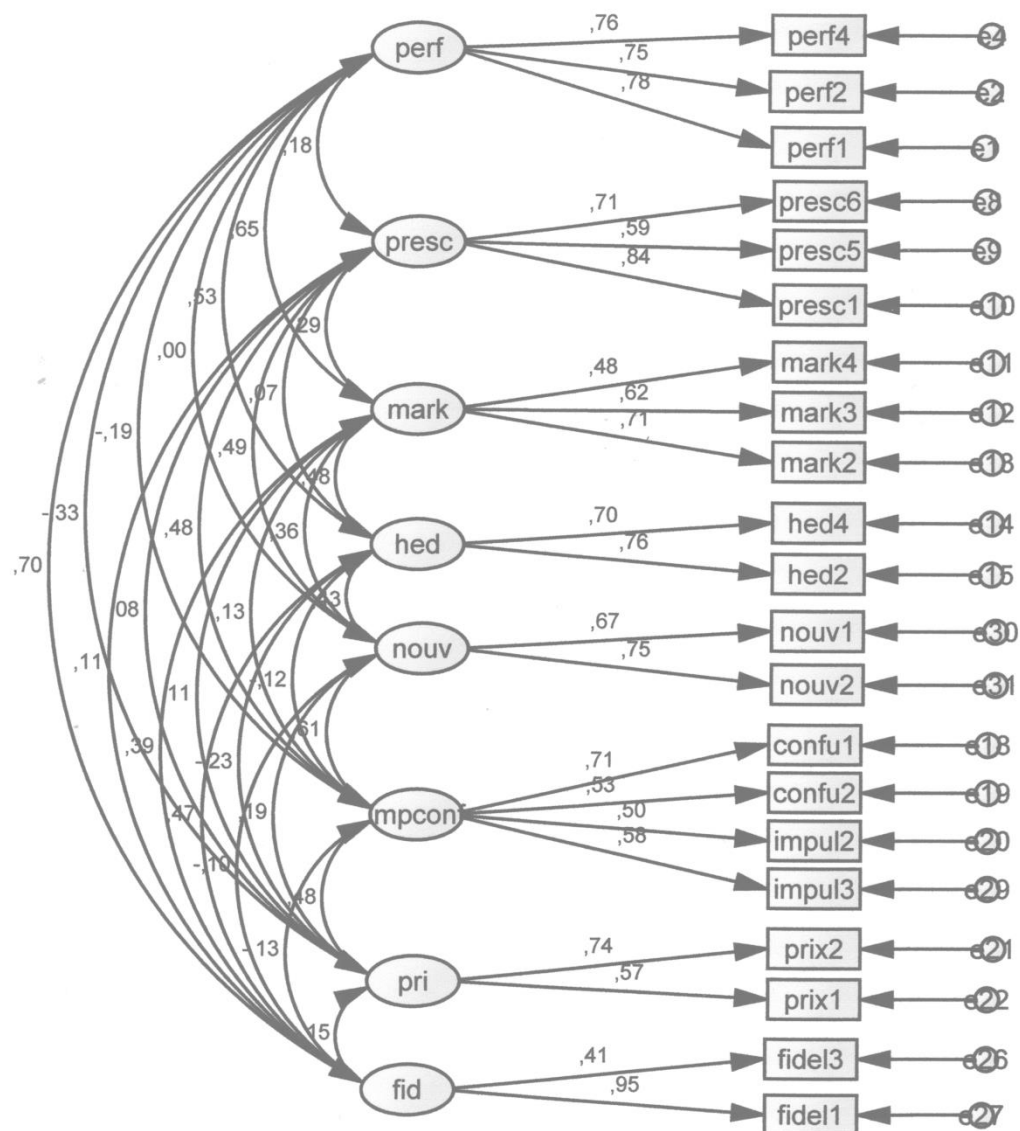
Validity criteria	France	China
CMIN/DF	2,352	2,250
Sig.	,000	,000
GFI	,873	,867
CFI	,888	,852
PCFI	,717	,654
RMSEA	,066	,075

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[26] Perf: perfectionism; presc: prescription; mark: brand; hed: hedonism; nouv: novelty; confu: confusion; impul: impulsiveness; prix: price; fidel: loyalty

Appendix 4 – Results of principal component analysis, reliability and score means.

FRANCE KMO=.783; Sig.000; Eigen Value=1,038; Total var. explained=68.99%; Communalities >.569	Loadings	Cronbach's alpha	Means
Component 1: Perfectionism		.849	3.43
En général, j'essaie d'acheter des aliments parfaits (In general I usually try to buy the best overall quality pet food) (perf3)	.707		3.34
Je fais un effort pour choisir des aliments de très bonne qualité (I make special effort to choose the very best quality pet food) (perf4)	.764		3.68
Je suis très exigent(e) pour l'achat de ce genre de produits (My standards and expectations for the pet food I buy are very high) (perf6)	.781		3.28
Component 2: Prescription		.872	2.79
Quand j'achète un aliment pour mon animal, je préfère suivre la prescription du vétérinaire (When purchasing pet food I rather follow the vet's prescription) (presc1)	.869		3.14
Le vétérinaire décide à ma place de la marque d'aliment à acheter pour mon animal (The veterinarian decides for me the pet food brand I should buy for my pet) (presc5)	.813		2.06
La prescription du vétérinaire influence mes choix de marque ou d'aliment (The vet's prescription influences my pet food brand choices) (presc6)	.872		3.17
Component 3: Novelty & Impulsiveness		.698	1.80
C'est amusant d'acheter des aliments nouveaux pour mon animal (It's fun to buy new pet food) (nov2)	.681		1.93
En général, je donne des aliments innovants à mon animal (I usually give innovative food to my pet) (nov3)	.729		2.11
Je suis impulsif (ve) quand j'achète ses aliments (I am impulsive when purchasing pet food) (impul2)	.682		1.69
Je fais souvent des achats irréfléchis pour mon animal, puis je regrette après (Often I make careless pet food purchases I later wish I had not) (impul3)	.729		1.46
Component 4: Loyalty		.817	3.95
J'ai ma marque d'aliments préférée que j'achète continuellement (I have my favorite pet food brands I buy over and over) (loyal1)	.830		3.95
Une fois que j'ai trouvé un aliment ou une marque que j'aime, je m'y tiens (Once I find a pet food or brand I like, I stick with it) (loyal2)	.880		3.94
Je change régulièrement de marque pour ce type de produit (I change pet food brands I buy regularly) (loyal4r)	.750		3.95

Component 5: Hedonism		.708	3.01
Je n'aime pas faire les courses alimentaires pour mon animal (Shopping pet food is not a pleasant activity to me) (hed1r)	.815		3.19
Faire les courses alimentaires pour mon animal est une perte de temps (Shopping the stores for my animal wastes my life) (hed3r)	.798		3.65
J'aime faire les courses d'aliments car c'est plaisant (I enjoy pet food shopping just for the fun of it) (hed4)	.687		2.18
Component 6: Brand		.688	2.65
Les grandes marques d'aliment sont les meilleures selon moi (The well-known national pet food brands are best for me) (brand1)	.793		2.98
Plus l'aliment coûte cher, meilleure est sa qualité (The higher the price of a pet food, the better its quality) (brand3)	.735		2.40
Pour mon animal je préfère acheter les marques d'aliment les plus vendues (I prefer buying the best-selling pet food brands) (brand5)	.755		2.56
Component 7: Confusion		.651	2.54
Je me sens souvent perdu(e) devant le grand nombre de marques d'aliment disponibles (There are so many pet food brands to choose from that often I feel confused) (confu1)	.725		2.90
Il est parfois difficile de choisir le magasin pour acheter les aliments pour mon animal (Sometimes it's hard to choose which stores to shop pet food) (confu2)	.673		2.14
Plus j'en apprends sur les aliments, plus ça m'est difficile de choisir (The more I learn about pet food, the harder it seems to choose the best) (confu3)	.774		2.57
Component 8: Price		.527	2.38
J'achète autant que possible des aliments en promotion (I buy as much as possible pet food at sales prices) (price1)	.545		2.77
D'habitude, je choisis les aliments les moins chers (The lower price pet food are usually my choice) (price2)	.323		1.96
Je choisis soigneusement les aliments et j'achète celui qui a le meilleur rapport qualité-prix (I look carefully to find the best pet food value for the money) (price3)[27]	(.819)		(3.58)

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[27] This item was not taken into consideration in the reliability, means nor clustering analysis

CHINA KMO=,781 ; p<,001 ; valeurs propres=,981 ; variance totale expliquée=68% ; communalités >,592	Loadings	Cronbach's alpha	Means
Component 1: Perfectionism		.808	3.64
买高质量的宠物食品对我来说非常重要 (Getting very good pet food quality is very important to me) (perf1)	.769		3.74
当我买宠物食品给我的宠物时, 我尽量选择最好的。(When it comes to purchasing pet food, I try to get the very best or perfect choice) (perf2)	.752		3.62
我尽力选择非常高质量的宠物食品 (I make special effort to choose the very best quality pet food) (perf4)	.846		3.57
Component 2: Impulsiveness & Confusion		.668	2.51
我买宠物食品的时候很容易冲动消费 (I am impulsive when purchasing pet food) (impul2)	.642		2.49
我通常买宠物食品的时候不够仔细, 买完后又后悔 (Often I make careless pet food purchases I later wish I had not) (impul3)	.586		2.17
我经常在众多的可挑选的宠物食品品牌面前迷失方向, 不知道买哪种好 (There are so many pet food brands to choose from that often I feel confused) (confu1)	.715		2.82
有时候很难决定到底去哪个商店买宠物食品 (Sometimes it's hard to choose which stores to shop pet food) (confu2)	.733		2.55
Component 3: Prescription		.738	2.80
我买宠物食品的时候听从兽医的建议 (When purchasing pet food I rather follow the vet's prescription) (presc1)	.857		2.92
我的兽医为我决定购买哪个品牌的宠物食品(The veterinarian decides for me the pet food brand I should buy for my pet) (presc5)	.448		2.36
兽医的建议影响我选择宠物食品品牌(The vet's prescription influences my pet food brand choices) (presc6)	.794		3.10
Component 4: Novelty & Hedonism[28]		.646	3.21
为了换口味, 我在不同的商店买不同品牌的宠物食品 (To get variety, I shop different stores and choose different pet food brands) (nov1)	.413		2.74

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[28] These 2 dimensions remain separated in the CFA

买新的宠物食品给我的宠物是件很有趣的事情 (It's fun to buy new pet food) (nov2)	.638		3.10
买宠物食品是我最喜欢的事情之一 (Going shopping pet food is one of the enjoyable activities of my life) (hed2)	.756		3.38
我喜欢买宠物食品, 因为是件很高兴的事情 (I enjoy pet food shopping just for the fun of it) (hed4)	.744		3.62
Component 5: Brand		.641	2.47
最贵的宠物品牌通常是我的首选 (The more expensive pet food brands are usually my choices) (brand2)	.498		2.47
价格越贵的宠物食品, 质量越好 (The higher the price of a pet food the better its quality) (brand3)	.508		2.43
宠物专卖店销售的宠物食品是最好的 (Nice department and specialty stores offer me the best pet food) (brand4)	.775		2.51
Component 6: Price		.594	2.40
我会尽量买特价的宠物食品 (I buy as much as possible pet food at sale prices) (price1)	.837		2.62
一般来说,我会选择买价格最便宜的宠物食品 (The lower pet food price are usually my choice) (price2)	.693		2.19
Component 7: Loyal		.556	3.66
我有一直购买我喜欢的宠物食品的品牌 (I have favorite pet food brands I buy over and over) (loyal1)	.550		3.84
我每次都去同一个商店买宠物食品 (I go to the same stores each time I shop pet food) (loyal3)	.784		3.48

Appendix 5 – Prescription consciousness items correlations with the other fundamental decision-making characteristics

ITEMS	Prescription1		Prescription5		Prescription6	
	France	China	France	China	France	China
Perfectionism1	-	-,135*	-	,003	-	-,079
Perfectionism2	-	-,199*	-	-,023	-	-,094
Perfectionism3	,407*	-	,328*	-	,374*	-
Perfectionism4	,373*	-,197*	,330*	-,066	,372*	-,099
Perfectionism6	,329*	-	,310*	-	,356*	-
Brand1	,101*	-	,034	-	,086	-
Brand2	-	-,036	-	,095	-	,005
Brand3	,202*	-,113	,133*	-,001	,158*	-,068
Brand4	-	,032	-	,075	-	,034
Brand5	,027	-	-,120*	-	,008	-
Novelty1	-	,279*	-	,368*	-	,202*
Novelty2	,120*	,325*	-,025	,309*	,126*	,275*
Novelty3	,159*	-	,126*	-	,213*	-
Hedonism1	,094	-	-,071	-	,104*	-
Hedonism2	-	,026	-	,155*	-	,023
Hedonism3	,096	-	-,058	-	,085	-
Hedonism4	,229	,046	,080	,134*	,263*	,049
Price1	-,080	,163*	-,147	,054	-,125*	,090
Price2	-,281	-,040	-,172	,055	-,262*	-,089
Impulsiveness2	-,001	,322*	-,037	,310*	,024	,277*
Impulsiveness3	-,026	,104	,069	,204*	,012	,115
Confusion1	,161	,260*	,110	,211*	,215*	,330*
Confusion2	,190	,196*	,173	,422*	,205*	,264*
Confusion3	,137	-	-,005	-	,165*	-
Loyalty1	,223	,091	,210	,032	,204*	,123*
Loyalty2	,110	-	,119	-	,116*	-
Loyalty3	-	-,002	-	-,032	-	,017
Loyalty4	,031	-	,102	-	,039	-

*Sig.<0,05

S1: Retail Strategy; Contemporary issues in retailing, Retail operations

Room and day: GW2 – B2880, September 27th

Chair: Christina Holweg

Consumer brand purchase behaviour in times of crisis: Do store formats matter?

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Abstract

Purpose: This paper investigates the effect of marketing variables and consumer personal characteristics on store brand choice over national brands in times of crisis in the French context. It also seeks to clarify how store formats affect consumption strategies towards brands in turbulent times.

Design/Methodology: We developed a binary choice model to assess consumer choice of store brands over national brand products across two different store formats (hypermarket and supermarket). The analyses are based on a large panel data with stratified samples of about 4,500 households (N=79,789).

Findings: Results show that marketing variables and consumer characteristics affect significantly store brand choice over national brands. However, while crisis intensity moderates the relationships between marketing policy variables and store brand choice, it does not affect extensively the way consumer characteristics influence store brand choice over national brands. Furthermore, hypermarket and supermarket formats are not affected similarly, highlighting the diversity of consumer strategies developed to cope with economic crisis.

Research implications/limitations: The findings present theoretical implications for marketing research and managerial orientations for retailers and manufacturers operating in different store formats in turbulent times. A limitation of this research lies in that it does not include perceptual variables in the analysis.

Originality/value: In contrast to prior studies, this research investigates how crisis intensity affects the relationship between brand choice and marketing variables as well as consumer personal characteristics. Moreover, this study is the first to show how store format affects consumer behaviour towards brands when crisis hits.

Keywords: Store brands, national brand, marketing mix, socio-demographics, crisis intensity, Store format.

Article Classification: Research Paper

1. Introduction

The strategic role of store brands (SBs) has been emphasized in prior studies on Europe (Lamey and al. 2007; Martos-Partal and González-Benito, 2011) and in France (Ataman, Mela and van Heerde, 2007; Diallo et al., 2013; Jara and Cliquet, 2012; Ngobo, 2011a). According to Nielsen Scan Track, store brand market shares in value increased from 22% in 2002 to 30 % in 2012 in France. Some researchers attribute this growth to the economic crisis in the European context (Lamey and al. 2007). Other researchers showed that during the shock, consumers switched to store brands and decreased their consumption expenditures (Kaytaz and Gul, 2014). However, it is not clear how store formats are affected by store brand performance during crisis periods. Although previous studies gave no indication about the effect of store format in crisis, we can assume a migration phenomenon between formats to cope with economic situation. In such a changing environment, the following questions appear to play a relevant role from a retailer perspective:

1. What key marketing factors and consumer characteristics influence store brand choice over national brand during economic slowdown and economic depression?
2. Do these effects differ by store format?

A better understanding of these issues can help identifying appropriate marketing strategies, thereby optimizing resources. It may also help national brand managers who face increasing store brand competition. Previous research on store brand drivers focused on marketing mix variables (Ngobo, 2011a), store image (Beristain and Zorrilla, 2012; Diallo et al., 2013), retailer factors (Dhar and Hoch, 1997), consumer characteristics (Richardson, Jain, and Dick, 1996), perceived risk (Liljander, Polsa, and van Riel, 2009). However, these studies do not point out the role of economic crisis, nor consumer store format adjustments to cope with difficult economic situation. Therefore, this study examines the impact of marketing variables (e.g., price, quantity, and advertising) and consumer characteristics (e.g., gender and income) on store brand choice over national brands in times of crisis while taking into account store formats. Our research aims to understand consumer and retailer adjustments in times of crisis. By doing so, we complete previous studies on the relationship between business cycle and store brand (Hoch and Banerji, 1997; Lamey et al., 2007).

Whereas prior research yielded important insights about store performance, to the best to our knowledge, the moderating effects of times of crisis on the relationship between market variables, consumer personal factors and store brand choice have not yet been examined. In

addition, prior research did not clearly highlight the role of store format adjustment in times of crisis. We suggest a clarification of the role of store format in times of crisis by analyzing two retail formats (hypermarket and supermarket), in an attempt to extend and complete previous studies (e.g., Kaswengi, 2013; Kumar and Roy, 2013).

The rest of the paper is structured as follows: first, we examine previous studies on store brands and present our hypotheses summary. Second, we present the research methodology. Third, the results are analysed. Finally, the paper concludes with a discussion of the implications of the findings and suggests avenues for further research.

2. Theoretical framework

2.1. Research background

The central tenet of this research is that marketing elements, socio-demographics and times of crisis play a role in store brand choice over national brands. There are numerous studies that model the utility function of the consumer as a function of marketing variables (e.g. feature) and find that these actions affect the utility and thus, the brand choice (Guadagni and Little, 1983). Erdem, Zhao, and Valenzuela (2004) examined consumer choice behaviour with regard to store brands in the United States, the United Kingdom, and Spain. They found that consumer preferences for quality and price explain consumers' store-brand choices. Previous research has also suggested that store brand choice can be linked to demographic profiles (Dhar and Hoch, 1997). For example, Ngobo (2011b) showed that the rate of organic store brands increases according to the presence of a working female. However, these studies do not consider some key aspects of store brand consumption. By including the construct of crisis times, it is possible to understand relevant marketing actions that influence customer behaviour. Hampson and McGoldrick (2013) review many studies showing that consumer's shopping attitudes and behaviours are sensitive to recession. The behaviours may reflect consumer consciousness, especially in terms of price (Lichtenstein, Ridgway, and Netemeyer, 1993). Sinha and Batra (1999) showed that store brands are an excellent alternative for price conscious consumers. In line with Kaytaz and Gul (2014), the economic crisis is summed up to play a role in the relationship between marketing and socio-demographics elements and store brand choice.

2.2. Hypothesis summary

We developed research hypothesis based on a comprehensive review of previous studies on store brands and national brands (Erdem, Zhao and Valenzuela, 2004; Ngobo, 2011a; PLMA, 2009; Sinha and Batra, 1999) and on the business cycle in relation to marketing variables (Hampson and McGoldrick, 2013; Kaytaz and Gul, 2014; Lamey al., 2007). Table 1 summarizes our research hypotheses.

Table 1. Summary of research hypotheses

Marketing variables	Expected effect on store brand choice over national brands	Examples of references
Product price	Negative	Hoch and Banerji (1993); Dhar and Hoch (1997); Ferguson (2014).
Quantity purchased	Positive	
Brand feature	Negative	Zhang J. (2006); Lamey et al. (2007)
Brand display	Negative	
Socio-demographics factors		
Age	Positive	Dhar and Hoch (1997); Hoch and Banerji (1993); Ngobo (2011a)
Profession (High / Low)	Negative	
Income	Negative	
Family size	Positive	
Moderation of crisis intensity		
Interaction between times of crisis (Low/ high) and marketing policy variables	Positive or negative based on main effects' directions	Hoch and Banerji (1993); Lamey et al. (2007); Gramley (2008); Kaytaz and Gul (2014); Claeys and Cauberghe (2014)
Interaction between times of crisis (Low/ high) and socio-demographic factors	Positive or negative based on main effects' directions	
Differences between store formats		
Differences between marketing policy and demographic variables effects based on store formats	Positive or negative based on main effects' directions	Kumar and Roy (2013); Kaswengi (2013); Carpenter and Moore (2006); Fox, Montgomery, and Lodish (2004); Hsieh and Stiegert (2012)

3. Methodology

3.1. Data description and sample

We use purchase records from MarketingScan's Behavior Scan panels (a GFK & Mediametrie Company) in Angers (France). Angers (152,337 inhabitants) is the 17th largest French city. Panels represent stratified samples of about 4,500 households. Consistently to the research purposes, we selected two time periods: a slowdown period, but no crisis officially (January 1 - June 30, 2008) and a crisis period (January 1 - June 30, 2009) in France based on official figures from INSEE (French national statistical department). We therefore compared a

period of low crisis intensity to a period of high crisis intensity in France. Hence, each period of time covers 26 weeks. Overall, we analyzed N=79,789 observations across two retail formats.

3.2. Model specification and variables

We used a logit model which is well established in marketing literature (e.g. Ngobo, 2011b). We consider that household h ($h=1, \ldots, H$) buying in format c ($c=1, \ldots, C$), in store s ($s=1, \ldots, S$), and in week t ($t=1,\ldots, T$) chooses between two types of products denoted k, where $k =$ 1 for store brands and 0 for national brand products. A product choice by household h for format c, in store s and in week t ($hkcst$) is described by a binary choice model:

$$\omega hbcst = \begin{cases} 1 \ if > 0 \\ \\ 0 \ Otherwise \end{cases},$$

We included marketing policy variables (product price, number of products purchased, brand display and brand feature) and consumer personal characteristics (age, profession, income and family size) in the model. The variables are operationalised based on previous research (see Bonfrer and Chintagunta, 2004; Dhar and Hoch, 1997; Ngobo, 2011a; Ngobo, 2011b).

4. Analysis and results

4.1. Main effects and interaction

In this section, we present the results of the regression model for choice of store brands over national brands in times of crisis. In Table 2, the results for the total sample (pooled data) are presented ($N_{National\ Brand}=54,431$ and $N_{Store\ Brand}=25,358$). In terms of goodness of fit, the model was able to classify correctly 75.7 per cent of the observations with respect to their chosen brand. Besides, the Nagelkerke R^2 (0.43) value indicated that the independent variables explain a substantial amount of variance in the dependent variable. Finally, the log-likelihood test, -2 log λ =70417.84 is significant at the 0.001 level. Consequently, we can consider that the binary regression model has a good fit to the data.

The results show that product price affects negatively store brand choice while quantity of products purchased has a positive effect on it. Brand display and brand feature have also negative effects on store brand choice, meaning that manufacturers should focus on

advertising during economic crisis. The effects of consumer personal characteristics are also significant. While age, profession and income affect negatively store brand choice, family size is found to influence positively store brand choice over national brands. We also assessed the moderating role of crisis intensity on the investigated relationships. Our results indicate two main trends. On the one hand, crisis intensity affects the relationships between marketing policy variables and store brand choice. On the other hand, crisis intensity affects less extensively the relationships between socio-demographic variables and store brands choice over national brand. These results are discussed in the section 5.

Table 2: Effects of marketing variables and socio-demographic factors (N=79,789 with $N_{Crisis\ low}$ =42,903 and $N_{Crisis\ high}$ = 36,886)

Independent variables	Main effects model				Model with interaction effects			
Marketing variables	B	SE	Wald	Sig.	β	SE	Wald	Sig.
Intercept	3.50	.089	1547.453	.000	3.451	.090	1480.460	.000
Product price	-2.124	.019	13145.885	.000	-2.058	.024	7323.010	.000
Quantity of products	1.662	.030	2991.636	.000	1.447	.040	1300.346	.000
Brand display	-1.322	.041	1053.372	.000	-1.230	.055	501.824	.000
Brand feature	-1.122	.051	484.672	.000	-.988	.068	213.516	.000
Crisis x Product price					-.150	.035	18.074	.000
Crisis x Quantity of products					.468	.060	61.691	.000
Crisis x Brand display					-.138	.070	3.941	.047
Crisis x Brand feature					-.217	.080	7.432	.006
Socio-demographics variables	β	SE	Wald	Sig.	β	SE	Wald	Sig.
Age	-.063	.004	283.610	.000	-.065	.005	167.071	.000
Profession	-.096	.022	18.617	.000	-.127	.030	17.707	.000
Income	-.024	.005	19.523	.000	-.025	.007	11.471	.001
Family size	.024	.005	19.511	.000	.018	.007	5.592	.018
Crisis x Age					.003	.007	.179	.673
Crisis x Profession					.067	.044	2.360	.124
Crisis x Income					.001	.010	.019	.891
Crisis x Family size					.014	.011	1.805	.179

4.2. Effects across store formats

As several prior studies emphasized the role of store format on brand choice (e.g., Hsieh and Stiegert, 2012; Zielke, 2010), we assessed the investigated relationships in two different store

formats: hypermarket (N=47,911) and supermarket (N=31,878). These retail formats were chosen because they constitute the main formats in the French market. We obtained a good model fit for each retail format. For instance, the Nagelkerke R^2 value is 0.47 in hypermarket and 0.39 in supermarket. -2 log λ values are respectively 19,171.32 and 13,279.75. These values are both significant at the 0.001 level. Results indicate significant differences in income and family size when crisis intensity is low, while the other variables are only affected by store format in terms of strength. When crisis intensity is high, we notice similar patterns in consumer behaviour. However, three variables (instead of two) are then affected by store format (profession, income and family size). Other variables are also affected by crisis high intensity in terms of strength with a greater magnitude. These results show that consumers adjust their behaviour based mainly on personal characteristics to cope with crisis intensity. We discuss these results in the next section.

Table 2. Similarities and differences across store formats

Independent variables	Crisis Low				Crisis High			
	Hyper (N=25,876)	Sig.	Super (N=17,027)	Sig.	Hyper (N=22,035)	Sig.	Super (N=14,851)	Sig.
Intercept	3.084	.000	4.033	.000	3.404	.000	3.391	.000
Product price	-2.155	.000	-1.943	.000	-2.239	.000	-2.186	.000
Quantity of products	1.716	.000	.962	.000	2.054	.000	1.522	.000
Brand display	-1.059	.000	-1.454	.000	-1.422	.000	-.938	.000
Brand feature	-.810	.000	-1.152	.000	-1.131	.000	-1.257	.000
Age	-.066	.000	-.065	.000	-.053	.000	-.077	.000
Profession	-.122	.002	-.119	.015	-.097	.024	.025	.628
Income	-.035	.000	-.011	.371	-.028	.006	-.021	.096
Family size	.034	.000	-.008	.515	.041	.000	.015	.245

Note: Hyper=Hypermarket; Super=Supermarket.

5. Discussion and implications

5.1. Theoretical and managerial implications

This research highlights three main theoretical contributions. First, it underlines the role of marketing policy variables and socio-demographic factors on store brand purchase over national brand in times of crisis. These results are in line with previous studies indicating the

greater importance of store brands when crisis strikes consumers (Hoch and Banerji, 1993). Consequently, consumers and retailers make adjustments in times of crisis to cope with limited resources. Our study shows that point of sale advertising (brand display and brand feature) is a key variable that affects negatively store brand choice in times of crisis. This finding confirms prior studies on store brand and the business cycle adopting a long-term orientation (Lamey et al., 2007). The effect of socio-demographic variables on store brand choice was also analyzed by Ngobo (2011a) who reported similar effects. Second, this paper is the first to analyze the moderating role of crisis intensity on the relationships between marketing variables and consumer characteristics and store brand choice over national brands. By emphasizing the differences on the moderating effect of crisis intensity depending on the nature of the variables, this research extends previous studies on the business cycle (Hoch and Banerji, 1993; Lamey et al., 2007), and adds a new understanding of consumer behaviour towards brands in times of crisis. Third, this paper also underlined the role of store format in times of crisis. We show that both store formats are affected by crisis. We point out different consumer adjustments to face financial constraints in hard economic situations. Overall, consumers tend to base their format adjustment strategies on personal characteristics instead of marketing policy variables when crisis intensity is high. Therefore, this research extends previous studies on the relationship between store format and brand purchase behaviour (Jason and Marguerite, 2006; Kumar and Roy, 2013; Kaswengi, 2013; Zielke, 2010) and helps to better understand how specific retail formats are affected when crisis hits.

Several managerial implications can also be derived from these findings. First, marketers should be aware that when crisis strikes consumers, they are likely to make adjustments based on both marketing variables (e.g., product price and quantity purchased) and their personal characteristics (e.g. age, profession, income). Consequently, retailer strategies during times of crisis should be diversified in order to meet the need of diverse consumer segments. For manufacturers, it is clear from this research that they should strengthen their promotions/advertising strategies (brand display, brand feature) to counter store brand market share rise in times of crisis. Consequently, they should not engage a price war against store brands (Van Heerde, Gijsbrechts and Pauwels, 2008), in this tough period. Rather, they should innovate to strengthen their market position. Second, as crisis intensity has different moderation effects depending on the nature of the variables, retailers should adjust consistently their management during times of crisis. For instance, the focus should be laid on marketing variables as they are found to affect more extensively consumer brand

choice when crisis intensity is high. Third, as store formats are differently affected in terms of store brand choice over national brands, they should be managed more carefully in a period of crisis. For instance, our research shows that consumers with lower income and higher family size tend to shop in hypermarkets instead of supermarkets when crisis intensity is low. However, when crisis intensity is high, not only adjustments are made based on income and family size, but profession is also affected. In fact, lower profession categories tend to switch store frequentation in favor of hypermarkets where they can find promotion and cheaper products. Consequently, supermarket stores should especially pay attention to lower income consumers by focusing on marketing variables (mainly price, brand display and brand feature) to avoid market shares losses in a challenging period.

5.2. Limitations and future research studies

Our research has some limitations and these provide suggestions for future research. First, our analysis has concerned one test market in France. Many countries of the world, especially developed countries also faced slowdown and economic depression. Therefore, generalizability can be enhanced, replicating this study with more countries, including different types of consumers, and other cultures. Culture differences may moderate the effect of marketing variables on store brand choice. Second, our model tested only a few marketing factors. Additional research should incorporate more marketing actions (such as TV advertising) and perceptual variables. In fact, advertising researchers found that repetitive advertising schedules increase the probability for a brand to be included in the consideration set and then the probability of its being chosen. Third, because marketing and brand policies differ across product categories (Wedel and Zhang, 2004), future research needs to account for the heterogeneity of the product categories in retail chains. Despite these limitations, our research contributes to a better understanding of the drivers of store brand choice in times of crisis.

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Author index

Alexander, Andrew
Aurier, Philippe
Bellini, Silvia
Bertrand, Jean-Louis
Bezes, Christophe
Bhulai, Sandjai
Birch, Dawn
Bourlakis, Michael
Brusset, Xavier
Burt, Steve
Cardinali, Maria Grazia
Cherif, Emna
Clegg, Jeremy
Colla, Enrico
Collins, Alan
Cronin, James
De la Robertie, Catherine
De Lanauze, Gilles Séré
Diallo, Mbaye Fall
Faber, Johann
Floh, Arne
Freise, Matthias
Galipoglu, Erdem
George, Richard
Gruber, Verena
Haasis, Hans-Dietrich
Harrauer, Verena
Holweg, Christina
Holzapfel, Andreas
Hübner, Alexander
Huddleston, Patricia
Huré, Elodie
Kadile, Vita
Karpienko, Radoslaw
Kaswengi, Joseph
Klein, Andreas
Kotzab, Herbert
Krajina, Domagoj
Kuhn, Heinrich
Lamour, Corinne
Lapoule, Paul
Lemoine, Jean-Francoise
Lienbacher, Eva
McKean, Christine
Meijer, Rudi

Mussol, Sarah
Nana, Ulrich Misael Ngassa
Petljak, Kristina
Picot-Coupey, Karine
Pieffers, Michael
Piveteau, Lauren
Reutterer, Thomas
Robson, Matthew
Salesny, Anton
Schmitz, Gertrud
Schnedlitz, Peter
Sezgin, Muhammed Abdullah
Sit, Jason
Stan, Valentina
Sternbeck, Michael
Straehle, Jochen
Stulec, Ivana
Sung, Christine
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